



Department for

Infrastructure

An Roinn

Bonneagair

www.infrastructure-ni.gov.uk

ANNUAL REPORT + ACCOUNTS

01/04/2020

31/03/2021



Department for Infrastructure
Annual Report and Accounts
for the year ended 31 March 2021

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
9th July 2021



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PERFORMANCE REPORT



OVERVIEW

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

ACCOUNTING OFFICER'S STATEMENT

I am pleased to present the Department for Infrastructure's (DfI) Annual Report and Accounts for the year ended 31 March 2021.

The year 2020-21 has been like no other. We began the financial year in the midst of a national lockdown due to the global pandemic, with the COVID-19 virus impacting every aspect of the running of the Department and the lives of its staff. Reflecting this, and just prior to the commencement of the reporting year, the Department implemented its Major Emergency Response Plan (MERP) in response to the pandemic and the requirement, both locally and nationally for people to stay at home.

The twin priorities of the Department from the beginning of the year were to keep our staff, customers and the public safe and to do everything possible to help the wider efforts to contain the spread of the virus. Reflecting advice, we moved quickly to ensure that all staff who could work from home were provided with the technology and support to enable them to do so. Risk Assessments were also quickly undertaken where functions could only be delivered in the workplace or on site to ensure that crucial public services were delivered and that we maintained our capacity to deal at all times with weather-related and other emergencies.

The pandemic did, however, mean that the Driver and Vehicle Agency had to suspend services such as MOT tests and driving tests until measures could be put in place of ways of delivering those services in full compliance with public health advice. I very much recognise the difficulties and disruption that this suspension has presented for customers; I also acknowledge the dedication and commitment of colleagues in the DVA who worked tirelessly with the Department and with public health, health and safety and other professional colleagues to find solutions that would allow safe resumption of services in line with the regulations in place.

As part of the response to the pandemic the Department had quickly to find new ways of doing our day-to-day business. An early priority was to ensure that crucial supply routes remained open and able to maintain the delivery of food and medical supplies. We worked in partnership with our partners to deliver easements of the regulatory framework to support hauliers, including, for example, relaxation of drivers' hours for the delivery of essential items. We also worked closely with other Executive Departments here and with the UK Government to roll out financial assistance for airports and ferry operators.

We also played our part in the wider Executive efforts to support businesses during the harshest months of the pandemic and to aid recovery. In the spring, we facilitated the delivery of emergency support from the Executive and the UK Government for local airports and, on behalf of the Executive, provided further support to the City of Derry Airport for the period from July 2020 to March 2021. In the autumn, we introduced at pace new support funds for Taxi drivers

and for Private Coach and Bus Operators. These schemes were designed and implemented in record time to help those individuals and businesses who had faced exceptional circumstances from the beginning of the COVID-19 pandemic and to assist with unavoidable overheads and loss of income during this time.

One key feature of the pandemic, as the public followed the stay at home message, was its impact on travel patterns. With the reduction in traffic levels on our roads and the focus on the importance of outdoor exercise throughout the lockdown period, under our Minister's leadership we also found new opportunities to encourage walking, cycling and wheeling. A number of pop up cycle lanes were established in various locations and the Department also launched a £20m blue/green infrastructure fund to support our communities to promote active travel and shape our places to live in the new normal.

While changed travel patterns provided new opportunities, they also introduced new risks and significant challenges. The Department has reported that during the height of the pandemic in mid-April 2020, public transport use fell to just 5% of 2019–20 levels. While Translink quickly adapted its services and introduced social distancing and the mandatory wearing of face coverings to ensure that those who needed to use them for essential journeys could do so safely, the impact on its income and therefore on its wider financial sustainability was very significant. The Executive's recognition of the importance of public transport and the additional financial support provided in response to the sharp drops in income and to build resilience for the future ensured that crucial public transport services continued throughout the year.

NI Water also continued to provide the essential water and sewerage services during the pandemic and the Department ensured that the company was financially supported during this critical time, by securing around an additional £30m of funding, to address the impact of lost income due to the mandatory closure of many businesses throughout the lockdown periods.

The DVA was also able to introduce extensions to driving licences, provide Temporary Exemptions Certificates (TECs) for vehicles, and offer the use of some of its test centres as COVID-19 testing centres.

As we worked to address and respond to the challenges presented by a global pandemic, we also had to undertake very significant preparatory work to prepare for the end of the transition period following the UK's exit from the EU and to ensure we understood, communicated and had contingency plans in place to manage the associated risks, in particular where these related to travel disruption or supply chains for critical goods. This work included reviewing over 250 pieces of subordinate legislation and bringing forward regulations to amend domestic statute to ensure the Department has a fully effective, 'fit for purpose' statute book following EU Exit. Following the Trade and Co-operation Agreement (TCA) between the UK and EU many of the day one concerns we had were resolved but we continued throughout the remainder of the year to work through the complicated and evolving changes that have resulted from EU Exit.

COVID-19 also had a substantial impact on the normal business planning cycle of the Department. As noted above, our focus in the first part of the year was primarily on COVID-19 response and recovery and the production of a normal business plan was delayed until the autumn and its focus sharpened to reflect the continuing priority that had to be given to COVID-19. However, the Department was also able to deliver further progress in many other

areas, including our Executive flagship projects. On the A6, Randalstown to Toome is now open for single lane traffic, Toome to Castledawson is nearing completion and on target to open in later 2021, and Dungiven to Drumahoe is on track for opening in 2022. Enabling work has also commenced on the Belfast Transport Hub, while the interim report from the public inquiry on the A5 road scheme was received.

During this time, we also supported Translink in playing its part in helping to tackle climate emergency by providing funding for a £66 million contract for 145 zero and low emission buses to deliver Green Recovery and supporting the completion of work at the North-West Transport Hub. We also supported NI Water through the allocation of an additional £15m to help accelerate the delivery of essential water infrastructure projects, which will begin to address the deficit in wastewater investment that is affecting around 100 areas across Northern Ireland.

Throughout the year we continued to work with colleagues from across the UK and Ireland on a range of common issues, supporting our Minister at regular meetings of the North South Ministerial Council (NSMC) and British Irish Council (BIC).

Looking to the future we will remember the year 2020-21 as a truly unprecedented period, one where risk management and mitigation was a live and evolving feature and where we tested ourselves, our governance structures and our resilience. We did so in a context which had the most awful of human consequences, with so many lives lost, so many families bereaved and so many livelihoods put at risk. This was not only an intensely challenging period in which to be leading and delivering public services; it was also an incredibly worrying period for all of us as individuals. I want to end, therefore by paying a particular tribute to the work of staff and their TUS representatives within the Department and to the work of our ALBs. Their professionalism, commitment to public service and determination to find solutions to problems we could not have imagined having to face has been truly remarkable. At a time where it seems easy to criticise civil servants, I have been reminded of the true ethos of public service and am hugely proud of what my Department and its partners have achieved during what has been such a difficult and challenging year.



KATRINA GODFREY
Accounting Officer

06 July 2021

NON-EXECUTIVE BOARD MEMBERS' REPORT

The year to 31 March 2021 has been enormously challenging for the Department due to the impact of the COVID-19 pandemic and the continued outworkings of the UK departure from the European Union. COVID-19 has had a significant impact on all of the services the Department operates and has necessitated that many of these services be delivered in a different way, compliant with the latest health and safety advice from the Public Health Agency.

During this time the three core groups within the Department performed to a high standard, despite the very difficult operational and budget constraints. The Arm's Length Bodies also performed well, despite the exceptional circumstances, with Translink and NI Water, respectively reporting a substantial drop in their income due to the fall in passenger numbers and reduction in non-domestic demand of water respectively.

During the year, the Department also focused on the work required to mitigate against any negative impact at the end of the EU transition period. The Trade & Cooperation Agreement (TCA) reached between the UK and EU in December 2020 alleviated many of the potential issues facing the Department.

Throughout the year the Accounting Officer, supported by her senior team, has led the Department through these exceptional and difficult times. The NEBMs' confidence in the Board's operation remains strong and we commend the resilience, agility and commitment of the DfI staff throughout this most challenging year.

Major Projects

The Department for Infrastructure continues to lead 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. Following the opening of the Randalstown to Toome section in September 2019, the section from Toome to Castledawson fully opened to traffic at the end of May 2021. Work on the Dungiven to Drumahoe section of the A6 has advanced significantly and is expected to be completed in 2022 largely as planned.

Following the Public Inquiry on the A5 Western Transport Corridor in 2020, the Department received the Inspector's Interim Report in September 2020. The DfI Minister remains committed to the flagship project. Work also continues on the Belfast Transport Hub with the first key milestone in the construction of the facility being completed in February 2021.

The A1 dual carriageway upgrade has, following a public enquiry, been granted ministerial approval. Proposals for the York Street Interchange Scheme are also being addressed.

The COVID-19 pandemic has had an impact on all of the major projects for the Department but officials and contractors have been working in new ways to ensure any delays due to the pandemic are kept to a minimum, whilst also ensuring that the latest Health and Safety requirements are adhered to.

Governance

During the year the Board and the Departmental Audit and Risk Assurance Committee (DARAC) focused on renewing the Risk Policy and Risk Registers for the Department, following an update to the HM Government Orange Book. The Board agreed a new Risk Policy and Framework for Risk Management in November 2020 and a new template for Risk Registers. These changes have been disseminated throughout the Department with the new templates coming into operation for the new business planning cycle 2021-22.

Business planning for the Department has been heavily impacted by the pandemic, not least due to funding and budgeting revisions throughout the year. The implication is that some progress planned to be undertaken during the year has been delayed or postponed due to the need to prioritise the response demanded by COVID-19.

A major area of concern for the Board was the impact the pandemic had on the finances of the Department and particularly for Translink and NI Water. It was therefore welcome news that the Executive recognised the unique circumstances and awarded significant COVID-19 funding to ensure that Translink and NI Water are able to continue to provide essential services to the public.

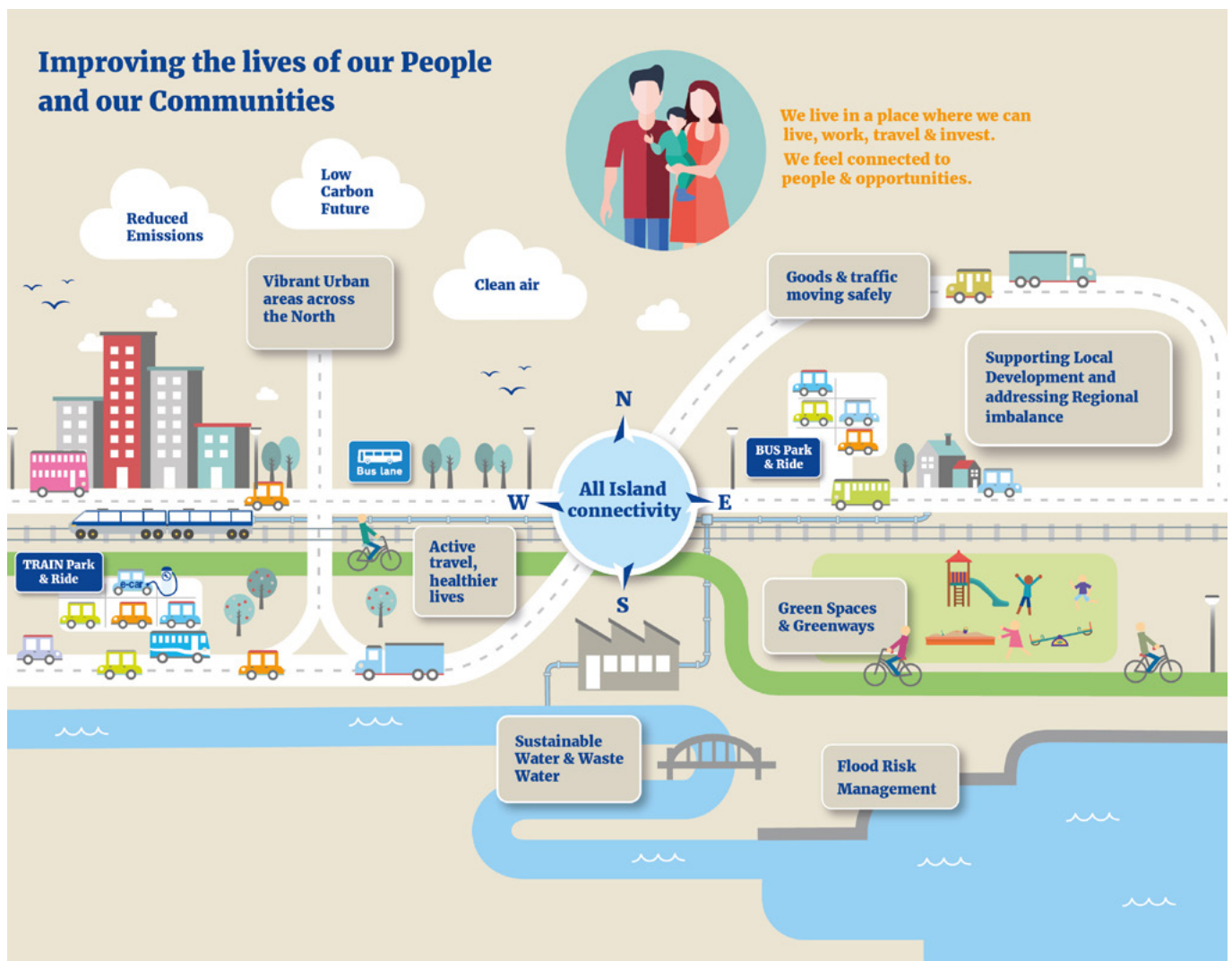
The NEBMs remain committed to monitoring and challenging the Department's performance in relation to objectives and strategic plans, including departmental budgets. We are also committed to identifying and contributing to new initiatives and opportunities, and continue to look forward to supporting the 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 of the Environment, the former Office of the First and Deputy First Ministers and the former Department for Regional Development. The Department has approximately 3,000 staff. We are industrial, professional and technical staff, engineers, planners, policy makers and administrators. We are all DfI.



What We Do

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

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

We maintain road and rail networks to enable daily travel and transport of goods. Safety is a top priority for us and for the Driver and Vehicle Agency (DVA). This includes working to reduce road fatalities, developing safety campaigns, maintenance and expansion of the existing roads network and licensing of drivers and vehicles. We sponsor the NI Transport Holding Company (NITHC), which 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. Translink normally delivers over 80 million passenger journeys each year, however this has been reduced recently due to the impact of COVID-19 on passenger numbers.

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

We also sponsor Northern Ireland Water, another ALB, which is the statutory water and sewerage undertaker, providing sewage management and 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 also maintains river and sea defences, constructs flood alleviation schemes, develops flood maps and provides flood risk information.

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

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

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 importance of the work of the Department is firmly reflected in the 'New Decade, New Approach' deal. It recognises that modern and sustainable water, drainage and transport infrastructure are the building blocks that need to be in place if the Executive's wider commitments on health, housing, the economy, environmental protection and climate change are to be met. This central role of infrastructure as an enabler in growing the economy and impacting positively on our societal and environmental wellbeing is also reflected within our COVID-19 recovery plans, and in the outcomes based Programme for Government (PfG) currently under development with a view to a Programme including the Framework and associated Indicators, key priorities, strategies and actions being ready by summer 2021.

The Department is committed to complying with its statutory obligations under Section 75 of the Northern Ireland Act 1998 and the Rural Needs (NI) Act 2016 in all that we do. The Department will implement its Equality Scheme to promote equality of opportunity and good relations.

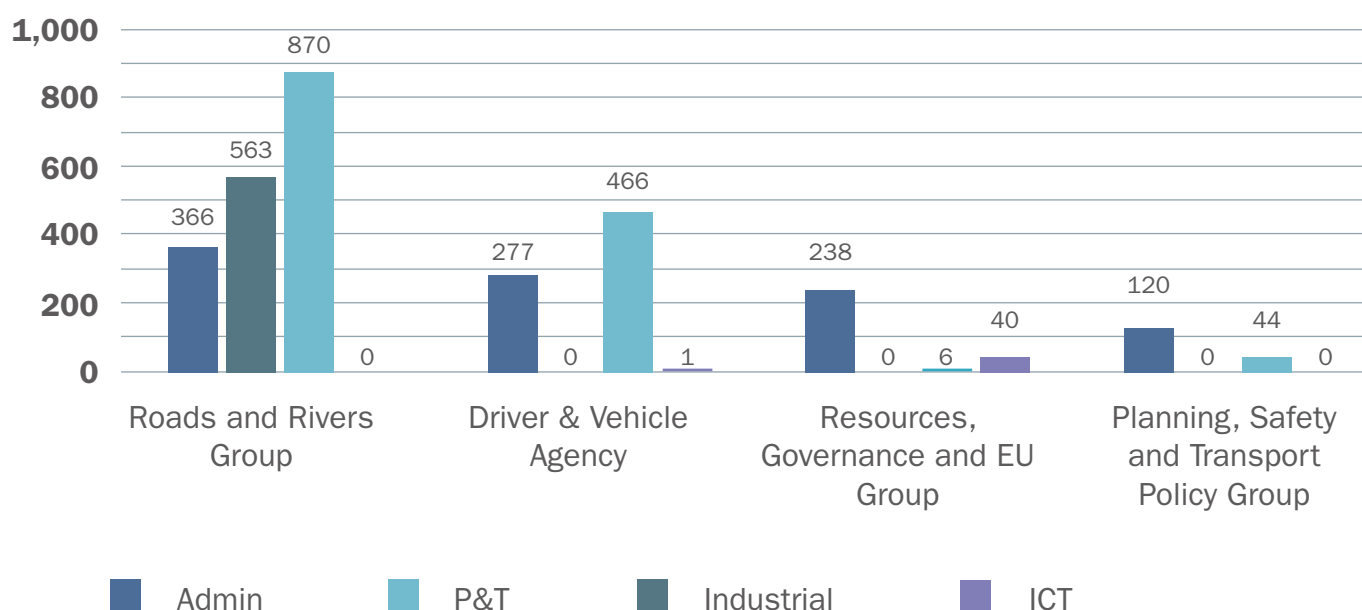
The Department's Business Plan for 2020-21 can be found on our website <https://www.infrastructure-ni.gov.uk/publications/dfi-business-plan-2020-2021>. Our progress in delivering against our business plan is outlined within the Performance Summary section of this Performance Report.



