



Department for
Communities

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Department for
Communities

www.communities-ni.gov.uk

Annual Report and Accounts

for the year ended 31 March 2023

Annex includes Child Maintenance Service Client Funds Account 2022-23

DEPARTMENT FOR COMMUNITIES

ANNUAL REPORT AND ACCOUNTS 2022-23

For the year ended 31 March 2023

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Performance Report

The purpose of the performance section of the annual report is to provide information on the Department, its main objectives and strategies and the principal risks that it faces. The requirements of the performance report are based on the matters required to be dealt with in a Strategic Report as set out in Chapter 4A of Part 15 of the Companies Act 2006 adapted for the public sector.

Section 1 – Overview

This section outlines the work the Department is responsible for, our purpose, key risks that we faced in pursuing our objectives and how we have performed during 2022-23.

Structure of the Department

Operating Environment

An Executive was not formed following Assembly elections in May 2022, however, Minister Hargey remained in post in a caretaker capacity until 28 October 2022.

[The Northern Ireland \(Executive Formation etc\) Act 2022 \('the 2022 Act'\)](#) received Royal Assent on 6 December 2022. This legislation allows senior officers in Northern Ireland Departments limited authority in the absence of Ministers to take decisions and exercise functions to uphold governance and protect the public interest. Officials are not permitted to make any major policy decisions, such as the initiation of a new policy, programme, or scheme, including new major public expenditure commitments, or a major change of an existing policy, programme, or scheme, which would normally be left for a Minister to decide or agree.

[The Northern Ireland \(Interim Arrangements\) Act 2023 \(NIIAA\)](#) received Royal Assent on 24 May 2023. The NIIAA amended the 2022 Act to extend the period during which departmental functions may be exercised by senior officers to when an Executive is next formed. NIIAA also introduced certain other provisions, such as giving the Secretary of State the power to direct departments to provide advice and information, and carry out consultation, on options for raising more public revenue or otherwise improving the sustainability of public finances in Northern Ireland.

The Permanent Secretary is, in the interim, responsible for decisions that are taken by senior officers within the Department. The Permanent Secretary ensures there is appropriate guidance and a process in place to govern how, and at which level, functions are exercised by officials.

As the most senior official, the Permanent Secretary has the primary role in ensuring the effective management of the department's operations and under the authority of the legislation, continues to be responsible for ensuring the regularity and propriety of departmental expenditure, and promoting value for money within the Department.

Organisational Structure

The Permanent Secretary, Colum Boyle, is supported by five Deputy Secretaries, who each manage Business Groups within the Department to deliver effective public services to the community and do so in conjunction with relevant stakeholders such as Arm's Length Bodies, Local Government, Voluntary and Community Sector and other delivery partners.

Department Organisational Structure



The Permanent Secretary is further assisted by a Departmental Management Board (DMB) which meets on a six-weekly basis. Key aspects of the Board's role include setting the direction for the Department, its standards, aims and values; monitoring the Department's performance and risk management; and overseeing effective and prudent control of the Department's finances.

The Board is further supported in its role by four Sub-Committees which are addressed in the Corporate Governance Report on page 36.

Arm's Length Bodies

For the 2022-23 period, DfC had responsibility for 14 Arm's Length Bodies (ALBs),

which are consolidated within these Accounts for the first time this year as part of the Review of the Financial Process set out in the Governance Statement at page 40. Both Foras na Gaeilge and Ulster Scots Agency sit within the North South Ministerial Council Language Body. Executive NDPBs are those with executive, administrative, commercial, or regulatory functions. They carry out set functions within a government framework, but the degree of operational independence varies. DfC's ALBs are:

A



Detailed information on individual ALBs performance is available in their annual accounts. Website links provided on page 229.

Statement from the Permanent Secretary

I am pleased to present this report for the Department for Communities (DfC) for the financial year to 31 March 2023 which outlines the Department's performance including key successes achieved throughout the year. The report provides information across the range of the Department's activities and addresses improved transparency through the implementation of the Executive's Review of Financial Process (RoFP).