The Department's Budget 2020-21 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 2020-21 Opening Budget can be found on the Department of Finance website: www.finance-ni.gov.uk



BREAKDOWN OF DFI STAFF BY GROUP AS OF 31ST MARCH 2021
TOTAL HEADCOUNT OF 2991, WITH 2859.89 FULL TIME EQUIVALENT



Our People

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

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

Our policy and administrative staff implement existing policies for the benefit of the public. The 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, SAFETY AND TRANSPORT POLICY GROUP

JULIE THOMPSON
Deputy Secretary



ALISTAIR BEGGS
Director of
Strategic Planning



ANGUS KERR
Chief Planner and
Director of Regional
Planning



JEREMY LOGAN
Chief Executive
of DVA



LIZ LOUGHRAN
Director of
Transport Policy



CHRIS HUGHES
Director of Safe and
Accessible Travel

Departmental Structure



NICHOLA MALLON MLA
Minister



KATRINA GODFREY
Permanent Secretary



RESOURCES, GOVERNANCE AND EU GROUP

LINDA MACHUGH
Acting Deputy Secretary

SUSAN ANDERSON
Director
of Finance



TOM KENNEDY
Director of Digital
and Information
Services



BERNIE ROONEY
Director of
Gateways & EU
Relations



JACKIE ROBINSON
Director of
Public Transport



SIAN KERR
Director of Corporate
Policy and Planning



SIMON RICHARDSON
Director of the
Living With Water
Programme



ROADS AND RIVERS

ANDREW MURRAY
Deputy Secretary

CONOR LOUGHREY
Director of
Network Services



DAVID PORTER
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
Resourcing & People Management 	<ul style="list-style-type: none"> We continued to operate in a very difficult environment, with added pressures as a result of Covid-19 and new uncertainties relating to EU Exit and the end of the transition period The pandemic had a direct impact on working practices, with many staff working from home while others had to put in place new ways of delivering services and safe systems of working New ways of working brought new strains: workloads increased; isolation was a risk; and work life balance was much harder to achieve The pandemic slowed significantly our ability to recruit staff and fill vacancies and has certainly hampered our succession planning and workforce planning. There have been real challenges matching the ambitions for delivery that we have with the funding available for staff.
Response to COVID-19 Pandemic 	<ul style="list-style-type: none"> COVID-19 has dominated the activities of the Department over the past year, bringing a clear need to prioritise the safety of staff, customers and the public. The pandemic has had a significant impact on our essential services, particularly public transport use, DVA services and demand for water. We have played a significant part in minimising disruption and aiding recovery, including through partnership working with the haulage sector and the creation of new financial assistance schemes.
Technology, and Data Security 	<ul style="list-style-type: none"> Threat of cyber-attack on IT systems. Appropriate IT equipment for new ways of working. Compliance with relevant IT and data security legislation.
	<ul style="list-style-type: none"> Department will now work to ensure Departmental policies and activities are in line with its obligations under the TCA and NI Protocol.

CHALLENGE	ASSOCIATED ISSUES
Safeguarding our Infrastructure 	<ul style="list-style-type: none"> • We continue to operate in a very difficult public expenditure context. • Inadequate funding leads to underinvestment in maintaining our asset base. • New development constraints due to waste water treatment works being at capacity. • Significant investment required for public transport network. • Funding for road network is insufficient to maintain at current state of repair.
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.
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 reprioritisation of work areas, to deal with the COVID-19 pandemic.
Reservoirs 	<ul style="list-style-type: none"> • The absence of full commencement of the legislative framework has created a vacuum in relation to responsibilities to ensure that reservoirs are effectively managed and do not present a major public safety risk.
Regulation 	<ul style="list-style-type: none"> • Environmental compliance.

PERFORMANCE SUMMARY



19,874
RECEIVED
Emails
in the
Department's main
correspondence
mailbox

REPAIRED
1.007km
OF CULVERTS
5.94km
OF FLUVIAL FLOOD
DEFENCES



Maintained
THREE HUNDRED &
NINETY-EIGHT
rural open
watercourses



RECEIVED
3,012
Ministerial
Letters & Invitations
1 April 2020 and 31 March 2021



IN 2020-21
FUNDED
22,874,776
CONCESSIONARY FARES
Includes Figures For School
Children and Reduced Adult Fares.

SUPPORTED
RATHLIN FERRY
SERVICE TO CARRY
23,080 PASSENGERS
2,550 CARS

PROCESSED



notifications in relation
to council planning
applications

PROCESSED
forty-four
thousand
seven
hundred
and fifty-
four

Blue Badge
Applications



PROGRESSED
THREE
EXECUTIVE
FLAGSHIP
PROJECTS
BROUGHT
THIRTEEN
STRATEGIC
PLANNING
APPLICATIONS TO
A CONCLUSION



FLOOD ALLEVIATION £31.8m

7 Flood Alleviation Schemes announced:
£17.85m: Belfast Tidal Flood Alleviation Scheme
£2.9m: Newry
£6.5m: Shimna River
£365,000: La Salle Stream in West Belfast



INFRASTRUCTURE £16.5m

New Driver & Vehicle Test Centre and Depot at Hydebank in Belfast

£400m

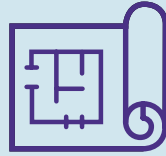
A6 North Western Transport Corridor, Dungiven – Drumahoe & Randalstown – Castledawson

PROGRESSED

Belfast Transport Hub Regeneration Project

24/11/20

North-West Transport Hub in Derry completed



PLANNING 34,578

Capacity stadium at Casement Park recommended for Planning approval



Full planning permission for the North South Electricity Interconnector granted



Contract awarded for new Northern Ireland Planning IT System



ROAD SAFETY £200 / Six Fine Points

Fixed Penalties increased for illegal use of a mobile phone while driving

20mph

Take forward speed limits at 103 schools in Northern Ireland

A1

Hillsborough – Loughbrickland Improvements Scheme will address safety issues



GREEN TRANSPORT £66m

145 zero-emission Hydrogen-powered buses ordered

£20m

Launched Blue/green Infrastructure Fund to develop and improve cycleways, footways and blue/ green spaces

Five

New Park and Ride projects announced:
Newtownards (Bus)
Comber (Bus)
Cairnshill, Belfast (Bus)
Downpatrick (Bus)
Trooperslane, Carrickfergus (Rail)



COVID-19 £21.2m

Support Fund for Taxi Drivers and Private Coach and Bus Operators

Budget Position 2020-21

The Department was allocated funding of £417.9m (an increase of £33m (8.6%) from 2019-20) in Resource and £558.2m in Capital (an increase of £89.2m from 2019-20), following the 2020-21 Budget announcement on 31 March.

The resource increase of £33m includes £29m to protect the public transport system, with the balance of £4m representing a 1.1% increase which fell short of the funding needed. This has meant that the Department has continued to rely on in year funding as has been the case for a number of years.

The 2020-21 year has been dominated by the Covid-19 pandemic which has had significant financial implications for the Department. In total an additional £321m was received in-year to support the operation of the Department and its Arm's Length Bodies. Of this £224m was directly related to COVID-19 costs. The majority was to replace lost income in public transport providers, DVA and in the Department and to secure the viability of these organisations into the future.

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

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

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

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

The Department is responsible for the upkeep of existing infrastructure valued in excess of £30bn. Despite budgetary pressures, the minister has maintained the level of investment in structural maintenance at £75m as in previous years. The budget for Structural Maintenance included £10m for a Rural Roads Fund, which will help address the growing problem of potholes which should go some way to improving road standards and safety for all road users.

Investment in rail safety (£50m) and in our water and waste water infrastructure (£150m) have been made. These are sizeable investments but they fall short of what should ideally be spent. They are however key to providing an immediate boost to our recovery – maintenance programmes are an important source of work for local businesses and local people and, through their multiplier effects, have a much wider impact in local communities.

In Capital £8m was set aside for the development of Strategic Road Improvement schemes. £5m was added to the already ring-fenced allocation of £25m for Low Emission Buses in Translink in an effort to take further steps towards addressing climate change and making public transport more attractive and efficient as an alternative to private cars.



On Active Travel, a £20m Blue/Green fund was made available to act as a catalyst for positive infrastructure and cultural change in the way we live and travel, building on current initiatives. £2m was invested to introduce 20 mph speed limits around 100 schools; £4m for Park and Ride sites, £8m for investment in low energy LED street lights and £4m for intelligent Transport Systems with funds for the establishment over the next two years of a new DVA Test Centre at Hydebank which will be capable of delivering the legally required emissions testing on all vehicles.



Programme for Government

The Department's strategic approach is rooted in the outcomes-based methodology which has been at the centre of NICS business planning since 2016. A Framework of 12 outcomes of economic, environmental and social wellbeing provides the direction for public policy and provide a meaningful and joined-up basis for putting in place actions and programmes across the whole of government. The outcomes-based approach means departments think and work outside of their boundaries. They create, or co-design and co-produce, strategies and plans that cut across departments and sectors to tackle societal problems and improve wellbeing for all.

The Department for Infrastructure's Business Plan September 2020-2021 was therefore embedded in the principles of the outcomes-based approach. It also sought to capture both what we did (how much and how well) and the impact we aimed to have by taking the actions it contained.



We prosper through a strong, competitive, regionally balanced economy

We live and work sustainably – protecting the environment

We have more people working in better jobs



We care for others and we help those in need



We enjoy long, healthy, active lives

We create opportunities through infrastructure



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

Many of the Business Plan actions relate to Outcome 11 of the NI Civil Service Outcomes Delivery Plan (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;
- **Outcome 10:**
We have created a place where people want to live and work, to visit and invest; and.
- **Outcome 12:**
We give our children and young people the best start in life.

The current position and progress against each of the 12 outcomes can be viewed online through the ‘Outcomes Viewer’ at <http://www.executiveoffice-ni.gov.uk/indicators>



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.

A new Outcomes-based Programme for Government (PfG) is currently being developed and brought forward by the Executive. From 25 January to 22 March 2021 The Executive Office led a public consultation on a revised draft Framework of nine wellbeing outcomes proposed as the starting point for the new PfG.

Flagship Projects

A6

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.

Further significant progress has been made on the A6. Following the opening of the Randalstown to Toome section in September 2019, the section from Toome to Castledawson fully opened to traffic at the end of May 2021. Work on the Dungiven to Drumahoe section of the A6 has advanced significantly and is expected to complete in 2022 largely as planned.

A5

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

Following a Public Inquiry on the A5 Western Transport Corridor in early 2020, the Department received the Inspector's Interim Report in September 2020. In March 2021, having considered the Report and having taken legal advice, the Minister published the Inspector's Report and an Interim Departmental Statement and set out the next steps, to include the publication of consultation of the new Environmental Statement Addendum leading to a further limited Public Inquiry.

Other Strategic Road Schemes

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

In 2020/21 the Minister announced the Notice to Proceed for the A1 Junctions 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. The Hub will replace the existing Europa Bus Centre and the Great Victoria Street Rail Station on a new 22 acre site.

The enabling works element of the project has been ongoing during 2020/21 with the contractor demolishing the redundant bus garage and staff welfare facilities and commenced piling and excavation for the realigned Blackstaff Culvert. Temporary staff facilities and bus engineering work has also been completed. The project also continues on schedule to appoint the main works contractor by autumn 2021.

Funding of the Public Transport Network

The Transport Act (Northern Ireland) 2011 requires the Department to enter into a Public Service Agreement with NITHC/Translink for the delivery of the majority of public transport services here. The Department funded Translink with just over £223m of revenue support (including concessionary fare reimbursement of approximately £13m) as well as £156m in capital support in the delivery of our public transport network. Through the Public Service Agreement the Department includes a commitment that funding should be maintained at such a level to

ensure that the public service obligation activities performed by Translink enable it to maintain its financial viability over the life of the Corporate Plan. In light of this, the Department remains Translink's primary source of capital funding and one of its main sources of revenue income.

The 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 and was able to address the reduced funding since 2014-15, 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 throughout the pandemic and is working to ensure that this commitment is translated into the funding allocations needed to preserve and build on our public transport network.

City and Growth Deals

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

As part of the Belfast Region City Deal, the Department continued the development of Newry Southern Relief Road, Lagan pedestrian and Cycle Bridge and Belfast Rapid Transit 2. The Department has also been working closely with Derry City and Strabane City Deal partners on the development of the Strabane Town Centre Regeneration projects and the Derry Riverfront project, contained in the Heads of Terms, signed off in February 2021. In addition, officials have been engaging with Mid-South West Growth Deal partners on the transport projects they are considering as part of their deal.

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, and the draft plan was issued for public consultation in November. The draft plan includes upgrades to the sewerage systems, drainage networks, treatment works and where feasible blue/green infrastructure such as rivers and green spaces. NI Water currently estimates that around £1.25bn 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. The Department will complete drafting the final plan, taking account of the responses received in the public consultation, and the Minister will bring the final plan to the Executive, for approval, in the early part of 2021/22.

In addition to the work undertaken in Belfast, the Department has commenced a Living With Water Study in Derry, in conjunction with the designers of the A2 Buncrana Road, Strategic Road Improvement scheme. This collaborative working has the potential to deliver wider integrated drainage solutions in this part of the city.

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 2020-21 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

Due to the impact of the COVID-19 pandemic the development of the DfI Business Plan was delayed. This was primarily due to resources being focused on responding to the pandemic. However, uncertainty in relation to how the pandemic would impact on the Department's priorities for the remainder of the year also made meaningful planning difficult.

The plan called 'Responding to COVID-19' was launched in early 2021 and is available: <https://www.infrastructure-ni.gov.uk/publications/dfi-business-plan-2020-2021>.



The Business Plan acknowledged that 'no sector or individual has been left untouched by the scale of the pandemic' and focused on actions to help mitigate the impact of the virus. It also focused on the three Departmental priorities for the year which included:

- Connecting people and communities;
- Growing the all island economy and addressing regional imbalance; and
- Tackling climate change.

Two monitoring reports were undertaken on the Business Plan, for Q3 in December 2020 and the end year performance report by March 2021. The full end-year performance report is available on the Department's website at: <https://www.infrastructure-ni.gov.uk/publications>.

Of the 47 actions contained within the 2021-22 Business Plan, 34 were delivered in full and within the agreed timescales, eight were either partially delivered within the timescales or were delivered late, and five were not delivered.

Some of the highlights that have been achieved throughout the year include:

Action	Status as of 31st March 2021
Provide effective schemes of financial support to the taxi and private coach sectors under the Financial Assistance Act 2009.	£21.2m provided for Support schemes for taxi drivers and bus/coach operators were delivered as agreed by the Department.
Implement part time 20mph speed limit signs at 100 schools by end March 2021.	First signs were commissioned following completion of legislative process in March 2021; it is expected that signs at all 90 sites (103 schools) will be completed over the summer months with signs at all schools operational before the new term in September.
Continue to progress construction of A6 Randalstown to Castledawson and A6 Drumahoe to Dungiven Executive flagship schemes towards completion in 2021 and 2022 respectively.	Good progress has been made on both A6 schemes despite the pandemic restrictions. Randalstown to Castledawson planned to open to traffic in Q2 2021 Dungiven to Drumahoe on track for completion in 2022.
Increase the use of LED, extra low voltage and other signal technology to reduce future maintenance needs, improve performance and reduce energy consumption.	30,100 sodium street lights were retrofitted with energy efficient LED units. This has delivered an estimated energy reduction of 5.5 GigaWatt Hours as well as reducing future maintenance needs.
Develop and publish the Belfast Strategic Drainage Infrastructure Plan for consultation in autumn 2020.	Belfast SDIP published for public consultation in November 2020. Consultation closed on 29 January 2021 with the vast majority of responses supportive of the Living With Water approach to drainage and wastewater management. Responses will be used to finalise the Belfast SDIP for publication in late Spring 2021.

Action	Status as of 31st March 2021
Develop and publish a draft Northern Ireland Flood Risk Management Plan (FRMP) 2021-2027 for consultation by 22 December 2020.	The draft Flood Risk Management Plan was published for consultation on the 22 December 2020, for a six month consultation process which closed on the 25 June 2021.
Award the contract and develop a new planning IT system for implementation in 2021/22.	The Contract was awarded to TerraQuest in June 2020. Work is ongoing to implement the new IT System in the 1st part of 2022.
Introduce three hydrogen-fuelled zero emission buses by March 2021.	In December 2020 the Department provided funding to allow Translink to introduce the first three Hydrogen Fuel Cell Electric Double Deck Buses into service.