The Department's reach is wide, coming into contact with nearly every person in Northern Ireland, supporting households, families and providing for those most vulnerable who are experiencing hardship. We do this through our commitment to the

Department's Strategy and its four cross cutting themes of Anti-Poverty, Wellbeing & Inclusion, Sustainability & Inclusive Growth and Agility & Innovation and the long-term outcomes which they seek to address.

Our Strategy remained agile and adaptable as we responded to changing demands throughout the latest reporting year. While our work is driven by this Strategy, our achievements are delivered through pursuit of activities and targets in Departmental and Group business plans; and in partnership with officials in other Departments, our Arm's Length Bodies, other public sector Organisations, and the Voluntary and Community Sector.

Alongside these activities, highlights of the year included hosting the international Harkin Summit to consider disability employment change, bringing together sector leaders to showcase best practice. The Department responded to the deepening hardship crisis by reconvening the Emergencies Leadership Group (ELG) which brought together representatives from the community and voluntary sector to support and shape our emerging policy and operational responses.

The Department's ambition to support the most vulnerable stayed sharply in focus throughout the year. We continued to do all we could to help those in need; maximising benefit uptake through the Make the Call (MtC) Wraparound service, delivering winter fuel payments, the Affordable Warmth scheme and supporting the roll out of Social Supermarkets. We helped more individuals and households own their own homes, where affordability barriers may have prevented them, widening support for co-ownership housing and allowing the co-ownership scheme to keep pace with current challenges in the housing market.

With increasingly squeezed budgets, our priority continued to be supporting those most in need in society. The New Year saw colleagues from the MtC Service attend Winter Warmer Roadshows, while colleagues in Jobs & Benefits offices ran cost-of-living information sessions, signposting support available to communities.

Further outreach and partnership working, enabled through our Libraries NI sponsorship, saw Community Helpdesks hosted, to help citizens access information

about essential local services and supports. Together with our ALBs and other stakeholder partners, we made copies of the [‘Department for Communities Supports and Advice Services’](#) booklet widely available throughout Northern Ireland.

After a challenging year during 2022-23, memorable for its uncertainty with the impact of high inflation, high energy prices and slower economic growth, I would like to acknowledge our people in their continued hard work and unwavering commitment to supporting and providing key services to the public. Through our People Strategy, which commits to supporting leadership capacity and capability and well-being, we have built in resilience, sustainability and responsiveness to emerging business needs. As an Investor in People organisation, we have made progress in developing our people approach this year and that commitment to our teams will be enhanced in the year ahead.

Work to consider the pressure facing the Department and the people it serves began well ahead of the start of the new reporting year, with the clear need to carefully examine how the budgetary constraints could be addressed. I do not underestimate the challenges now faced, however, as the Permanent Secretary and Accounting Officer for the Department, I have a legal duty to deliver a balanced budget. This can only be achieved by working to fully understand the implications of the budget on already constrained public services but, to live within the funding available, difficult decisions will have to be taken.

Our Vision, Our Values, Our Purpose

The Department aims to make a significant difference to the lives of many people in Northern Ireland. Our work and programmes focus on supporting the most vulnerable in society as we tackle poverty, disadvantage and inequality ensuring that our citizens benefit from renewed and revitalised communities. Our vision of a fair and inclusive society is our highest priority.

Our Vision



To deliver the ambition in Our Vision and the outcomes set out in our Strategy, we rely on a set of values which transform our aims into action. These values guide us through the uncertainty and change that is so common in daily life.

Our Values



As a Department, we aim to develop our people and create a positive workplace culture that drives high performance and focuses on outcomes. In working together, we achieve our Common Purpose: Supporting people, Building communities, Shaping places.