FINANCIAL REVIEW

Resources

As set out in the Statement of Assembly Supply, the Department was voted Resource Estimate Provision of £1,121,371,000 in the Spring Supplementary Estimates for 2020-21. Details of Resource Estimate and Outturn are given in Table 1 below (full details are provided in the Statement of Assembly Supply (SOAS) Page 80):

Table 1

	Outturn (£000)	Estimate (£000)	Variance (£000)
Request for Resources A	1,051,423	1,121,371	69,948

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

Line	Variance Under/(Over) £000	Explanation
Line 3 Road Safety Services	1,628	Underspend due to late allocation of £1.3m in January monitoring for EU Protocol.
Line 5 Ferry Services, Air and Sea Ports	(1,583)	Overspend due to £1.5m being reallocated to reflect payments to Ports as capital grant rather than loan.
Line 7 Road Passenger Services	(15,895)	Overspend due to £15m of allocation for Translink Rail deficit being spent on Translink Bus deficit. Additional budget received late in 2020-21 as a contribution to reducing the road and rail deficit. Expenditure ended up mainly being spent on bus.
Line 10 Planning and Policy	1,225	Underspend due to the uncertainty of the Roads Condition Survey. £1m held as cover.

Line	Variance Under/(Over) £000	Explanation
Line 13 Central Policy and other services	(1,448)	Overspend due to budget for accrued holiday pay held in line 1 and spent in line 13.
Line 14 Taxi and Coach Industries	3,721	Less than anticipated take up of taxi / coach support scheme.
Line 15 Depreciation and Impairment costs	42,351	Lower than anticipated depreciation charges on the Roads infrastructure, which is dependent upon the outcome of annual inspections; as such, roads depreciation charge is therefore very volatile and inherently challenging to forecast.
Line 16 Provisions	4,396	A Provision for backdated holiday pay was lower than expected.
Line 19 Notional Charges	1,694	Notional charges were lower than anticipated.

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 £107,402,000. The main reason for the variance is as follows:

Line	Variance Under/(Over) £000	Explanation
Investments	22,000	Less capital loan notes required by Northern Ireland than anticipated.
Changes in working capital	62,520	<p>The working capital figure comprises debtors, creditors and stock. Any change in these figures from year to year will impact on the Net Cash Requirement.</p> <p>Due to the unpredictable nature of when money will be received from the EU, cover was included in the SSE debtor figure in case it was not received before the year end. Some EU money was received.</p> <p>Creditors were more than anticipated due to timing of payments. Due to the large scale projects within the Department this figure can fluctuate year on year. Therefore the Department did not need to draw down as much cash as was anticipated.</p>
Changes in payables due after 1 year	5,024	Payments to creditors were less than anticipated.
Use of provisions	3,094	Land purchases were less than anticipated.

Reconciliation of Resource expenditure between Estimates, Accounts and Budgets

	£000
Net Resource Outturn (Estimates)	1,051,423
Adjustments:	
Less Consolidated Fund Extra Receipts (CFERs) in the Statement of Comprehensive Net Expenditure	(440)
Exchange Loss/(Gain) on EU receivables- non budget, non estimate	(220)
Net Operating Costs (Accounts)	1,051,203
Less capital grants paid to finance capital expenditure	(173,149)
Capital grant income	28,085
Remove non budget exchange movement	220
Resource consumption of NI Water	249,798
Voted expenditure outside budget-NIW	(231,949)
Resource consumption of Waterways Ireland	5,437
Voted expenditure outside budget-Waterways Ireland	(4,480)
Remove inter-departmental notional charges	(12,534)
Resource Budget Outturn (Budget)	912,191
Of which:	
Departmental Expenditure Limits (DEL)	799,115
Annually Managed Expenditure (AME)	113,076

Budgeting Framework

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

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

- Annually Managed Expenditure (AME)
- Departmental Expenditure Limit (DEL)

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

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

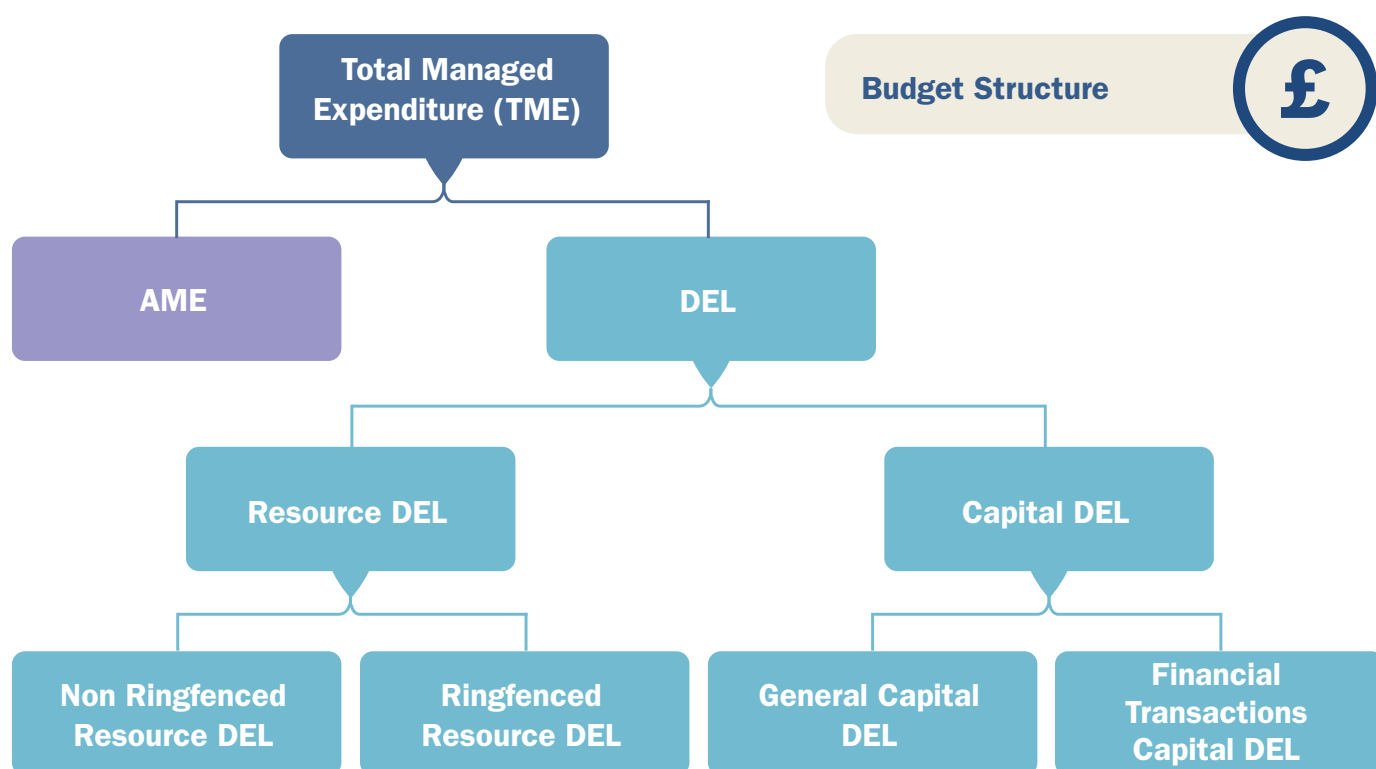
DEL budgets are classified into resource and capital.

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

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

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury. <https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022>.





Budgetary Performance

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

	Final Plan 2020-21 £000	Provisional Outturn 2020-21 £000	Underspend / (Overspend) £000
Resource DEL	810,923	798,746	12,177
including			
Non-ringfenced	694,770	691,436	3,334
Ringfenced depreciation / impairment	116,153	107,310	8,843
Capital DEL	588,337	586,531	1,806
including			
General capital	588,337	586,531	1,806
Total DEL	1,399,260	1,385,277	13,983
AME	168,645	113,959	54,686
including			
AME Resource	168,359	113,454	54,905
AME Capital	286	505	(219)
Total Managed Expenditure	1,567,905	1,499,236	68,669

Explanation of Variances

The £3.3m (0.5%) variance in Non-ring fenced Resource DEL is primarily due to:

- £2.2m underspend in the COVID-19 Financial Support Schemes for taxi and coach sectors*;
- £1.5m of the underspend on the taxi and coach scheme was approved by DoF to be used to fund PPE in Translink leaving an overspend of £1.5m;
- £1m underspend in the accrual for staff holiday entitlement due but not taken by staff as at 31 March 2021 which is inherently difficult to predict; and
- £1.3m underspend in staffing costs.

*This figure is different to the figure reported on Page 28 as there was £1.5m surrendered back to DoF after the Spring Supplementary Estimates were agreed.

DEL ring-fenced depreciation/ impairment expenditure is highly unpredictable and volatile and the underspend is largely due to depreciation being lower than anticipated.

Capital Variances

The largest single element of the Capital underspend of £1.8m (0.3%) relates to a £0.9m receipt for sale of land which had not been forecast to occur in 2020-21.

AME Variances

AME is expenditure which is outside DEL and reflects highly unpredictable or volatile expenditure. In DfI, AME budget cover is required for accounting entries such as provisions for uncertain liabilities or as an element of accounting for assets such as depreciation on the non-trunk road network. For 2020-21, an improvement in the road condition of £37m has been reported, this represents the largest element of the AME underspend.

Long Term Expenditure Trends

The following tables and visual illustrations reflect the Departmental spend in the Statement of Assembly Supply (SOAS, page 80) as a three year trend analysis for capital and resource expenditure.

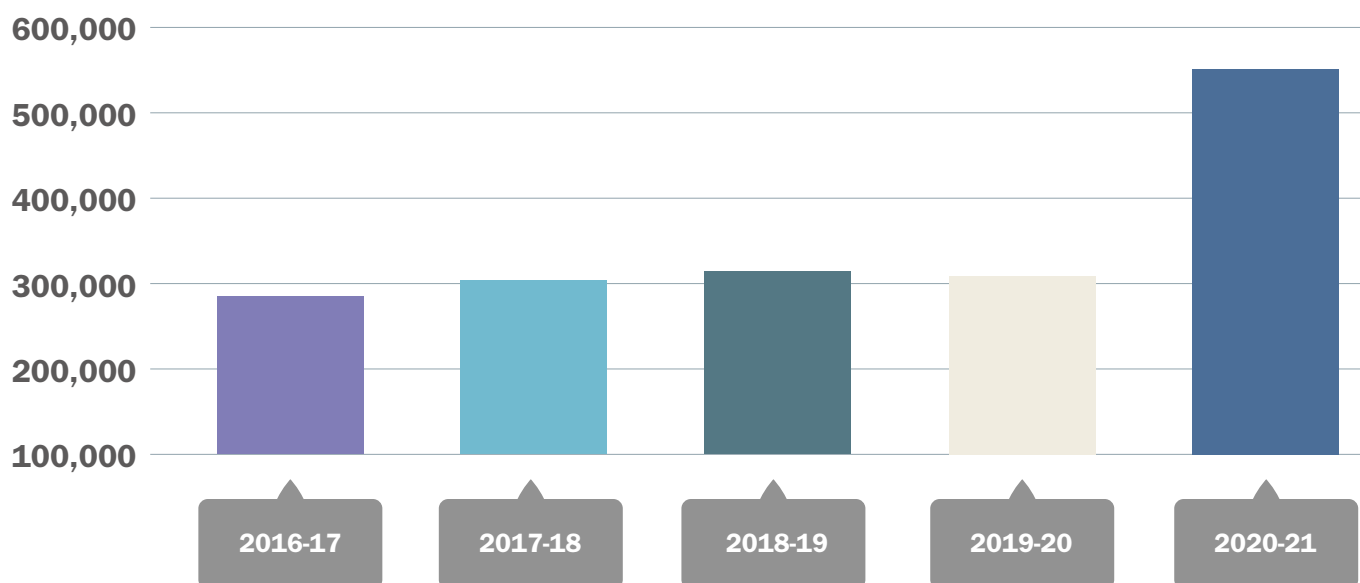
	2020-21 £000	2019-20 £000	2018-19 £000	2017-18 £000	2016-17 £000
DEL Admin and Resource Expenditure	550,366	310,609	315,628	303,108	291,414
DEL Capital grants	145,131	84,120	77,941	43,364	32,999
NON Budget	248,963	247,999	242,194	237,305	232,366
AME Admin and Resource	3,353	20,328	3,186	9,435	4,773
AME Depreciation and Impairment	103,610	15,516	73,666	103,456	206,957
Excess Accruing Resources	-	-	4,913	-	55,456
Total Per SOAS 1	1,051,423	678,572	717,528	696,668	823,965

of which

DEL	550,366	310,609	315,628	303,108	291,414
Depreciation & Impairment Charges	24,569	21,233	24,900	21,408	26,092
Finance Expense	19,119	19,722	20,287	20,816	21,310
Grant /Subsidies	304,254	86,716	95,841	86,863	76,069
Other Operating Expenditure	3,535	4,258	4,069	3,577	4,897
Purchase of Goods and Services	121,915	116,383	117,140	115,447	106,931
Staff Costs	90,255	86,418	79,342	80,669	81,401
Income	(13,281)	(24,121)	(25,951)	(25,672)	(25,286)
DEL Capital	145,131	84,120	77,941	43,364	32,999
Grants	168,699	120,220	119,592	88,846	84,261
Income	(23,568)	(36,100)	(41,651)	(45,482)	(51,262)
AME	106,963	35,844	76,852	112,891	211,730
Depreciation and impairment costs	103,610	15,516	73,666	103,456	206,957
Provisions	3,353	20,328	3,186	9,435	4,773
Non budget	248,963	247,999	242,194	237,305	232,366
Grants/subsidies	318,448	313,657	304,510	295,431	288,426
Income	(82,019)	(79,544)	(76,250)	(72,889)	(70,350)
Notional costs	12,534	13,886	13,934	14,763	14,290
Excess Accruing Resources	-	-	4,913	-	55,456
Total Per SOAS 1	1,051,423	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	2020-21 £000
Departmental DEL Admin & Resource expenditure (excludes NIW)	291,414	303,108	315,628	310,609	550,366

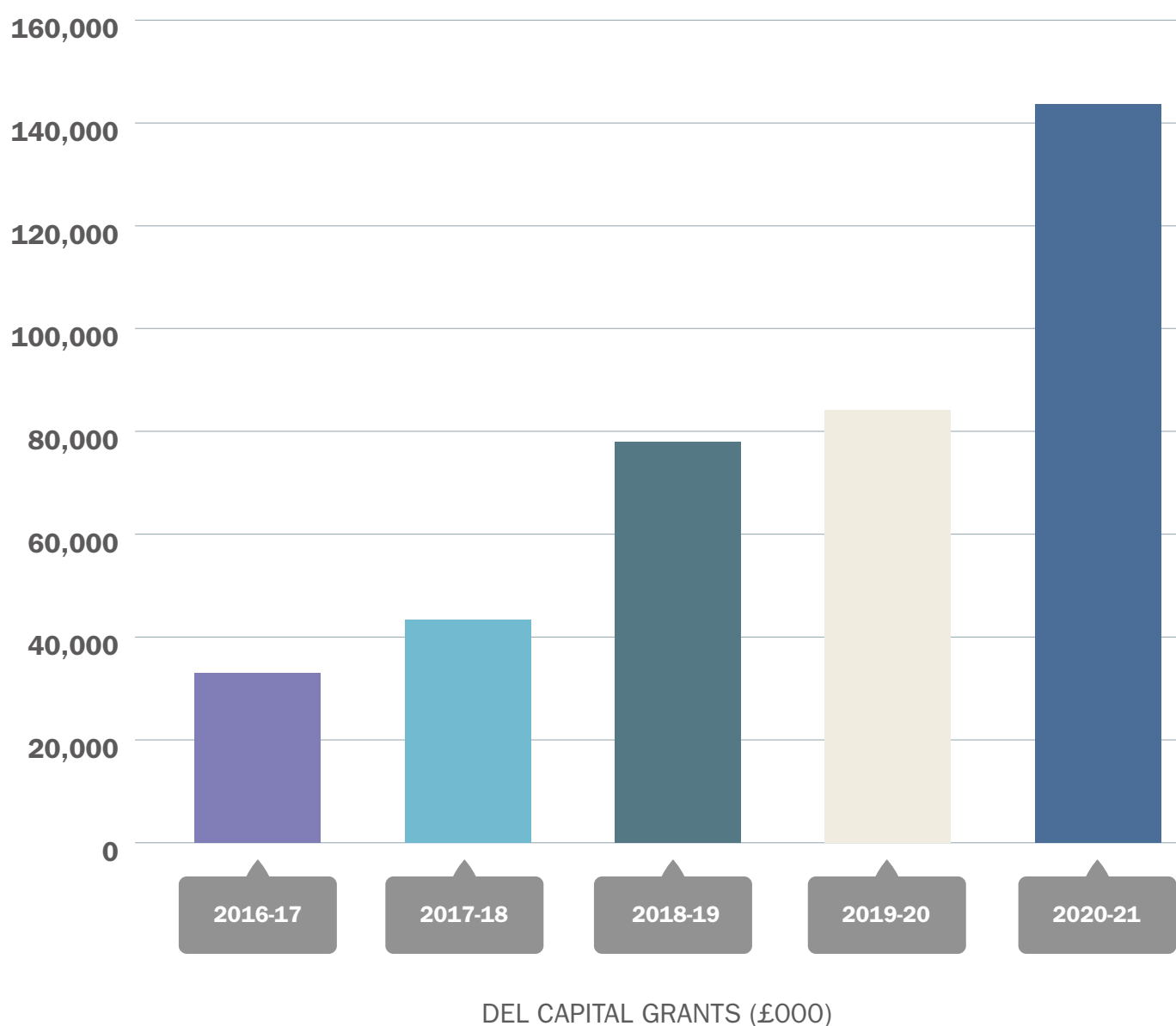


DEL ADMIN & RESOURCE SPEND (EXCLUDING NI WATER) (£000)

The increase of £240m in the DEL Admin and Resource expenditure mainly relates to the payment of COVID-19 funding to both DVA and Translink for lost income and also financial support packages for the private bus and taxi industries.

Departmental Capital DEL grants (net of capital grant income)

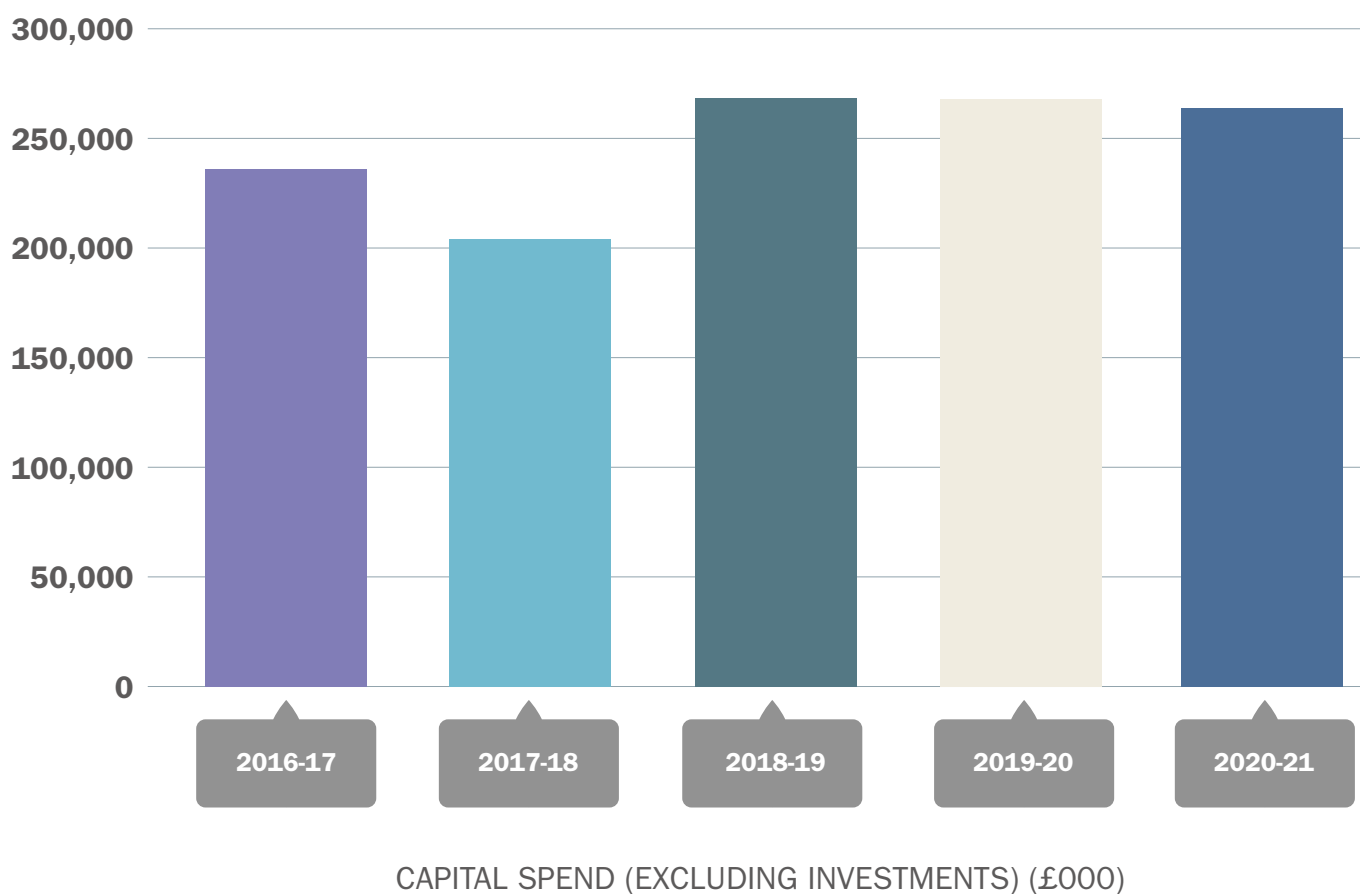
	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
Departmental Capital DEL grants (net of capital grant income)	32,999	43,364	77,941	84,120	145,131



The increase in capital grants (net of income) partly reflects an increase in grants to fund the new programme of bus purchases in Translink in 2020-21 and also increased spend on the Belfast Transport Hub.

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

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
Capital spend (excluding investments)	236,015	204,176	268,213	267,848	261,892



No significant variance.

Impact of COVID-19

The COVID-19 pandemic has had a significant impact on the Department during the 2020-21 year and has impacted every element of its work.

The focus of the Department at the start of the pandemic was to ensure that it kept its staff, contractors and the general public safe while ensuring that essential services and connections were maintained for those using and relying on the infrastructure for their everyday lives.

The Department has well-rehearsed emergency plans which were implemented in early March 2021 and continued during the early part of 2020-21. These plans were constantly reviewed in light of new public health advice published by the Public Health Agency.

In common with other departments, throughout the year the Department has ensured that staff who can work from home do so. Laptops and mobile devices have been supplied for all staff. Staff have had to ensure they implement new ways of working which has included the use of video conferencing software during the pandemic. Where staff do have to come into the workplace or onto a site to perform an essential role, then all necessary steps are being taken to protect them. This includes ensuring adequate social distancing and that appropriate personal protection equipment is made available and used, in line with the relevant guidance.

The first lockdown had a significant impact in the Department's core services. General road traffic during the first lockdown dropped by 70% of normal levels while public transport use dropped by 95% in the initial days, before recovering to around 70% of 2018-19 levels.

The Department also worked with Translink to respond to the pandemic ensuring that the public transport network continued to facilitate essential travel, including for many in our Health and Social Care sector during this difficult time. This included introducing new working and operational practices to ensure all staff and passengers could follow social distancing guidelines. During this time the Minister also announced free public transport for health workers during the COVID-19 outbreak. This was also later extended to those fleeing domestic violence.

Community transport operators funded by the Department have also contributed to wider efforts to support the vulnerable and they transitioned their services to assist with the delivery of prepaid groceries, prescriptions, food parcels or fulfilling essential journeys.

The Department also took other steps to help the wider healthcare sector during the year which included the use of DVA Vehicle Test Centres in Belfast and Newtownards as COVID-19 test centres, free parking at Crumlin Road Gaol for health care workers based at the Mater Hospital, and use of the Gaol for Belfast Health and Social Care Trust to facilitate decontamination of ambulances and disposal of contaminated PPE material.

Through this crisis, the Department also supported NI Water in its efforts to ensure that its services continued. This involved prioritising essential work and changing work practices to ensure that social distancing rules are adhered to. Keeping staff and customers safe has been a key focus of NI Water. The Department also approved NI Water delaying the planned increase in tariffs planned for April 2020 until October at the earliest.

The Department also undertook many actions to ensure that the important supply chains were maintained during the pandemic. This included working with the Executive and the UK Government to introduce financial support schemes for our airports and ferry companies to ensure supply chains remained open.

One of the new areas of work this year which the Department has undertaken is the development of financial support schemes for the taxi, bus and coach operators. These packages were developed as it was recognised the exceptional circumstances that these businesses faced from the beginning of the COVID-19 pandemic and was to assist with unavoidable overheads and loss of income during this time. This was the first time the Department had introduced such a scheme since its inception and required a substantial amount of work to ensure the schemes were implemented in a timely and robust way.

During the year the Department received COVID funding to support the core services that it provides. The total Covid-19 funding received by DfI was £224.4m. There was a £0.7m underspend in the COVID-19 Financial Support Schemes for taxi and coach sectors. A breakdown of the COVID funding is shown below.

Description	Funding £m
Resource:	
Translink Lost passenger revenues and PPE	91.5
NI Water loss of non-domestic water rates and increase in costs	32.8
DVA Lost Revenue	29.6
Bus/Taxi Sectoral Support	21.2
Roads Parking and Enforcement Income	7.6
Winter Service	5.0
Belfast City and City Of Derry Airport support due to lost income	4.4
Taxi and Bus Regulatory Support Package	1.4
Lost Ferry Revenues	1.0
Capital:	
NI Water	15.0
A6 Works	14.8
TOTAL	224.4

Figures may not add up due to rounding.

The Department also brought forward legislation and guidance to deal with the impact of the COVID-19 pandemic on the planning system. This included the temporary suspension of the requirement to hold a public event as part of a pre-application community consultation process for major developments. The Department also provided advice to councils and business on a range of temporary measures to address the impact of the pandemic.

As the rollout of the vaccine began in early 2021, the Department again played its part in helping to support the work of the health service to combat the virus. Following the announcement of the use of the SSE Arena in Belfast as a mass vaccination centre, a Traffic Management Plan was activated to ensure the smooth flow of traffic in the vicinity of the area. At the same time Community Transport providers have also been working to provide transport for the most vulnerable in rural areas to COVID-19 vaccination centres.

The implementation of coronavirus restrictions also had a significant impact on the income and finances of the Department and our ALBs. The lockdowns have resulted in a dramatic reduction in Translink's fare income. NI Water's non domestic income also dropped significantly creating an unavoidable deficit for the financial year. Many of these issues have been mitigated against in the short term following additional COVID-19 funding received from the Executive.

The UK's withdrawal from the EU

In the lead up to the end of the Transition period following the withdrawal of the UK from the EU, the Department had in place robust contingency planning structures to ensure operational readiness for 1 January 2021.

The DfI Brexit Project Board, chaired by the Department's Permanent Secretary, oversaw the internal programme management mechanisms which 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.

Departmental officials liaised extensively across government and with key stakeholders to ensure the implications of the UK withdrawal and the unique position of NI were understood during the negotiation process between the UK and EU Governments. In addition, the EU Exit legislative programme for DfI focused on retaining EU laws not covered by the NI Protocol and correcting inoperables in our existing legislation (e.g. removing references to EU laws that were not retained, removing references to EU institutions and Member States, etc.) was completed in December 2020. This has helped to ensure that the Department for Infrastructure has a fully effective statute book post transition period.

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

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

Sustainability, environmental, social and community matters

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.

The year 2020-21 has been dominated by the COVID-19 pandemic. The response to the pandemic, however, has opened up a number of opportunities to help improve sustainability and environmental issues across many areas where the Department has responsibility.

The beginning of the year saw the introduction of a national lockdown with instructions for people, wherever possible, to work from home. This had an immediate effect on staff within the Department and overnight reduced the need to travel to work. The instruction from the Executive for people to stay at home during this time had a profound impact on traffic levels on the road network with the normal peak hour congestion all but disappearing during lockdown.

The Department responded to the increase in people walking and cycling by introducing a number of temporarily widened footpaths and pop up cycle lanes. The 'Great things happen when people walk' campaign was also launched which encouraged more people to walk as a travel option and leave the car behind.

During this time the Department continued to encourage the use of zero-emissions cars. The Minister, Nichola Mallon MLA, continued to use the ecar wherever possible for her official travel. The Department also purchased two new electric vehicles for operational staff to trial, replacing end of life petrol and diesel vehicles.

In December 2020, funding from the Department enabled Translink to introduce the first three Hydrogen Fuel Cell Electric Double Deck Buses into service and receive delivery of the first three of 23 new railway carriages.

NI Water, as the second biggest landowner in Northern Ireland launched ambitious plans during the year to deliver a large-scale planting programme of one million trees across 11,300 hectares of land over the next 10 years. As well as improving water quality, capturing carbon, mitigating floods and enhancing the natural environment, using NI Water land to plant trees offsets the carbon emissions from NI Water's electricity consumption.

During the year NI Water also unveiled a ground breaking concept to help the hydrogen economy in Northern Ireland. The company was awarded £5m of funding from the Department for the Economy (DfE) to undertake an innovative Oxygen and Hydrogen Demonstrator Project that will deploy a state-of-the-art, 1 Megawatt (MW) electrolyser at a major Wastewater Treatment Works.

The Department has also continued to reduce the energy consumption of its street lights by replacing 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. Over the last year the Department has retrofitted 30,100 sodium street lights with energy efficient LED units, delivering an estimated emergency reduction of 5.5 GigaWatt Hours.

In October 2020, the Executive agreed to work towards a ban on single-use plastic items by October 2021. The Department is fully committed to this and is working with the Department of Finance in actively engaging with suppliers to introduce contractual conditions on this issue.

The Department also continues to operate recycling initiatives across its estate and has introduced a number of measures to reduce the amount of paper and other consumables used. With the introduction of working from home, the Department has also had to adapt to use of solely electronic documents. This has seen a dramatic fall in the amount of printing undertaken within the Department.

The pandemic has, however, curtailed many of the planned opportunities for staff to undertake volunteering in the community. Volunteering days, Time to Read and the Time to Count initiatives were sadly suspended during the pandemic and opportunities to support a range of charities also proved difficult. The Department did however embrace the use of technology and organised or participated in a number of online awareness seminars for a range of issues, including health and wellbeing, Autism awareness, Samaritan virtual talks, depression, and money and mental health.

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



KATRINA GODFREY
Accounting Officer

06 July 2021

ACCOUNTABILITY REPORT



CORPORATE GOVERNANCE REPORT

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

DIRECTORS' REPORT

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

Departmental Accounting Boundary

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

Entities outside the Departmental Boundary

The following bodies are outside the Departmental resource accounting boundary:

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

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

Departmental Reporting Cycle

The Departmental 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 Outturn against Assembly Supply provides a Summary of Resource Outturn for the financial year and compares Outturn with Estimate.

Financial Instruments

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

Personal Data Related Incidents

The Department had no data breaches reportable to the Information Commissioner's Office in 2020-21.

Prompt Payment of Suppliers

In 2020-21, the Department, including its Agency (DVA), paid 98.2% of invoices for goods or services within 30 days or by contract terms (compared to 98% in 2019-20). 93.9% were paid within 10 days (compared to 95.1% in 2019-20). Further details are available on the Department of Finance website.

Health and Safety

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

This Committee is 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 2020-21, 103 formal complaints were received and processed under the Department's complaints procedure (compared to 157 in 2019-20).

The Department operates a two-stage complaints process which is overseen centrally by Corporate Policy and Planning Directorate (CPPD) which has responsibility for ensuring that the Department's complaints procedure is kept up-to-date and in line with guidance from the NI Public Services Ombudsman's Office (NIPSO). The Complaints Procedure is available on our Internet site at

[DfI complaints procedure | Department for Infrastructure \(infrastructure-ni.gov.uk\)](#). CPPD maintain a central complaints register for the Department, which contains details of complaints received and lessons learned and is updated on a quarterly basis by business areas across the Department. The information gathered from these quarterly exercises is then used by CPPD to produce an annual report on complaints handling for the Departmental Board. This report includes details of performance against complaints targets and examples of any lessons learned and any policies or procedures which have been amended as a result of dealing with complaints throughout the year. The Department has in place a Complaints Working Group consisting of representatives from each business area to help raise the profile of complaints handling, ensure consistency of approach and share good practice. The Department continues to learn, on an ongoing basis, from the complaints it receives and considers any lessons learnt to improve its procedures and the services that it delivers where possible. The Department continues to adhere to its Customer Charter, which sets a standard for service delivery and for responding to correspondence.

In addition to the Department's own complaints procedures, the Department received 21 complaints in 2020-21 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 2020-21 resulted in a notional audit fee of £101,250 and is included in the administration costs in the Statement of Comprehensive Net Expenditure.

Contingent Liabilities

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

Events after the reporting period

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

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

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

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

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

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

GOVERNANCE STATEMENT

Introduction

As Principal Accounting Officer, I have personal responsibility for maintaining effective governance that supports the achievement of the Department for Infrastructure's policies, aims and objectives, while safeguarding public funds and Departmental assets. This governance statement sets out how I have discharged those responsibilities during 2020-21, including in relation to both corporate governance and risk management.

Our Governance Framework

The Department has in place a Corporate Governance Framework that is available on our website <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 its committees. Management assurance is a vital element in the internal control framework. It helps me, as Accounting Officer, supported by the Board, to identify potential areas of concern and focus resources to remedy these. The Department's Deputy Secretaries complete twice-yearly assurance statements. I also receive mid and end-year Assurance Statements from the Accounting Officers for DVA, NI Water, NITHC and Waterways Ireland.

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

The Departmental Board

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

The Departmental Board supports me by contributing to the corporate management of the Department within the strategic policy and resources framework set by Minister 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 Board relies on data from a number of sources to inform its work. These include:

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

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

The two Non-Executive Board Members offer constructive challenge across the Department's business ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency. Their appointments are for a period of three years.

The Board has two sub-committees: the Departmental Audit and Risk Assurance Committee; and the Major Projects Committee. Further details of the work of board committees are provided below.

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

Name of Board Member	Position	Board Meetings in 2020-21 (6)
Katrina Godfrey	Accounting Officer and Chair of Departmental Board	6/6
Trevor Conway	Non-Executive Board Member and Chair of Major Projects Committee	6/6
Mary O'Dwyer	Non-Executive Board Member and Chair of DARAC	6/6

Andrew Murray	Deputy Secretary Roads & Rivers Group	6/6
John McGrath	Deputy Secretary Resources, Governance & EU Group (until 5 September 2020)	2/2
Linda MacHugh	Acting Deputy Secretary Resources, Governance & EU Group (from 5 September 2020)	4/4
Julie Thompson	Deputy Secretary Planning, Safety & Transport Policy Group	5/6
Michaela Glass	Director of Corporate Policy & Planning (until 25/09/20)	1/2
Sian Kerr	Director of Corporate Policy & Planning (from 28/09/20)	4/4
Gary Boyd (TP)	Acting Finance Director (until 16/10/20)	3/3
Susan Anderson	Finance Director (from 19/10/20)	3/3

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

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

Departmental Board Performance and Effectiveness

The COVID-19 pandemic and the requirement to work from home and introduction of virtual meetings brought new challenges for the Board but its schedule of meetings continued without disruption, with

effective communication and strong engagement by all members ensuring that meetings remained focused and effective.