Our Purpose



DfC Strategy

Our Vision and Purpose set out the reason for our existence and what we want to achieve. Our Strategy outlines the impact the Department aims to have on society and how this change will be enabled. DfC has responsibility for setting policy, bringing forward legislation and resourcing support to meet the needs of some of the most deprived people, families, and communities in Northern Ireland. Full details of our [Strategic Priorities](#) are published on the Department's webpage. This is in the context that in the absence of an Executive there was no approved Programme for Government (PfG) in place during 2022-23. The DfC Strategy and associated business plan continue to be developed with outcome focussed activities, in the spirit of the previous PfG and NICS Outcomes Delivery Plans.

The Department's strategy has 4 cross-cutting themes and associated outcome statements which capture the essence of what the Department wants to accomplish in the long-term. These in turn are supported by strategic objectives and business plan activities, to deliver on those themes.

Each of the strategic themes (Anti-Poverty; Wellbeing & Inclusion; Sustainability & Inclusive Growth; and Agility & Innovation) seek to target broad areas where society and citizens' outcomes can be enhanced. The graphic below details the themes against their associated outcome statements.

Our Strategic Themes and Outcome Statements



Strategic Objectives

While the Department's Strategy defines what we want to do, the 2022-23 Business Plan sets out how we are going to do it, setting out key activities and milestones to deliver against the strategic objectives and priorities until 31 March 2023, while remaining agile to ensure alignment with changing priorities and budget pressures.

Throughout the 2022-23 Business Plan period, progress against both strategic objectives and business plan activities was subject to continuous scrutiny from Senior Officials, the Policy & Strategy Sub-Committee (PSSC) and the Departmental Management Board.

Strategic Risks

The significant uncertainties facing the Department during 2022-23 related principally to the absence of Ministers and an Executive along with budget uncertainty, the uncertainty around the inflationary challenges and uncertainty around access to talented people resources for departmental delivery.

The Department's interconnected approach to planning, risk management, internal control and assurance is set out in the Governance Statement along with the Board's approach to risk appetite and arrangements for monitoring Principal Risks. Principal risks actively monitored during 2022-23 are also set out in the Governance Statement and include opportunity risks around Clear Vision and Collaboration, challenges around Climate Change and the use of Evidence in decision making and the need for ongoing vigilance in respect of Cyber Threats, the handling of Information and Data and preparedness for Disaster Recovery.

Further detail on the risk profile of the organisation is included on page 50 of the Governance Statement.

Anti-Bribery

The Department communicates its anti-bribery arrangements through the sharing of best practice with Departmental staff and Arm's Length Bodies (ALBs). Further detail on bribery, fraud and whistleblowing is set out in the Governance Statement at page 56.

Section 2 – Performance Analysis

This section outlines in detail the Department's performance against our strategic outcomes by theme (Anti-Poverty; Agility & Innovation; Sustainability & Inclusive Growth; Wellbeing & Inclusion) in 2022-23. This Performance Analysis section also includes both detailed financial results for the year and non-financial information relating to equality and good relations; and sustainability and climate change adaption.

Our Detailed Financial Results for the Year

Departmental Resource Accounts form the principal financial reports of the Department and are published on an annual basis.

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.

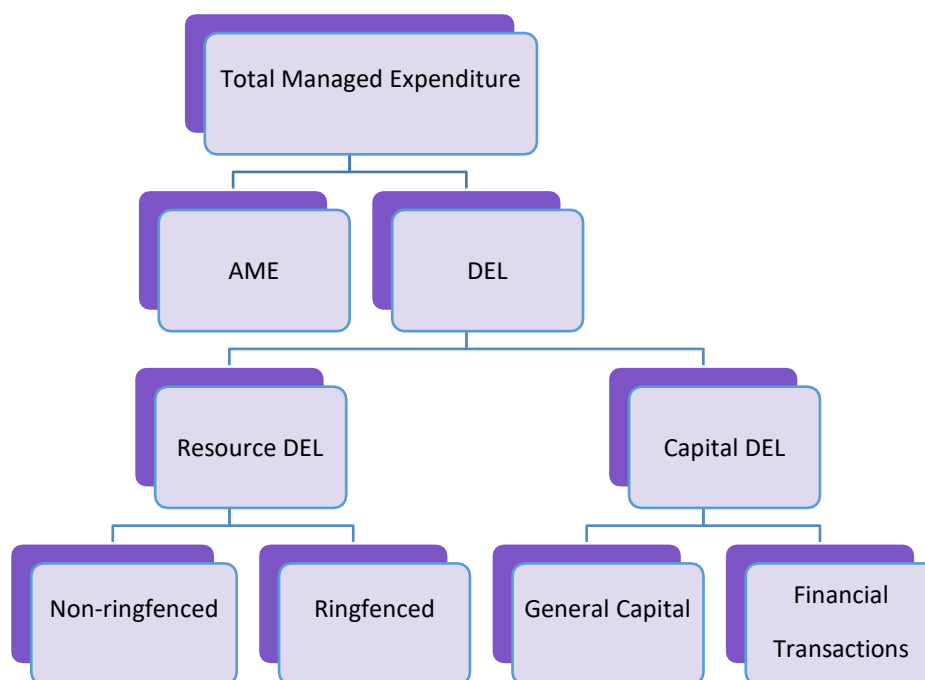
DEL budgets are classified into resource and capital.

- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs, and separately ringfenced 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.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury [CBG_2022-23.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/104444/CBG_2022-23.pdf).

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 (RoFP) will help address these differences and improve transparency. DfC is applying RoFP for the first time for the financial year ended 31 March 2023 and, in accordance with IAS 1 as adapted by the FReM, has restated where possible prior year comparatives to ensure comparability and consistency of financial information against the current reporting period. Further information on the Executive's Review of Financial Process can be found on the Northern Ireland Assembly website.

Budget Structure



Budgetary Performance

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

	Outturn 2022-23 £'000	Final Plan 2022-23 £'000	Underspend/ (Overspend) £'000
Resource DEL	862,485	870,538	8,053
<i>Including:</i>			
<i>Non-ringfenced</i>	847,379	853,030	5,651
<i>Ringfenced</i>	15,106	17,508	2,402
Capital DEL	253,540	254,760	1,220
<i>Including:</i>			
<i>General Capital</i>	221,140	222,132	992
<i>Financial Transactions Capital (FTC)</i>	32,400	32,628	228
Total DEL	1,116,025	1,125,298	9,273
Total AME	7,577,040	7,714,598	137,558
<i>Including:</i>			
<i>AME Resource</i>	7,549,046	7,678,928	129,882
<i>AME Capital</i>	27,994	35,670	7,676
Total Managed Expenditure	8,693,065	8,839,896	146,831

Explanation of Variances

The Resource DEL was £8.1 million less than Estimate mainly due to easements in the demand led Housing Benefit Rates payments (£1.9m) and Welfare Mitigations payments (£2.6m). The cost of Welfare Mitigation payments were reduced following successful benefit appeal hearings which meant the relevant costs were then attributed to the AME benefit spend rather than Mitigation spend. Depreciation and impairments were lower than forecast (£2.4m). This was due to rising property prices and the anticipated shortfall between the valuation price offered for current homes and market prices, which has resulted in a reduction in requirement for buy-back of properties within the Upper New Lodge Redevelopment scheme.

The Capital DEL was £1.2 million less than planned mainly due to the outcome of the Great Northern Tower rent review tribunal not being agreed before the year end.

The AME budget was £138m less than the Final Plan due to the nature of spend on social security benefits, being demand led and volatile.

Estimates

Supply estimates are the means by which parliamentary (Assembly) authority is secured for most government expenditure.

Supply is granted on an annual basis, voted in the Main and Spring Supplementary Estimates and in the Budget Acts in NI.

Reconciliation of Budget to Estimate

	Outturn 2022-23 £'000	Final Plan 2022-23 £'000	Underspend/ (Overspend) £'000
Total Managed Expenditure	8,693,065	8,839,896	146,831
<i>Non Budget</i>	122,000	135,052	13,052
<i>Headroom built into Estimate</i>	-	8,600	8,600
Total per Statement of Assembly Supply	8,815,065	8,983,548	168,483

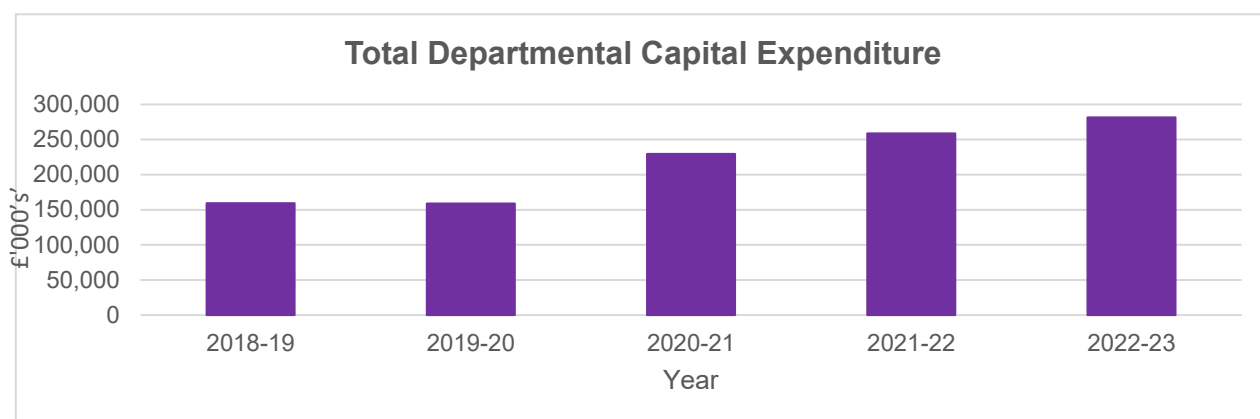
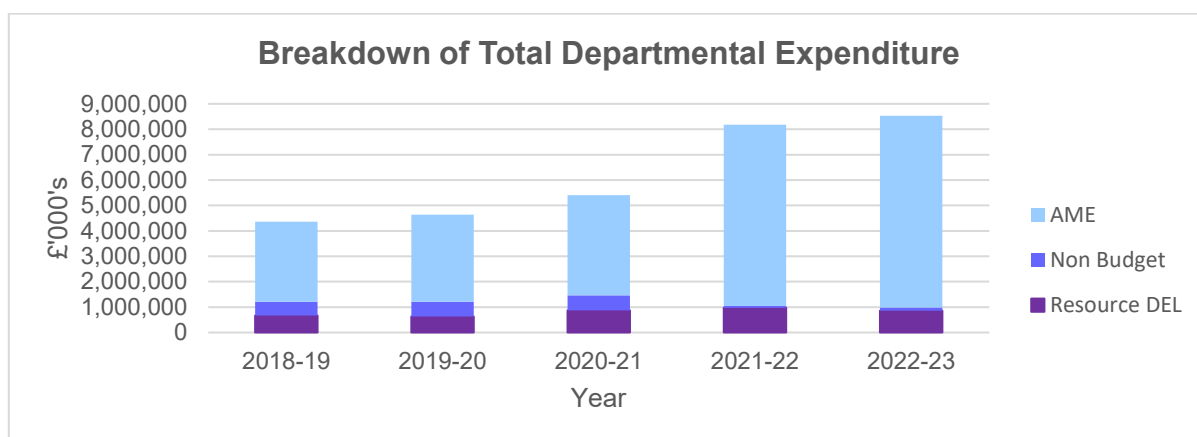
Explanation of Variances

The Non Budget spend was £13 million less than the Estimate due to the winter of 2022-23 being less severe than expected and as a result fewer Cold Weather payments were generated.

The Capital outturn was £8.6 million less than the Estimate due to headroom built into the Estimate in relation to anticipated additional Financial Transaction Capital funding which did not materialise.

Long-term Expenditure Trends

The graphs below show the trends in departmental expenditure for the past five years.



Comparatives for 2021-22 Long term expenditure information have been restated to show the position had Review of Financial Process been in place at that time. The main restatements are a result of the inclusion of NDPBs within the Departmental boundary and the inclusion of Non-Supply Expenditure within the Estimate. It has not been possible to restate the previous year's figures as this information is not available.