Additionally, and in accordance with best practice, a Board Effectiveness Review was completed in February 2021 through the issuing of a Board Effectiveness Evaluation Questionnaire. This was sent to all members of the Board and had a response rate of 90%.

The feedback from the questionnaire was very positive, with all responses acknowledging that there is currently a good understanding of the Department, its strategic objectives and priorities, and the allocation of resources. Communication amongst members was reported to be constructive and focused on relevant issues and members were satisfied on the quality of papers and data presented to them.

Members felt that there was a strong and effective approach to governance, financial matters and risk management within the Board. Members were however concerned about the impact COVID-19 was having on both the wellbeing of staff and on Departmental finances and identified the need, moving forward, for further discussion on and consideration of HR matters including recruitment and staff wellbeing.

Committees of the Departmental Board

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

Throughout the year, the Audit and Risk Assurance Committee considered a range of internal audit issues. For example, during this year it has focused on reviewing the DfI risk controls in each of the three business areas and has provided comment on, and challenge to, the new DfI Risk Policy and Departmental Risk Register. The Committee received routine updates on fraud and whistle-blowing cases; NI Water and NITHC Audit Committee business; updates from Waterways Ireland; NI Audit Office audits (both financial and value for money); and progress reports on the implementation of Internal Audit recommendations. A report was provided to the Departmental Board following each Committee meeting.

During 2020-21, the Committee also supported the Accounting Officer through its regular scrutiny of progress by the DVA in addressing the actions in the Action Plan produced to respond to the recommendations from the Investigation into Vehicle Lift Faults.

Fraud, wrongdoing and whistle-blowing updates in respect of the Department and its Arm's Length Bodies are also regularly reported to the Departmental Audit and Risk Assurance Committee. During

2020-21, the Department reported 29 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 2020-21 in relation to blue badges, payroll and 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. 3,023 matches were returned with 10% of these investigated – no fraud was identified.

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

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

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

Audit & Risk Assurance Committee			
Name of Committee Member	Attendance in 2020-21 (5)	Name of Committee Member	Attendance in 2020-21 (5)
Mary O'Dwyer (Chair)	5/5	David Polley (DfC)	5/5
Trevor Conway	5/5	Lisa Rocks (DoJ)	3/5

Major Projects Committee			
Name of Committee Member	Attendance in 2020-21 (3)	Name of Committee Member	Attendance in 2020-21 (3)
Trevor Conway (Chair	3/3	Julie Thompson	3/3
Mary O'Dwyer	3/3	Linda MacHugh	2/2
Andrew Murray	3/3	Gary Boyd	2/2
John McGrath	1/1	Susan Anderson	1/1

Ministerial Directions

As part of my Governance Statement, I am required to provide details of any Ministerial Directions. During the financial year, one Ministerial Direction was sought and received. This Ministerial Direction related to funding for City of Derry Airport. In the context of the Covid pandemic and the restrictions on travel, an emergency funding package supported by the UK Government with a funding contribution from the Executive and approved by HMT provided support for two of Northern Ireland's airports for the period from April – June 2020 as an exceptional measure. In June 2020 the Executive took a decision that funding should continue to be provided for City of Derry Airport for the period to March 2021 and DfI was asked to be the channel for payment to Derry City and Strabane District Council, the airport's owner, and therefore the accountable department. The Accounting Officer was not satisfied that the funding would represent value for money. In line with the requirements of Managing Public Money NI a ministerial direction was therefore sought and received to provide funding of a maximum of £1,233,764 to Derry City and Strabane District Council as a 50% contribution towards the minimum necessary costs (met jointly between the Executive and the Council) of sustaining the Airport until March 2021. Approval was received from the Department of Finance, and the Executive and the Comptroller and Auditor General were informed.

Budget Position and Authority

The Assembly passed the Budget Act (Northern Ireland) 2021 in March 2021 which authorised the cash and use of resources for all departments for the 2020-21 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2021 also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2021-22 financial year. This will be followed by the 2021-22 Main Estimates and the associated Budget (No. 2) Bill before the summer recess which will authorise the cash and resource balance to complete for the remainder of 2021-22 based on the Executive's 2021-22 Final Budget.

Risks and Challenges

The Department's Risk Policy and Framework for Risk Management was updated during 2020-21 and details the Department's approach to risk management, including: risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management. This approach allows risks to be identified and managed at all levels and to be escalated as appropriate.

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

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

A summary of the Corporate Risks contained within the Corporate Risk Register actively monitored and managed by the Departmental Board throughout 2020-21 included the following:

Risk Area	Brief description
People Health and Safety	<ul style="list-style-type: none"> • Risk of not complying with the relevant Health and Safety requirements or guidance results in our workforce, visitors, contractors and the general public not being kept safe. • Health & Safety issues relating to the impact of COVID.
People Capacity and Capability	<ul style="list-style-type: none"> • Risk that our workforce does not have the capacity and / or capability to deliver services, including statutory duties and Ministerial priorities as set out in the Departmental Business Plan. • Impact of COVID on staff wellbeing and capacity.
Cyber	<ul style="list-style-type: none"> • Risk our workforce is not able to access IT network or applications due to cyber-attack.
Technology and data Security	<ul style="list-style-type: none"> • Risk our workforce does not have the technology or connectivity to do their work. • Risk of loss of personal data by DfI.

Risk Area	Brief description
Financial - Budget	<ul style="list-style-type: none"> Risk that our 2021-22 capital and resource budgets are not managed effectively.
Financial - Going Concern	<ul style="list-style-type: none"> Translink and NI Water are no longer 'going concerns'.
Asset Management (Short and Long term)	<ul style="list-style-type: none"> Budget pressures lead to sub-optimal asset maintenance regimes.
Long Term Asset Development	<ul style="list-style-type: none"> As a result of capital budgetary pressures key infrastructure development projects cannot be delivered.
Governance	<ul style="list-style-type: none"> Systems of internal control are not able to work effectively leading to a failure in corporate Governance.
Environmental Compliance	<ul style="list-style-type: none"> Failure to comply with relevant environmental regulation resulting in legal challenges to key infrastructure projects and a lack of preparedness to respond to an increasing focus on decarbonisation.
Operational – Reservoirs	<ul style="list-style-type: none"> The absence of full commencement of the legislative framework has created a vacuum in relation to responsibilities to ensure that reservoirs are effectively managed and do not present a major public safety risk.
Operational – Emergency Response	<ul style="list-style-type: none"> A severe weather event of such a magnitude that infrastructure or the response resources of the Department and multi-agency partners are overwhelmed.
End of the Transition Period (BREXIT)	<ul style="list-style-type: none"> Uncertainty over the impact of the UK's withdraw from the EU and the End of the Transition period. Response to implementing the Northern Ireland Protocol and the EU –UK Trade and Cooperation Agreement.

New and Particularly Challenging Risks and Issues

As part of my governance and risk management arrangements, there were some risks that proved particularly challenging to manage during 2020-21. These are summarised below.

Arm's Length Bodies

Prior to the COVID pandemic, historic underfunding had routinely constrained the Department's ability to fund both NI Water and NITHC to the levels deemed necessary by the Utility Regulator, as part of

the regulated Price Control process for NI Water, and the obligations outlined with the Public Service Agreement for NITHC.

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

Health and Safety

The nature of our work makes health and safety a particular corporate priority. During the year, we also faced new challenges including the COVID -19 pandemic that compelled management to develop new and innovative ways of continuing to deliver services while working fully within the Public Health Agency (NI) and Health and Safety Executive (NI) publications. In addition to the operational challenges faced by COVID-19, staff have embraced home working as a consequence of the 'working from home were possible' guidance that has been supported by home risk assessments. COVID-19 focused building risk assessments were also conducted for staff who use our buildings as well as for customer facing / public facing environments.

In February 2021 the Department was informed that an investigation had been launched by the Police Service of Northern Ireland (PSNI) and the HSENI into the access to the Storm Drain Network in Belfast. The Department is engaging fully with the investigation.

Staff Welfare

During 2020-21, we experienced significant staff pressures as a result of heavy workloads and staff under-resourcing due to the impact of COVID-19 and the changes in working practices. A dedicated portal was established by NICS HR to provide up to date information and advice to all NICS staff including guidance on home working, staff management and health and wellbeing. Through our DfI Well Champion and NICS HR, staff were encouraged to avail of a range of online sessions aimed at helping wellbeing during the pandemic.

Cyber Security

The increasingly sophisticated cyber-attack attempts on organisations and the challenges in keeping ICT networks secure and addressing new potential vulnerabilities necessitate the need to continually carry out cyber threat assessments, and to ensure that robust incident response plans are in place.

Reservoir Safety

During the year, we also had to manage again the absence of a complete legislative framework to deal with reservoir safety issues, ensuring that safety of controlled reservoirs was closely monitored with short term actions being progressed wherever possible and work undertaken to support the transfer of the required functions to the Department and to prepare to receive them.

Rathlin Island Ferry

An internal audit review in June 2020 of the management of the Rathlin Island Ferry contract identified a number of areas for improvement and provided, an overall limited assurance. These areas related to contract management and scrutiny of financial information. Work was undertaken to address the issues and a follow-up report in April 2021 reviewed the progress made and concluded that a satisfactory assurance rating was now appropriate.

Out of Hours Allowances

A new issue emerged during 2020-21 relating to the payment of out of hours allowances to some groups of operational staff who are required to deliver emergency and winter services which, by their nature, can be unpredictable. The issue related to payments that had been made over many years without documented approvals being in place. Some of these payments continued during 2020-21 for out of hours work by some groups of operational staff over the winter period. Although the continuation of those payments was designed to ensure continuity of emergency winter services and therefore minimise the risk to public safety, it contravened the provisions of the NICS HR Handbook and the correct processes, including alerting me as Departmental Accounting Officer and seeking my and DoF's approval, did not happen. Having considered a business case to determine whether retrospective approval would be appropriate, I have had to conclude that, for groups of staff where there are not clearly documented approvals in place from NICS HR or its predecessor, the tests for retrospective approval have not been met. It is estimated that the quantum of expenditure involved for 2020-21 is in the region of £60k. The estimated expenditure involved in the period from 2006 to 2020 is c£800k.

Effectiveness of Internal Control

For 2020-21, Internal Audit has provided an overall 'satisfactory' audit opinion, in respect of the adequacy and effectiveness of the Department's framework of governance, risk management and control. This opinion is based mainly on the results of the internal audit activity carried out during 2020-21 and cumulative assurances derived from the previous three years 2017-2020.

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

During 2020-21 Internal Audit also provided overall 'limited' audit opinions within the reviews of Commercial Bus Service Permits due to the risk of non-compliance with accessibility legislation and the lack of checks over compliance with conditions of the permit, and the review of Temporary Promotions due to difficulties accessing information retained on HR Connect. A 'limited' audit opinion was also provided of Roads and Rivers Group's Performance in relation to their Statutory

Responsibilities in the Planning Process. This was due to performance against the statutory response target and the internal response target not being met.

Internal Audit also provided an overall 'unacceptable' audit opinion within the review of Compliance with GDPR within Accessible and Community Transport Branch mainly due to the lack of a contract between the department and Translink for the processing of personal data for the administration of the Concessionary Fares Scheme and providers of the Assisted Rural Transport Scheme, and the large number of records relating to the Concessionary Fares Scheme which are retained and have not been included in the department's Retention and Disposal Schedule. This is now being addressed with urgency. Internal Audit will perform follow-up reviews of these areas within the 2021-22 Audit Plan to ensure that all recommendations are being addressed.

I also rely on DoF Head of Internal Audit to provide an annual inter-departmental report for the services it provided including Account NI, IT Assist and HR Connect shared services. Due to significant resource issues and the COVID-19 pandemic some audits have been carried forward into 2021-22. Internal Audit have advised that each of the 2020-21 audits completed during the period have received a satisfactory audit opinion.

DVA

Following the publication by the Comptroller & Auditor General of his report on the Driver and Vehicle Agency 2019-20, the Public Accounts Committee (PAC) considered this report during 2020-21 and, as part of its considerations, held an evidence session in February 2021. I attended along with Jeremy Logan, the DVA Chief Executive and Accounting Officer, The PAC published its report on the DVA 2019-20 in June 2021. The report contained three recommendations which the DVA and the Department are now considering.

Internal Audit has also performed a follow-up of the Action Plan arising from the investigation into the vehicle lifts within the MOT Test Centres. The majority of actions were evaluated as being fully completed and, for those actions which were not evaluated as fully completed, Internal Audit was content that significant aspects had been addressed. One action could not be tested at the time of the audit.

Internal Audit has provided an overall 'satisfactory' audit opinion in respect of the adequacy and effectiveness of the Agency's framework of governance, risk management and control. This opinion is based mainly on the results of the internal audit activity carried out during 2020-21 and cumulative assurances derived from the previous three years 2017-20.

REMUNERATION AND STAFF REPORT

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has been finalised but not yet paid.

The pay of 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

Ministers	Salary £		Benefits in kind (to nearest £100)		Pension Benefits * (to nearest £1000)		Total (to nearest £1000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Minister Nichola Mallon MLA	38,000	8,478 (full year equivalent 38,000)	Nil	Nil	5	1 (full year equivalent 5)	43	9 (full year equivalent 43)

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

Remuneration and pension entitlements – Officials

Officials	Salary £'000		Benefits in kind (nearest £100)		Pension Benefits * (nearest £1000)		Total £'000	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Katrina Godfrey Permanent Secretary	120-125	115-120	Nil	Nil	82	117	205-210	230-235
Linda MacHugh Acting Deputy Secretary – Transport & Resource (from 24/08/2020)	55-60 (full year equivalent 90- 95)	N/a	Nil	N/a	55	N/a	110-115 (full year equivalent 145-150)	N/a
John McGrath Deputy Secretary - Transport & Resource (until 05/09/2020)	45-50 (full year equivalent 105-110)	100-105	Nil	Nil	-42	17	0-5 (full year equivalent 60-65)	120-125
Dr Andrew Murray Deputy Secretary – Roads and Rivers	100-105	95-100	Nil	Nil	67	42	170-175	140-145
Julie Thompson Deputy Secretary – Planning (from 02/04/2019)	105-110	100-105	Nil	Nil	49	43	155-160	145-150
Susan Anderson Departmental Director of Finance (from 19/10/2020)	30-35 (full year equivalent 70- 75)	N/a	Nil	N/a	32	N/a	60-65 (full year equivalent 100-105)	N/a
Gary Boyd Acting Departmental Director of Finance (until 16/10/2020)	40-45 (full year equivalent 70- 75)	10-15 (full year equivalent 70-75)	Nil	Nil	25	8	70-75 (full year equivalent 95-100)	20-25 (full year equivalent 80- 85)

Officials	Salary £'000		Benefits in kind (nearest £100)		Pension Benefits * (nearest £1000)		Total £'000	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
John McNeill Departmental Director of Finance (until 10/06/2020)	10-15 (full year equivalent 75- 80)	75-80	Nil	Nil	49	30	60-65 (full year equivalent 125- 130)	105-110
Sian Kerr Director of Corporate Policy and Planning (from 28/09/2020)	35-40 (full year equivalent 70- 75)	N/a	Nil	N/a	11	N/a	45-50 (full year equivalent 80- 85)	N/a
Michaela Glass Director of Corporate Policy (until 25/09/2020)	35-40 (full year equivalent 70- 75)	30-35 (full year equivalent 70-75)	Nil	Nil	27	17	60-65 (full year equivalent 100-105)	45-50 (full year equivalent -90- 95)
Mary O'Dwyer Non-Executive Director	5-10	5-10	Nil	Nil	N/a	N/a	5-10	5-10
Trevor Conway Non-Executive Director	5-10	5-10	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.

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 Department for Infrastructure was under the direction and control of Minister Nichola Mallon MLA during the financial year. Her salary and allowances were paid by the 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

	2020-21	2019-20
Band of Highest Paid Director's Total Remuneration* (£000)	120-125	115-120
Median Total Remuneration *(£)	28,730	28,168
Ratio	4.3	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 2020-21 was £120k-£125k (2019-20: £115k-£120k). This was 4.3 times (2019-20: 4.2) the median remuneration of the workforce, which was £28,730 (2019-20: £28,168).

In 2020-21 no (2019-20: nil) employees received remuneration in excess of the highest paid director.

Remuneration ranged from £18k to £105k (2019-20, £16k to £103k) excluding the highest paid director.

Pension Entitlements – Ministers

Ministers	Accrued pension at pension age as at 31/3/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/21	CETV at 31/3/20	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Minister Nichola Mallon (from 11 th January 2020)	10-15	0-2.5	9	2	4

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 scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016. Assembly Members aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 will retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on Members who missed out on the Transitional Protection policy in the Assembly Members' Pension Scheme because of their age but the applicability and approach to the McCloud judgement in this scheme is still under consideration.