Fixed Assets

Details of movements in fixed assets are set out in the Notes 6-8 to the Financial Statements.

Contingent Liabilities

Contingent liabilities are not required to be disclosed under IAS 37 but are included for Assembly reporting accountability.

Contingent liabilities in this context are included in the Note 18 to the Financial Statements.

Going Concern

In common with other government departments, the future financing of liabilities will be met by future grants of Supply and the application of future income, both to be approved annually. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Departmental Performance - Strategic Priorities and Objectives

The Department responded to conditions throughout the 2022-23 year, which required ever changing policies and legislation and encouraged agility and innovation to be central to delivery of services by all within and connected to the Department. Expanding digital solutions and making greater use of collaborative ways of working ensured that communication and engagement with colleagues, ALBs, stakeholders and the public continued to be implemented, and enhanced over this past year.

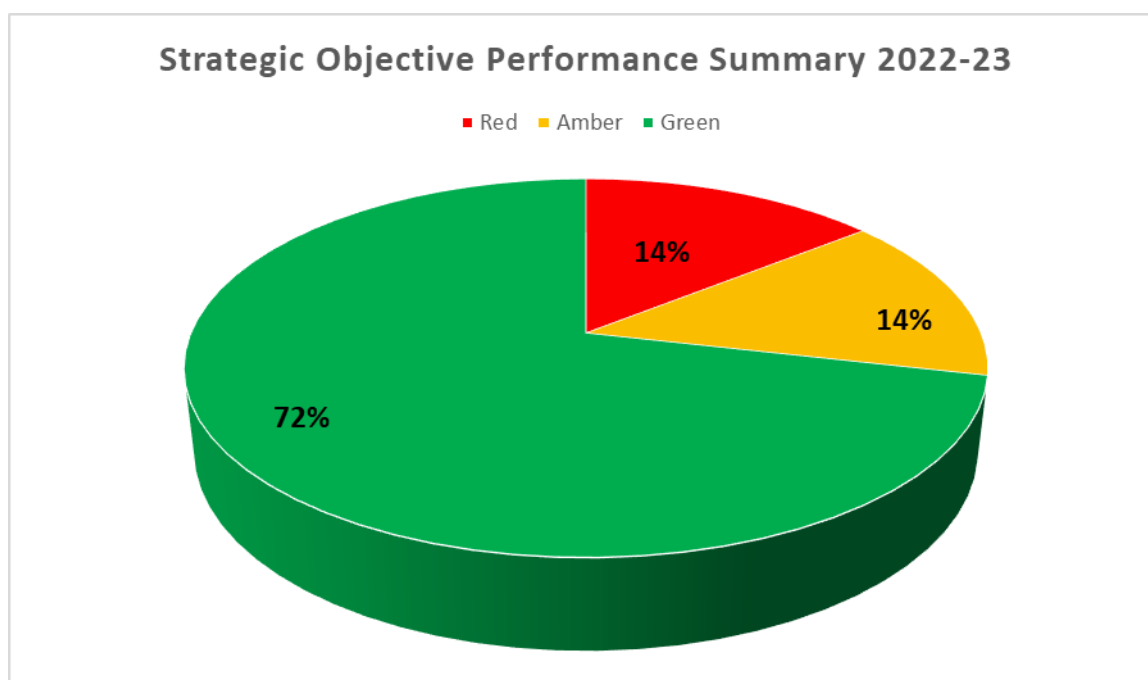
Delivery of the strategic objectives is dependent on the resources that the Department has available. The Departmental Group currently employs around 11,087 staff (8,746 within the Core Department) and received a final 2022-23 budget of £1.1 billion in assistance to provide support to meet the needs of some of the most disadvantaged citizens, families,

and communities across Northern Ireland. This comprised of £853 million Resource Departmental Expenditure Limit (DEL) budget and net Capital DEL of £254.7 million. In addition, the Department was responsible for managing an Annually Managed Expenditure (AME) budget of approximately £7.7 billion on behalf of HM Treasury.