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 31/3/21 (or leaving date) and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/21 or leaving date £'000	CETV at 31/3/20 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (nearest £100)
Katrina Godfrey Permanent Secretary	50-55 plus a lump sum of 110-115	2.5-5 plus a lump sum of 2.5-5	1,003	906	60	Nil
Linda MacHugh Acting Deputy Secretary – Transport and Resources (from 24/08/2020)	20-25	2.5-5	475	412	47	Nil

Officials	Accrued pension at pension age as at 31/3/21 or leaving date and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/21 or leaving date £'000	CETV at 31/3/20 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (nearest £100)
John McGrath Deputy Secretary – Transport and Resources (until 05/09/20)	45-50 plus a lump sum of 270-275	0 plus a lump sum of 105-107.5	1,071	1,097	-7	Nil
Dr Andrew Murray Deputy Secretary – Roads and Rivers	55-60 plus a lump sum of 85-90	2.5-5 plus a lump sum of 2.5-5	1,216	1,170	63	Nil
Julie Thompson Deputy Secretary – Planning, Water & DVA (from 02/04/2019)	40-45	2.5-5	734	676	29	Nil
Susan Anderson Departmental Director of Finance (from 19/10/2020)	20-25	0-2.5	269	247	19	Nil
Gary Boyd Acting Departmental Director of Finance (until 16/10/2020)	35-40	0-2.5	600	576	16	Nil
John McNeill Departmental Director of Finance (until 10/06/2020)	35-40 plus a lump sum of 30-35	0-2.5 plus a lump sum of 0-2.5	744	693	49	Nil
Sian Kerr Director of Corporate Policy and Planning (from 28/09/2020)	20-25	0-2.5	263	249	4	Nil
Michaela Glass Director of Corporate Policy and Planning (until 25/09/2020)	25-30 plus a lump sum of 65-70	0-2.5 plus a lump sum of 0-2.5	522	498	18	Nil

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%.

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to the different schemes eg classic, alpha etc and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the Civil Service Pensions schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

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

New entrants 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.

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

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

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. 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.

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 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

Employee contribution rates for all members for the period covering 1 April 2021 – 31 March 2022 are as follows:

Scheme Year 1 April 2021 to 31 March 2022

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 1 April 2021 to 31 March 2022
£0	£24,199.99	4.6%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,500.00 and above		8.05%

Cash Equivalent Transfer Values

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

account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office

There was no compensation for loss of office paid in 2020-21.

STAFF REPORT

Staff Costs

The following is subject to audit

2020-21 £000					2019-20 £000
	Permanently employed staff*	Others	Minister	Total	Total
Wages and salaries	71,929	1,108	38	73,075	70,499
Social security costs	6,818	-	5	6,823	6,770
Other pension costs	19,482	-	5	19,487	18,858
Other staff costs	299	-	-	299	318
Sub Total	98,528	1,108	48	99,684	96,445
Less recoveries in respect of outward secondments	-	-	-	-	-
Total net costs**	98,528	1,108	48	99,684	96,445

Analysed as:

Administration costs -	75,732	72,155
Programme costs -	14,571	14,274
	90,303	86,429
Capitalised	9,381	10,016
	99,684	96,445

* The 2020-21 figures include the cost of the Department's Special Adviser who was paid in the pay band £0 - £54,999 (2019-20 £0 - £54,999).

** Of the total, £9,381k has been charged to capital. (2019-20 £10,016k)

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

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

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

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance have also commissioned a consultation in relation to the Cost Cap Valuation which will close on 25 June 2021. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. On completion of the consultation the 2016 Valuation will be completed and the final cost cap results will be determined.

For 2020-21, employers' contributions of £19,428,306 were payable to the NICS pension arrangements (2019-20: £18,783,079) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £50,969 (2019-20: £38,767) 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% (2019-20: 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 £1,586, 0.5% (2019-20: £1,218, 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.

8 people (2019-20: 7 people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £22,089 (2019-20: £6,157).

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.

					2020-21 Number	2019-20 Number
Objective	Permanent staff	Others	Minister	Special Adviser	Total	Total
A	1,963	119	1	1	2,084	2,072
Staff engaged on capital projects	215	-	-	-	215	237
Total	2,178	119	1	1	2,299	2,309

Minister is notionally charged and not included on HR Reports

Staff Composition

The actual staff numbers as at 31 March 2021 can be broken down as follows:

2020-21				2019-20		
	Male	Female	Total	Male	Female	Total
Minister	-	1	1	-	1	1
Senior Civil Service	11	8	19	12	8	20
Other Employees	1,680	548	2,228	1,710	557	2,267
Total	1,691	557	2,248	1,722	566	2,288

Staff Turnover

The Department for Infrastructure Staff Turnover percentage (the number of people that have left the Department but have moved within the NICS) for 2020-21 is 4.1%, and the general turnover percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 2.6%. This has been calculated by NICS HR, based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

Seconded Staff

There were no staff seconded from the Department during the 2020-21 year.

Reporting of compensation and exit packages for all staff

The following section is subject to audit

2020-21				2019-20		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	3	3
£25,000 - £50,000	-	-	-	-	3	3
£50,000 - £100,000	-	-	-	-	1	1
£100,000 - £150,000	-	-	-	-	-	-
Total number of exit packages	-	-	-	-	7	7
Total resource £'000	-	-	-	-	210	210

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 2020-21 and 2019-20. £55k exit costs were paid in 2020-21, the year of departure (2019-20 £174k). 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 2020-21 year.

External Consultancy costs

£88,688 (2019-20: £69,614) was spent on external consultancy during 2020-21 year.

Senior Civil Service pay band

Actual staff numbers of Senior Civil Service by pay band for the Department as at 31st March 2021 are as follows:

Pay band – assessed each pay period		Actual staff numbers as at 31 March 2021
From	To	
£71,932	£82,464	15
£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).

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.

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

NICS People Survey

The 2020 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. For DfI (including DVA) there were 2,991 staff invited to complete the survey (2019-20: 3,074) of which 1236 participated (2019-20: 1,635), a response rate of 40.3% (2019-20: 53%). The Employee Engagement Index (EEI) is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. DfI responses indicated an Employee Engagement Index of 57% (2019-20: 51%), compared to the NICS average of 57% (2019-20: 51%). The full survey can be accessed at www.finance-ni.gov.uk/publications/nics-people-survey-results.

Sickness Absence Data

The Department had an overall sickness absence rate of 9.7 days lost per employee in 2020-21 (13.4 in 2019-20). Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2020-21” (i.e. current year) report in the ‘Publication’ section of the Northern Ireland Statistics and Research Agency (nisra.gov.uk) website. Figures for the 2020-21 financial year were published on 29th June 2021.

Employment, training and advancement of disabled persons

The Northern Ireland Civil Service 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. 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 adjustments to the working environment required by disabled persons.

The NICS has a wide and active network of Diversity Champions and one of its Deputy Secretaries is the NICS Diversity Lead for Disability. The NICS has a Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. During 2020-21 the NICS established a Disability Staff Network. This Network plays a key role in promoting disability equality and inclusion across the NICS.

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a number of schemes for disabled people, including a Work Experience programme.

Learning & Development

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

Development and delivery of generic staff training is centralised in NICS¹HR1. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and this year the focus was on improving the quality of the development conversation between managers and staff, with the introduction of a talent management toolkit.

¹ NICS¹HR is the NICS' centralised human resources function. It falls under the responsibility of the Department of Finance

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

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. NICSHR, consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

Equality, Diversity and Inclusion

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

The [NICS People Strategy](#) includes a range of actions that will help accelerate our ambition of a truly inclusive NICS, which reflects the society we serve. The Strategy places diversity and inclusion at its centre and includes a range of actions that will assist the NICS and the Department's ambition to be a service that reflects the society that it serves. A Diversity and Inclusion Champion has been appointed for the Department who, together with a focus group made up of a cross-section of staff from across the Department, help to further support our diverse workforce and consider methods that will help to improve communication and awareness about diversity and inclusion amongst our dispersed workforce. A DfI Diversity and Inclusion Action Plan for 2020-21 was developed by the focus group and was endorsed by the Departmental Board, in support of the NICS Diversity and Inclusion Action Plan. A number of actions have been delivered during the year including intranet articles, videos and the roll out of lanyards and Jam Card training.

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity Champions and Thematic Diversity Champions, NICS colleague networks and NICSHR, as well as through partnership working with stakeholder organisations.

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

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The NICS' commitment to equality of opportunity is outlined in its [Equality, Diversity and Inclusion Policy](#).

As part of the NICS's efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of [NICS human resource statistics](#).

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

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

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

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available at www.infrastructure-ni.gov.uk.

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

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

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

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

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

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

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

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 31, in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

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

Summary of Resource Outturn 2020 - 21

								2020-21 £000	2019-20 £000
Outturn					Estimate				Outturn
Request for Resources	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Outturn vs Estimate, saving/ (excess) Net Total	Prior Year Net Total
A	SOAS1	1,170,290	(118,867)	1,051,423	1,250,325	(128,954)	1,121,371	69,948	678,572
Total resources	SOAS2	1,170,290	(118,867)	1,051,423	1,250,325	(128,954)	1,121,371	69,948	678,572
Non-operating Accruing Resources				-			-	-	1,044

Net cash requirement 2020 - 21

				2020-21 £000	2019-20 £000
	Note	Outturn	Estimate	Outturn vs Estimate, saving / (excess)	Prior Year Outturn
Net cash requirement	SOAS3	1,213,877	1,321,279	107,402	924,237

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 2020-21 £000				Outturn 2020-21 £000	
	Note	Income	Receipts	Income	Receipts
Total	SOAS4	354	<i>354</i>	1,343	<i>1,600</i>

Explanation of variances between Estimate and outturn are given in Note SOAS 1 '*Analysis of net resource outturn by function*' (page 82) and in the Performance Report (Financial Review) on (page 27).

The notes on pages 82 to 91 and on pages 105 to 150 form part of the financial statements.

SOAS 1 Outturn detail, by Estimate line

										2020-21 £000	2019-20 £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	66,112	146,384	-	212,496	(26,954)	185,542	194,512	(1,737)	192,775	7,233	166,387
2: Rivers	-	15,875	113	15,988	(367)	15,621	15,660	-	15,660	39	15,713
3: Road Safety Services	4,904	4,594	100	9,598	(2,212)	7,386	9,014	-	9,014	1,628	6,035
4: Driver and Vehicle Agency	-	46,550	2,701	49,251	(135)	49,116	48,827	289	49,116	-	7,581
5: Ferry Services, Air and Sea Ports	-	5,564	3,245	8,809	(712)	8,097	6,514	1,583	8,097	-	3,076
6: Railway Services	-	119,829	108,051	227,880	(1,362)	226,518	243,975	(17,395)	226,580	62	110,431
7: Road Passenger Services	4,489	65,039	99,094	168,622	(238)	168,384	152,489	15,895	168,384	-	73,183
8: Water Policy and Other Services	1,745	256	-	2,001	-	2,001	2,029	-	2,029	28	1,702
9: Inland Waterways	-	330	-	330	-	330	562	-	562	232	132
10: Planning and Policy	2,244	2,923	116	5,283	(1,913)	3,370	4,595	(83)	4,512	1,142	4,606
11: Reinvestment & Reform	-	631	-	631	(31)	600	678	-	678	78	534
12: EU Interreg	-	-	3,436	3,436	(2,920)	516	546	-	546	30	1,018
13: Central Policy and Other Services	6,535	206	-	6,741	(4)	6,737	5,289	1,448	6,737	-	4,331
14. Taxi and Coach Industries	-	-	21,279	21,279	-	21,279	25,000	-	25,000	3,721	-
Annually Managed Expenditure (AME)											
15: Depreciation and Impairment Costs	1,492	102,118	-	103,610	-	103,610	145,961	-	145,961	42,351	15,516
16: Provisions	370	2,983	-	3,353	-	3,353	7,749	-	7,749	4,396	20,327
Non-Budget											
17: Northern Ireland Water Limited	-	313,968	-	313,968	(82,019)	231,949	238,952	-	238,952	7,003	230,993

										2020-21 £000	2019-20 £000
						Outturn	Estimate			Outturn v Estimate (inc virements), saving / (excess)	Outturn
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total	Virements *	Net Total inc. virements		Prior Year Outturn
18: Waterways Ireland	-	-	4,480	4,480	-	4,480	4,791	-	4,791	311	3,121
19: Notional Charges	12,534	-	-	12,534	-	12,534	14,228	-	14,228	1,694	13,886
Resource Outturn	100,425	827,250	242,615	1,170,290	(118,867)	1,051,423	1,121,371	-	1,121,371	69,948	678,572

* 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	69,948	<p>Lower than anticipated depreciation charges on the Roads infrastructure, which is dependent upon the outcome of annual inspections; as such, roads depreciation charge is therefore very volatile and inherently challenging to forecast.</p> <p>The roads condition survey was lower than forecast and the backdated holiday pay provision was lower than expected.</p>

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

Key to Request for Resources

RfR A

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

SOAS 2 Reconciliation of Outturn to Net Operating Expenditure

2020-21 £000					2019-20 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Prior Year Outturn
Net Resource Outturn	SOAS1	1,051,423	1,121,371	69,948	678,572
Non-supply income (CFERs)	SOAS4	(440)	(354)	86	(292)
Non-voted expenditure		-	-	-	-
Unrealised exchange losses/(gain) on Non Estimate related EU Receivables		220	-	(220)	(220)
CFER exchange loss		-	-	-	-
Net Operating Cost in Statement of Comprehensive Net Expenditure		1,051,203	1,121,017	69,814	678,060

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	1,051,423	1,121,371	69,948
Capital				
Acquisition of property, plant and equipment		261,892	265,546	3,654
Investments	11	83,000	105,000	22,000
Non-operating Accruing Resources				
Net Book Value of asset disposals		-	-	-
Accruals to cash adjustments				
Depreciation and revaluation	3,4	(128,175)	(177,702)	(49,527)
New provisions and adjustments to previous provisions (Capital)	3,4	(1,800)	-	1,800
New provisions and adjustments to previous provisions (Revenue)	3,4	(3,353)	(12,549)	(9,196)
Other non-cash items	3,4	(12,313)	(14,228)	(1,915)
Changes in working capital other than cash	SOAS 3.1	(52,130)	10,390	62,520
Changes in payables falling due after more than one year	16	4,932	9,956	5,024
Use of provision	17	10,401	13,495	3,094
Net Cash Requirement		1,213,877	1,321,279	107,402

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

		2020-21 £000
	Note	
Increase/(decrease) in inventories	13	166
Increase/(decrease) in receivables	15	(19,470)
Adjustments to movements in receivables		
Movement in CFER related receivables	15	13,298
Movement in provision for bad debts	15	(3,399)
(Increase)/decrease in payables less than 1 year	16	18,265
Adjustments to movements in payables less than 1 year		
Increase/(decrease) in amounts due to the Consolidated Fund	16	(60,990)
Net increase/(decrease) in working capital other than cash recognised in Statement of Assembly Supply		(52,130)

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):

		Forecast 2020-21 £000		Outturn 2020-21 £000	
	Note	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Other operating income and receipts not classified as Accruing Resources		354	354	373	373
EU Grants income and receipts		-	-	67	324
Operating income and receipts – excess Accruing Resources		-	-	-	-
Subtotal		354	354	440	697
Exchange gain		-	-	-	-
Exchange loss – Capital		-	-	-	-
Non-operating income and receipts – excess Accruing Resources		-	-	903	903
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		354	354	1,343	1,600

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

		2020-21 £000	2019-20 £000
	Note		
Operating income	5	119,307	140,058
Gross income		119,307	140,058
Income authorised to be used as Accruing Resources	SOAS 1	(118,867)	(139,766)
Operating income payable to the Consolidated Fund	SOAS 4	440	292

SOAS 6 Non-operating income – Excess Accruing Resources

	2020-21 £000	2019-20 £000
Non-operating income – Excess Accruing Resources	903	296

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

(i) Losses and special payments

Losses Statement

	2020-21		2019-20	
	Cases	£000	Cases	£000
Stores and plant losses	6	2	2	*
Abandoned Claims	36,846	4,837	2,064	376
Fruitless Payments	-	-	1	1
Foreign exchange losses	9	68	8	791
Other cash losses	3	15	2	*
Administrative Write Offs			1	2
	36,864	4,922	2,078	1,170

*Losses value less than £1,000

Details of cases over £250,000

The Department incurred losses relating to penalty charge notice debt of £4,380,656 (2019-20: £224,608) 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

	2020-21	2019-20
Total number of special Payments	1,625	1,628
Total value of special Payments £000	3,748	5,091

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

	2020-21 £000			2019-20 £000
	Income	Cost	Surplus/(deficit)	Surplus/(deficit)
Car Parks	6,029	(12,803)	(6,774)	(1,397)
Strangford Ferry	772	(2,972)	(2,200)	(1,609)
Total	6,801	(15,775)	(8,974)	(3,006)

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 2020-21 is 100% recovery (2019-20: 100%) of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 47% (2019-20: 90%). Cost recovery has decreased for 2020-21 mainly due to the significant impact of Covid restrictions on income levels.

The financial target for the ferry service in 2020-21 is 40% (2019-20: 40%) recovery of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 26% (2019-20: 43.3%). Cost recovery has decreased for 2020-21 mainly due to the adverse impact of Covid restrictions which reduced customer numbers.

Remote Contingent Liabilities

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

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

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

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

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption for the 2020-21 reporting period. This uncertainty is expected to continue

throughout 2021. The Department continues to engage with DoF on the resulting pressures arising within the Department and its ALBs. A funding assurance letter has issued to Translink.

A handwritten signature in black ink, appearing to read 'Kathleen Godfrey', is enclosed in a thin black rectangular border.

Accounting Officer

06 July 2021

DEPARTMENT FOR INFRASTRUCTURE

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Department for Infrastructure for the year ended 31st March 2021 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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31st March 2021 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31st March 2021 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements 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 Department for Infrastructure in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Department for Infrastructure's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department for Infrastructure's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

Matters on which I report by exception

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

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

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

Responsibilities of the Accounting Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

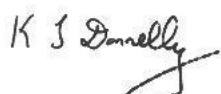
My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department for Infrastructure through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001;
- making enquires of management and those charged with governance on Department for Infrastructure's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Department for Infrastructures financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: expenditure recognition, posting of unusual journals and estimates;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

My report is included on pages 154 to 159.



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

7th July 2021

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 2021

		2020-21 £000	2019-20 £000
	Note		
Revenue from contracts with customers		(14,197)	(23,450)
Other operating income		(105,110)	(116,608)
Total Operating Income	5	(119,307)	(140,058)
Grants	4	791,402	520,595
Staff Costs	3,4	90,303	86,429
Purchase of goods and services	3,4	97,868	94,427
Other operating expenditure	3,4	3,755	4,040
Depreciation, impairment charges and profit/loss on disposal of assets	3,4	128,176	36,747
Provision expense	3,4	3,353	20,328
Notional charges	3	12,486	13,875
Total Operating Expenditure		1,127,343	776,441
Net Operating Expenditure		1,008,036	636,383
PPP Expense	4	43,167	41,677
Net Expenditure for the year		1,051,203	678,060
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	325,987	(199,759)
- Net (gain)/loss on revaluation of intangibles	7	(37)	(78)
Items that may subsequently be reclassified to net operating costs:			
- Adjustment to Property, Plant and Equipment (PPE) opening balance	6	(850)	11,874
- Adjustment to Intangibles opening balance	7	-	-
Comprehensive Net Expenditure for the year		1,376,303	490,097

The notes on pages 105 to 150 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 2021

		31 March 2021 £000	31 March 2020 £000
	Note		
Non-current assets:			
Property, plant and equipment	6	28,767,687	28,959,529
Intangible assets	7	3,565	4,009
Financial assets	11	1,950,529	1,867,529
Total non-current assets		30,721,781	30,831,067
Current assets:			
Assets classified as held for sale	12	-	-
Inventories	13	2,689	2,523
Trade and other receivables	15	30,309	49,779
Cash and cash equivalents	14	12,664	11
Total current assets		45,662	52,313
Total assets		30,767,443	30,883,380
Current liabilities:			
Trade and other payables	16	(227,627)	(248,815)
Provisions	17	(10,030)	(7,442)
Total current liabilities		(237,657)	(256,257)
Non-current assets plus/less net current assets/liabilities		30,529,786	30,627,123
Non-current liabilities:			
Other payables	16	(296,384)	(301,316)
Provisions	17	(29,693)	(34,130)
Total non-current liabilities		(326,077)	(335,446)
Assets less liabilities		30,203,709	30,291,677
General fund		17,058,854	16,770,646
Revaluation reserve		13,144,855	13,521,031
Total taxpayers' equity		30,203,709	30,291,677



Accounting Officer

06 July 2021

The notes on pages 105 to 150 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 2021

		2020-21 £000	2019-20 £000
	Note		
Cash flows from operating activities			
Net operating expenditure		(1,051,203)	(678,060)
Adjustments for non-cash transactions	4.2	127,729	53,554
(Increase)/decrease in trade and other receivables	15	19,470	10,003
<i>less movements in receivables relating to items not passing through the Net Operating Expenditure</i>			
Increase/(decrease) in amounts due from Consolidated Fund	15	-	-
Increase in Consolidated fund debtor	15	(13,040)	(5,225)
Movement in provision for bad debt	15	3,399	(2,113)
Receivables due from other department re CFER non cash	15	-	-
(Increase)/decrease in inventories	13	(166)	416
Increase/(decrease) in trade and other payables	16	(23,198)	(11,614)
<i>less movements in payables relating to items not passing through the Net Operating Expenditure</i>			
(Increase)/decrease in amounts due to Consolidated Fund	16	60,990	5,479
Decrease/(increase) in amounts due to capital retentions/accruals		(1,972)	(1,086)
Decrease /(increase) in amounts due to imputed loan on PPP contracts		9,453	8,850
Bad debt provision	15	(4,843)	(363)
Use of other revenue provisions	17	(4,245)	(5,532)
Net cash outflow from operating activities		(877,626)	(625,691)

		2020-21 £000	2019-20 £000
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(242,061)	(248,782)
Purchase of intangible assets	7	(1,038)	(1,505)
Proceeds of disposal of property, plant and equipment	6	294	459
Proceeds of disposal of assets held for resale	12	608	815
Investment additions	11	(83,000)	(40,000)
Net cash outflow from investing activities		(325,197)	(289,013)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		1,224,210	911,197
From the Consolidated Fund (Supply) – prior year		76,307	18,265
Loan from Consolidated Fund repaid		(11,147)	
On Balance Sheet PFI Contracts		(9,453)	(8,850)
Net financing		1,279,917	920,612
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		77,094	5,908
Payments of amounts due to the Consolidated Fund		(61,518)	(6,067)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		15,576	(159)
Cash and cash equivalents at the beginning of the period	14	(2,912)	(2,753)
Cash and cash equivalents at the end of the period	14	12,664	(2,912)

The notes on pages 105 to 150 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 2021

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 1 April 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	15	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

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

*Revaluation Reserve

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

** Supply receivable (prior year)

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

The notes on pages 105 to 150 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 2020-21 Government Financial Reporting Manual (FReM) issued by Department of Finance (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

1.1 Accounting convention

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

1.2 Basis of consolidation

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

1.3 Property, plant and equipment

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

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

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

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

Land

Land is valued by Land and Property Services and is updated annually to reflect both subsequent expenditure and the movement in appropriate published indices. DfI aims to have land and buildings valued by LPS every five years. 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 for the 2015-16 accounts. The next detailed review of unit costs will be undertaken for 2021-22.

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 2014, and the next revaluation will be carried out in the 2021-22 accounting 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. The depreciation charge is adjusted by the output of annual condition surveys.

1.5 Assets adopted from developers

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

1.6 Intangible assets

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

(a) Intangible assets acquired separately

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

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

(b) Internally-generated intangible assets

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

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

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

1.7 Impairment of tangible, intangible and financial assets

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

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

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

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

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

1.8 Non-current assets held for resale

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

1.9 Inventories

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

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

1.10 Financial instruments

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

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

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

The Department has the following financial instruments:

Trade Receivables

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

Cash and cash equivalents

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

Trade payables

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

Shareholding in NI Water and loans issued to NI Water

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

Public dividend capital and loans in DVA

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

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

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

Deeds of Guarantee

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

1.11 Grant funding (including EU funding)

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

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

1.12 Operating income

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

1.13 Administration and programme expenditure

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

1.14 Foreign exchange

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

1.15 Employee benefits including pensions

Staff costs

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using staff salaries at March 2021 applied to the untaken leave balance at 31 March 2021 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 (0.95)% in real terms. In past years, the Department settled some or all of its liability in advance by making a payment to the DoF Superannuation Vote. The amount provided is shown net of any such payments.

1.16 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Department, the asset is recorded as property, plant and equipment and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the

period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.17 Public Private Partnership (PPP) Transactions

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

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

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

1.18 Grants and subsidies payable

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

1.19 Provisions

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

1.20 Contingent liabilities

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

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

1.21 Value Added Tax

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

1.22 Funding from Assembly Supply

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

1.23 Notional costs

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

1.24 Vesting of property

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

1.25 Estimation techniques

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

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

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

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

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

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

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

1.26 Impending application of newly issued accounting standards not yet effective

The International Accounting Standards Board has issued new and amended standards that are effective for the first time in 2020-21. These have been reviewed and the assessment is that their adoption has not had any significant impact on the amounts reported in these financial statements. There have been no substantial updates to the FReM as a result of these changes.

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

IFRS 16 *Leases* replaces IAS 17 *Leases* and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. 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.

2. Statement of Operating Expenditure by Operating Segment

During 2020-21 the Department's operating segments reflected the basis of bi-monthly financial reporting to the Departmental Board.

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

Following a restructuring within the Department during 2020-21 the reporting groups were changed to:

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

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

Planning, Safety and Transport Policy

Planning: Strategic & Regional

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

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

Safe and Accessible Travel

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

Transport Policy

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

DVA

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

Roads and Rivers

Roads

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

Rivers

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

Resources, Governance & EU

Public Transport Division

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

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

Gateways & EU Relations

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

Water Drainage & Policy

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

Corporate Policy, Finance & IT

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

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

			2019-20 £'000
	Gross Expenditure	Income	Net Expenditure
Roads	228,708	(38,819)	189,889
Transport Projects	275	-	275
Rivers	11,051	(228)	10,823
Planning: Strategic & Policy	5,461	(739)	4,722
Water Drainage & Policy	312,340	(79,544)	232,796
DVA	9,433	(1,852)	7,581
Public Transport	189,947	(10,652)	179,295
Safe and Sustainable Travel/TPSLD	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

3. Other administration costs

	2020-21 £000	2019-20 £000
Staff Costs²:		
Wages and salaries	53,328	50,325
Social security costs	5,768	5,717
Other pension costs	16,323	15,795
Other staff costs	313	318
Total staff costs	75,732	72,155
Purchase of goods and services	7,581	7,302
Other operating expenditure:		
Rentals under operating leases – land and buildings	50	48
Rentals under operating leases – other	83	78
Other expenditure	3,847	4,388
Less: Own work Capitalised	(1,412)	(1,901)
Total other operating expenditure	2,568	2,613
Non-cash items		
Depreciation, impairment charges and profit/loss on disposal of assets:		
Depreciation of property, plant and equipment	1,415	1,278
Amortisation of intangibles	270	205
Revaluation charge to Statement of Comprehensive Net Expenditure	3	-
Impairment of asset	-	-
(Profit)/Loss on disposal of assets (non-cash)	-	-
Total Depreciation, impairment charges and profit/loss on disposal of assets	1,688	1,483
Increase/Decrease in Provisions	370	1,402
Notional charges:		
Notional accommodation	4,844	5,130
NIAO auditors' remuneration	101	97
Other notional costs	7,541	8,648
Total notional charges	12,486	13,875
Total Administration Costs	100,425	98,830

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

4. Programme costs

	2020-21 £000	2019-20 £000
Grants:		
Current grants and subsidies	621,436	400,374
Capital grants and subsidies	169,966	120,221
Total grants	791,402	520,595
Staff Costs³:		
Wages and salaries	10,366	10,158
Social security costs	1,055	1,053
Other pension costs	3,164	3,063
Other staff costs	(14)	-
Total staff costs	14,571	14,274
Purchase of goods and services	90,287	87,125
Other operating expenditure:		
Rentals under operating leases – land and buildings	35	26
Rentals under operating leases – other	9	8
Exchange loss / (gain)	66	438
Other expenditure	1,077	955
Total other operating expenditure	1,187	1,427
Non-cash items		
Depreciation, impairment charges and profit/ loss on disposal of assets:		
Depreciation of property, plant and equipment	125,001	34,358
Amortisation of intangibles	1,249	1,083
Revaluation charge to Statement of Comprehensive Net Expenditure	237	(249)
Impairment of asset	-	6
(Profit)/loss on disposal of assets	1	66
Total Depreciation and impairment charges	126,488	35,264
Provision expense:		
Provided in year	1,540	16,445
Borrowing costs on provisions	(1)	5
Provision for bad debts	1,444	2,476
Total Provision expense	2,983	18,926

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

PPP expense:		
PPP service charge	24,048	21,955
PPP interest on loan	19,119	19,722
Total other operating expenditure	43,167	41,677
Total Programme Costs	1,070,085	719,288

4.1 Total Operating Expenditure Reconciliation

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

	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
Finance expense	-	41,677	41,677
Total	98,830	719,288	818,118

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

	2020-21 £000	2019-20 £000
Staff costs	48	11
Non-staff administration costs (see Note 3)	14,544	16,760
Programme costs – (see Note 4)	129,471	54,190
Non cash transfer of land from DoF	-	-
Non cash capital grant / capital grant income	(16,334)	(17,407)
Non-cash transactions (Statement of Cash Flows)	127,729	53,554
Adjust for capital provisions (see note 18)	1,800	233
Exchange (loss)/gain	(220)	220
Non cash proceeds for capital grant /capital grant income	16,333	17,407
Profit / loss on disposal	(1)	(66)
Non-cash transactions (Statement of Outturn against Assembly Supply)	145,641	71,348

5. Income

	2020-21 £000	2019-20 £000
Revenue from Contracts with Customers		
Administration income		
Other	1,410	1,557
Programme income		
Car park receipts and penalty charge notices income	4,929	10,875
Recoverable works	1,632	2,790
Planning fees	244	85
Developers contributions	911	1,219
Other	5,071	6,924
Sub-total	14,197	23,450
Other operating income		
Other capital grant income – Developer contributions	16,334	17,407
Loan interest from NI Water	52,134	51,272
Dividend income from NI Water	29,885	28,272
EU grant income – Accruing Resources income	3,332	6,723
EU grant income – CFER income	67	130
Public Dividend Capital – dividend receivable	-	1,717
Other Grant Income	3,223	10,952
Interest from DVA	135	135
Sub-total	105,110	116,608
Total income	119,307	140,058

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

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

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 2014	Flood Defences & Culverts – Atkins (Asset Management Consultants) Baxter Index
Plant and Machinery - Ferry	Blyth Bridges (Marine Consultants)	31 March 2017	Index provided by Marine Consultants
Plant and Machinery - Vehicles	N/A	N/A	Adjusted National Statistics Office SIC 2007
Plant and Machinery - General	N/A	N/A	Adjusted National Statistics Office SIC 2007
Furniture and Fittings	N/A	N/A	Retail Price Index
Information Technology	N/A	N/A	Adjusted National Statistics Office SIC 2007

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

The roads and structures infrastructure valuation was performed on a depreciated replacement cost basis as at 31 March 2021, using the ‘Baxter Index’ for construction in England, Wales and Northern Ireland and revalued unit rates for roads and structures. For 2020-21 a provisional index to 31 December 2020 was applied, as this was the most up to date available at the time of the production of the valuation.

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

Every five years DfI aims to carry out a review of the unit rates used to value roads and structures. These rates are built up from the actual outturn costs of new construction schemes. The last revaluation of Network Assets (Roads & Bridges) was completed for the 2015-16 accounts. The next detailed review of unit costs will be undertaken for 2021-22.

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

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

Condition Surveys for the Road Network

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

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

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

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

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

In the year 2020-21 in response to the pandemic and the Covid 19 restrictions that were put in place to safeguard the NHS and the health and safety of the population the CVI survey was postponed to ensure compliance with the restrictions; CVI surveys will commence once Covid restrictions have lifted. In the absence of the output from the CVI survey in the year 2020-21 an approach had to be agreed for the valuation of the U road network. In consultation with Professor Snaith options were assessed and an approach was agreed that would result in a steady state being attributed to the U road network. Professor Snaith accepted that the exceptional situation of the pandemic made it necessary and acceptable to use last year’s condition data – this was considered a prudent approach

as the output from the CVI survey delivered condition improvements in the U network in the previous year.

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

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

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

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	-	-	-	-	-	-
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

8. Impairments

In 2020-21 no impairment expense has been charged to the Statement of Comprehensive Net Expenditure.

9. Financial guarantees and Letters of Comfort

Deeds of Guarantee

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

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

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

Subsidy payments to Northern Ireland Water

The Subsidy is paid under Article 213(3) of the Water and Sewerage Services (NI) Order 2006 which requires the Department for Infrastructure (DfI) to, "make grants to relevant undertakers of amounts appearing to the Department to be equal to discounts provided by undertakers in respect of any charges payable to them in, or in respect of, the initial period" [extended to 31 March 2017 by the Water and Sewerage Services Act (NI) 2016 and subsequently to 31 March 2022 by the Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2017]. During 2020-21 the Subsidy was £314.3m and for 2021-22 it is estimated to be £318.6m.

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 2021. The Department is actively working with the Department of Finance to seek to redress funding pressures within the Department and its Arms Length Bodies. A funding assurance letter has issued to Translink.

10. Financial instruments

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

Credit risk

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

Liquidity risk

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

Currency Risk

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

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

Interest Rate Risk

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

Gains/losses

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

					2020-21	2019-20
	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	-	-	66	1,444	1,510	2,914
Total	-	-	66	1,444	1,510	2,914

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

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

11. Investment and loans in other public sector bodies

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

Comprising:

	Loan Stock & Ordinary Shares £000	Loan on vesting £000	Long-term loan £000	PDC £000	Total £000
NI Water	671,690	150,000	1,119,561	-	1,941,251
DVA	-	-	3,865	5,413	9,278
Balance at 31 March 2021	671,690	150,000	1,123,426	5,413	1,950,529

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 2021 the company had issued further loan notes of £1,269.6million including the £150m issued at vesting. The interest rate on loan notes issued up to 31 March 2010 and the initial loan notes is 5.25%, fixed for the term of the loan. The interest rate on loan notes issued after 31 March 2010 is 0.85% per annum above the Reference Gilt rate on the relevant issue date, such rate priced from the yield to maturity published on such date by the UK Government Debt Management Office.

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

The Department's share of the net assets and results of NI Water is summarised below for the 2020-21 year.

	Northern Ireland Water £000
Net assets at 31 March 2021	1,115,231
Turnover for year ended 31 March 2021	418,906
Surplus/profit for the year (before financing)	117,437

DVA

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

At 31 March 2021 DVA had Net Assets of £65.7m and a surplus for the year amounting to £16.1m.

12. Assets held for sale

	31 March 2021 £000	31 March 2020 £000
At 1 April	-	1
Transfers in	179	289
Transfers out	-	-
Disposals	(608)	(815)
Impairment	-	(6)
Reclassifications	429	531
Total	-	-

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

13. Inventories

	31 March 2021 £000	31 March 2020 £000
Inventories	2,689	2,523
	2,689	2,523

14. Cash and cash equivalents

Cash and bank balances	
	£000
Balance at 1 April 2019	(2,753)
Net change in cash and cash equivalents	(159)
Balance at 31 March 2020	(2,912)
Net change in cash and cash equivalents	15,576
Balance at 31 March 2021	12,664

	31 March 2021 £'000	31 March 2020 £'000
The following balances at 31 March were held at:		
Commercial banks and cash in hand	12,664	(2,912)
Total	12,664	(2,912)

The net balance comprises:

	31 March 2021 £'000	31 March 2020 £'000
Cash due to be paid to the Consolidated Fund:		
Consolidated Fund Extra Receipts received and due to be paid to the Consolidated Fund (see Note 16)	2,331	62,247
Amounts issued from the Consolidated Fund for Supply but not spent at year end (see Note 16)	10,333	-
Loan from the Consolidated Fund	-	11,148
Cash due to be received from the Consolidated Fund:		
Consolidated Fund Extra Receipts prepaid to the Consolidated Fund (see Note 15)	-	-
Amounts due from the Consolidated Fund for Supply	-	(13,040)
Amounts due from the Consolidated Fund not yet recognised	-	(63,267)
	12,664	(2,912)

The Department is a signatory on the following bank account:

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

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

14.1 Reconciliation of liabilities arising from financing activities

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

		Cashflows	Non-Cash Changes				
	2020 £000	£000	Acquisition £000	Forex Movements £000	Fair Value Changes £000	Other Changes £000	2021 £000
PFI liabilities	278,247	(9,453)	-	-	-	-	268,794
Total liabilities from financing activities	278,247	(9,453)	-	-	-	-	268,794

15. Trade receivables and other current assets

	31 March 2021 £000	31 March 2020 £'000
Amounts falling due within one year:		
Trade receivables	5,111	4,488
Other receivables	2,287	5,062
Prepayments and accrued income	4,756	6,027
VAT	14,208	15,121
EU/TEN-T grants receivable - Accruing Resource	3,697	5,533
EU/TEN-T grants receivable - CFER	250	508
	30,309	36,739
Amounts due from the Consolidated Fund in respect of Supply	-	13,040
	30,309	49,779

EU/TEN-T grants receivable of £250k (2019-20: £508k) are to be surrendered to the Consolidated Fund when received.

Allowance for expected credit losses

Trade receivables are stated net of an allowance of £9m 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 2021 £000	31 March 2020 £000
Balance at 1 April	12,196	10,083
Increase in provision	1,444	2,476
Write back of provision	-	-
Use of provision	(4,843)	(363)
Balance at 31 March	8,797	12,196

The Department has provided fully for all receivables where there is evidence to suggest the debt is not recoverable.

16. Trade payables and other current liabilities

	31 March 2021 £000	31 March 2020 £'000
Amounts falling due within one year:		
Bank overdraft (Note 15)	-	2,923
Trade payables	2,155	7,815
Accruals and deferred income	207,052	159,037
Other taxation and social security	-	-
Other payables	5,506	5,136
Amounts issued from the Consolidated Fund for Supply but not spent at year end	10,333	-
Loan from the Consolidated Fund*	-	11,148
Consolidated Fund Extra Receipts received and receivable due to be paid to the Consolidated Fund – EU grants / TEN-T Grants		
– Received	12	764
– Receivable	250	508
Consolidated Fund Extra Receipts received and receivable due to be paid to the Consolidated Fund – other		
– Received	2,319	61,484
– Receivable	-	-
	227,627	248,815
Amounts falling due after more than one year:		
Other payables	17,110	14,716
Capital retentions	8,593	6,227
Deferred payable	1,887	2,126
Imputed loan on PPP contracts	268,794	278,247
	296,384	301,316

*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 was to remain until the 2016-17 excess Net Cash Requirement was regularised. This was regularised in 2020-21 and the loan was repaid.

17. Provisions for liabilities and charges

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

Analysis of expected timing of discounted flows

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

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

	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 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	Equal Pay £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.

17.1 Land Acquisition for Schemes

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

17.2 Early Retirement Provisions

The Department meets the additional costs of benefits beyond the normal benefits in respect of employees who retire early by paying the required amounts annually over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of (0.95)% in real terms.

17.3 Legal Claims

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

17.4 Equal Pay

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

17.5 Public and Employer Liability

Provision has been made for compensation claims and associated legal costs made by employees and members of the public. It reflects known claims where legal advice indicates that it is probable the claims will be successful and the amount of the claim can be reasonably estimated. Claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in **note 18**.

17.6 Other

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

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

Wells v Wells. The Department of Justice made a statutory rule on 29 April 2021 changing the rate under the Wells v Wells framework, (from 2.5%) to -1.75%, with effect from 31 May 2021. The Department has also brought forward a Bill to change how the rate is set. The Damages (Return on Investment) Bill was introduced to the Assembly on 1 March 2021 and is currently at Committee Stage. Subject to the legislative process, it is anticipated that the Bill will be enacted early next year and the rate would then be reviewed under the new framework.

Also included within other provisions is an amount for holiday pay. The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for holiday pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for the 23rd and 24th June 2021 but this has subsequently been adjourned. The 2020-21 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

1. The appeal to the Supreme Court (as detailed above);
2. Lack of accessible data for years previous to 2011;
3. Ongoing negotiations with Trade Unions; and
4. The provision includes a pension element which is based on formulae provided by Government Actuary's Department (GAD) with a variable capitalisation factor (CF). The CF used for these calculations is 12 which is based on the commutation value currently used in public sector pensions. This figure is subject to change as the calculation has not been agreed with Trade Union.

18. Contingent liabilities disclosed under IAS 37

At March 2021 there were unsettled public and employer liability cases in which the Department are disputing liability but which could lead to a loss. A review of outstanding cases by the Central Claims Unit, which are considered unlikely to succeed, has indicated possible liabilities estimated at £11,863,801. A contingent liability exists for possible dismissal cases and compensation payments in relation to these cases are estimated at £173,455.

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

There is a contingent liability of £8,030,000 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.

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

19. Capital and other commitments

19.1. Capital commitments

	31 March 2021 £000	31 March 2020 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements	342,775	338,300

19.2 Commitments under leases

Operating leases

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

	31 March 2021 £000	31 March 2020 £000
Obligations under operating leases comprise:		
Land & Buildings:		
Not later than one year	80	80
Later than one year and not later than five years	295	295
Later than five years	421	485
Total	796	860
Office Equipment:		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	-	-

19.3. Commitments under PPP contracts

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

PPP Package 1:

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

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

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

PPP Package 2:

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

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

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

19.3.2 On Statement of Financial Position (SoFP)

PPP Package 1 and Package 2

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

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

	31 March 2021 £000	31 March 2020 £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	309,910	338,481
	452,769	481,340
Less interest element	(183,975)	(203,093)
Total	268,794	278,247

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

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on Statement of Financial position PPP transactions was £24,047,876 (2019-20: £21,955,168) 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 2021 £000	31 March 2020 £000
Not later than one year	27,088	26,282
Later than one year and not later than five years	123,151	115,968
Later than five years	513,417	540,820
	663,656	683,070

19.3.4 Off Statement of Financial Position PPP contracts

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

19.4 Other financial commitments

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

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

policy. A new Fixed Coupon Unsecured Loan Notes Instrument 2034 came into effect from 1 April 2016 and 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 £1,269.56 million (31 March 2020: £1,186.56 million) including the £150 million issued at vesting (note 11).

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

During the year the Department provided a £20m working capital facility to NI Water for the period to 31 March 2021. 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 2021.

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 2020-21.

22. Events after the Reporting Period

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

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 7 July 2021.

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

Appendix B

Report by the Comptroller and Auditor General to the Northern Ireland Assembly

Department for Infrastructure 2020-21

Introduction

1. The Department delivers public transport services and water and sewerage services through two separate arm's length bodies – the Northern Ireland Transport Holding Company (NITHC) and Northern Ireland Water (NI Water). NITHC and NI Water are both wholly owned by the government. NITHC is the parent company of the publicly owned bus and rail companies in the region, collectively known as Translink⁴.
2. In recent years public sector expenditure constraints have created significant funding challenges for the Department in meeting its responsibilities as custodian of the public transport system and the water and sewerage network. Against an already challenging backdrop, the Covid-19 pandemic continues to have a major impact on the finances of Translink and NI Water.
3. This report looks at the financial position of these arms' length bodies; the significant funding allocated in year to enable the continued provision of essential services; and the continuing financial challenges ahead.

Background

Northern Ireland Transport Holding Company/Translink

4. Transport legislation⁵ requires the Department to secure the majority of public passenger transport provision from Translink under a public service agreement. This agreement includes a commitment that funding should be maintained at such a level to ensure that public service obligation activities performed by Translink enable it to maintain financial viability over the life of its Corporate Plan. The Department is Translink's primary source of capital funding. It is

⁴ Three main subsidiary companies, Northern Ireland Railways, Ulsterbus and Citybus (Metro and Glider), operate under the brand name of Translink

⁵ The Transport Act (Northern Ireland) 2011

also its second largest source of revenue, providing approximately one third of income during 2019 and 2020. The majority of Translink's income is from passenger fares.

5. The Department is responsible for setting specific targets for Translink and monitoring the extent to which these targets are achieved and for ensuring that appropriate financial and management controls are in place and that compliance with those controls is effectively monitored.

Northern Ireland Water (NI Water)

6. NI Water is the statutory water and sewerage undertaker in Northern Ireland. It is a government owned company and the Department is the sole shareholder. The Minister is responsible for overall policy and legislation and sets strategic objectives through guidance. The actual delivery of water and sewerage services is, the responsibility of NI Water, subject to regulatory oversight by the NI Authority for Utility Regulation and environmental regulators. The Department monitors NI Water's business performance and engages with the Company Board, Chair and Executive Team on strategic and shareholder matters.
7. The Department is responsible for making loans to NI Water. This mechanism is used to provide the cash funding for an element of NI Water's capital programme. At 31 March 2021, the Department had issued loan notes to the value of £1,270 million. NI Water also receives a subsidy from the Department in lieu of charging domestic customers for water and wastewater services. This subsidy accounts for over 70% of NI Water's income.
8. As NI Water's sole shareholder, the Department is eligible to receive a dividend if recommended by the Board of NI Water. The dividend in respect of the 2019-20 financial year, amounted to £28.3 million. The Department estimates that for the 2020-21 financial year the dividend will be in the region of £29.9 million, but this is yet to be considered by the Board of NI Water. The Department also receives loan interest from NI Water which amounted to £52.1 million in 2020-21 (2019-20: £51.3 million).

Both Translink and NI Water have been underfunded in recent years

9. The Department has reported that the ongoing public sector expenditure constraints have resulted in the annual budget allocation to the Department falling short of meeting its needs. As a consequence, the funding provided to both Translink and NI water has also been less than that required to fully meet their needs.
10. Translink has incurred significant losses and depleted its cash reserves year on year since 2014-15. In 2019-20 Translink reported a loss of £54 million (2018-19: loss of £17 million).
11. The Department was unable to provide NI Water with the full public expenditure allocation as recommended by the Utility Regulator through the Price Control 2015 (PC15) Final Determination⁶. PC15 covered the 6-year period from April 2015 to March 2021 and NI Water has reported that every year, funding provided by the Department was lower than that recommended by the Utility Regulator (£990m actual versus £1.7bn required). Northern Ireland is the only region in the UK where the regulated water utility was unable to fully implement the Utility Regulator's Final Determination due to public expenditure constraints⁷. NI Water has highlighted that continued underfunding has resulted in significant curbs to economic development as there is insufficient capacity to enable new housing and businesses to get connected to the wastewater network in over 100 towns and cities throughout the province.

Significant funding was allocated to Translink and NI Water to enable the continued provision of essential services during 2020-21

12. The Department has reported that during the height of the pandemic, in mid-April 2020, public transport use fell to just 5% of 2019-20 levels. The impact on Translink's income and therefore on its wider financial sustainability was very significant. In recognition of the importance of public transport and the substantial decline in income, the Department received an enhanced budget for public transport in 2020-21 and was able to provide significantly increased funding to Translink.

⁶ Price Control (PC) is the regulatory process which determines the levels of customer bills, capital investment and company performance during the control period. The Utility Regulator makes a Determination based on a Business Plan submitted by NI Water and the funding allocations indicated by the Department. A price control covers a fixed period.

⁷ NI Water, Our Strategy 2021 – 2046 <https://www.niwater.com/ourstrategy/>

13. During 2020-21 the Department funded Translink with £156 million in capital support (2019-20: £98.6 million) and £223 million of revenue support (2019-20: £71.2 million). The revenue support included Covid funding for lost passenger revenues and PPE of £91.5 million. This increased financial support ensured that public transport services continued throughout the year. At the end of March 2021, Translink's accounts show a profit of £38 million (2019-20: loss of £54 million).
14. NI Water continues to provide the essential water and sewerage services during the pandemic. In 2020-21 the annual subsidy provided by the Department was £314.3 million (2019-20: £310.3 million). In addition, new capital loan notes to the value of £83 million were issued (2019-20: £40 million).
15. The Department provided an additional £32.8 million of Covid funding in 2020-21 to NI Water, to address increased costs and the significant loss of income from non-domestic water charges due to the mandatory closure of many businesses throughout the lockdown periods; and £15 million capital funding from Covid allocations to help accelerate the delivery of essential water infrastructure projects, which will begin to address the deficit in wastewater investment that is affecting around 100 areas across Northern Ireland. At the end of March 2021 NI Water reported a profit of £46.7 million (2019-20: £48.4 million). NI Water has emphasised that this is an accounting profit and provides no additional spending power.

Despite the increase in funding during 2020-21, Translink anticipates a significant loss in 2021-22

16. In 2021-22, Translink will receive in the region of £197 million capital funding. This will enable it to continue key strategic projects such as the Belfast Transport Hub, the new Ticketing system and additional train capacity. In addition, there is a further funding commitment of £25 million for zero and low emission buses.
17. However, Translink and the Department have both stressed that there will continue to be a gap in revenue funding in 2021-22 and beyond. This has been further exacerbated by the impact of Covid-19 which has led to a dramatic decrease in fare income for Translink. The Department has advised that early indications based on Translink's 2021-22 budget and outline corporate plan are that Translink anticipate a loss of approximately £77 million in

2021-22 of which an estimated £50 million is attributable to the ongoing impact of Covid-19 on its fare income. This has now been partially mitigated by an in-year allocation of £18 million to address lost income due to Covid-19. The remainder of the loss relates to additional funding required to meet increased costs, primarily associated with rail maintenance and inflationary cost pressures.

18. The uncertainty of funding for future years continues to raise financial sustainability issues for Translink. Ongoing uncertainty over funding can hamper the ability to make decisions and investments. The Department has secured a commitment from the Executive that it will sustain Translink's financial viability throughout the Covid-19 pandemic. I note the Department is working to ensure that this commitment is translated into the funding allocations needed to preserve and build on the public transport network.

The NI Water business plan 2021-2027 requires over £2 billion investment and uncertainty over the availability of the necessary funding remains

19. Similarly, whilst the increased funding allocated to NI Water during 2020-21 was welcomed, there remains uncertainty surrounding the availability of future funding. Research has estimated that for every £1 invested by NI Water, the positive knock-on effect in the local economy is almost double⁸. However, as with Translink, the continued uncertainty of funding impacts on NI Water's ability to invest and develop the water and sewerage network. NI Water continues to stress that the annual cycle of public expenditure funding does not enable it to plan and finance a continuous investment programme and there is an ever growing risk that the levels of service to customers in Northern Ireland will be impacted.
20. The Utility Regulator published the PC21 Final Determination in May 2021. This covers the business plan period 2021-2027 during which NI Water requires an investment of over £2 billion in water and wastewater services. The Department has confirmed that the full amount of funding recommended by the Utility Regulator will be made available to NI Water during 2021-22. However, there remains a lack of clarity on the position for the remainder of the six year period. Funding levels below the Final Determination will continue to restrict NI Water's ability to address wastewater treatment works capacity issues and wastewater network

⁸ <https://www.niwater.com/sitefiles/resources/pdf/reports/rippleeffectdocument.pdf>

constraints. In the absence of guaranteed funding for the whole of the PC21 period the NI Water Board is considering whether it can accept the PC21 Final Determination.

Conclusion

21. As Northern Ireland's main public transport provider Translink provides an essential public service that is a key component in supporting economic growth and social inclusion. Investment in our public transport network can also contribute to addressing environmental issues such as congestion and climate change. The ongoing funding uncertainty is a significant risk to the financial sustainability of Translink. The Department and Translink need to work with all departments within the NI Executive and the private sector to develop a long term public transport strategy which considers all options for the delivery of a sustainable public transport network to support the NI economy in the future.
22. There has been chronic underfunding for water and wastewater services and funding levels have fallen below the required levels determined by the Utility Regulator. Having the right drinking water and sewerage infrastructure is essential to enable economic growth and development and requires a sustainable funding model. "New Decade, New Approach" recognises the need for urgent investment in wastewater infrastructure which is at, or nearing, capacity in many places across Northern Ireland. That commitment is welcomed and the Department, NI Water and other stakeholders must continue to work together to develop a sustainable funding model that keeps pace with the need for investment.



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