The strategic objectives are analysed according to the performance of activities linked to each objective on both the Department and Group business plans.

At 31 March 2023, 25 (72%) of objectives were on track for achievement, 5 (14%) objectives were progressing though at some risk they may not be achieved as planned and 5 (14%) objectives were at serious risk of not being achieved.

Department's Strategic Objective Performance Summary



The Department's key achievements are detailed below by each of the 4 themes which address long-term intended outcomes for Northern Ireland society and its citizens.

When considering Departmental performance, it is important to note that the unprecedented demand for our services continued throughout the 2022-23 year with increasing cost-of-living expenses pressures and increased claim intake levels for some social security benefits.


In most cases where a strategic objective is reporting as Red or Amber, the underlying cause was due to a lack of progress owing to political uncertainty, either because of the absence of a Minister or an Executive; or the lack of adequate staff resources to support delivery. With this in mind, the 2023-24 Departmental and Group business plans have been developed from the perspective of what officials can deliver in the continuing absence of an Executive.

The Department's Business Plan for 2022-23 can be viewed [here](#).

Key Achievements from 2022-23

Key achievements across each of the Strategy's themes are detailed below:

Anti-Poverty

	Outcome Statement We reduce the number of citizens who are living in absolute and relative poverty through a range of cross cutting interventions, ensuring vulnerable people, those facing poverty and communities have access to the support they need, based on our enhanced understanding of the causes of poverty.
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The Department has:

- Supported 382,000 older people in receipt of state retirement pension and pension credit helping them to achieve better financial and social inclusion.
- Supported 304,000 disabled adults and children in receipt of Personal Independence Payment (PIP), Disability Living Allowance (DLA) and Attendance allowance (AA).
- Made around 43,000 mitigation payments to minimise the impact of welfare reform changes to individuals.
- Supported nearly 4,000 bereaved customers to access financial support from Bereavement Support payments, Funeral Expenses, and the Child Funeral Fund, reducing the financial burden associated with a death.
- Introduced the Child Funeral Fund on 1 June 2022 – to provide a one-off lump sum payment of £3,056 to help families with the cost of a basic funeral following the death of a child.
- Helped 10,839 people receive over £49.7 million in additional annualised benefits

through the Make the Call (MtC) campaign. This was an increase of £7.8 million on the previous year with customers better off, on average, by £88.18 per person per week.

- Introduced legislation, The Social Security (Terminal Illness) Act (Northern Ireland) 2022 that reformed terminal illness provision in certain social security benefits from 4 April 2022, extending access to fast-tracked financial support in Attendance Allowance, Disability Living Allowance, Personal Independence Payment, Employment and Support Allowance and Universal Credit to those who have 12 months or less to live.
- Designed a range of new mitigation payments to help tackle hardship and disadvantage following an independent review of welfare mitigation measures. The recommended payments are targeted at children and young people, carers and those in work and receiving benefits.
- Helped over 10% more households (128,160) than in 2021-22 to claim Universal Credit (UC), the largest income based working age benefit to support citizens.
- Paid approximately 97% of new UC claims in full and on time and improved on 2021-22 performance, increasing by a 2% margin; paid 99% of existing claims in full and on time, totalling approximately £775 million.
- Supported over 54,760 UC claimants by work coaches across 35 offices. Work coaches supported claimants move into work and to move closer to work through a range of programmes that included Jobstart, the Condition Management Programme and Work Experience Programme.
- Provided Adviser Discretion Fund (ADF) to help overcome financial barriers of starting work. Front line work coaches have awarded over 3,500 applications to ADF, of which 575 were for Upfront Childcare Costs. A total of £1.3 million has been paid from the ADF in 2022-23.
- Met increased demand in Discretionary Support claims seeing more than 130,000 claims received in 2022-23 compared to 115,000 in 2021-22. We increased awareness of this scheme to address the cost-of-living issues helping more than 27,000 people, who had never approached the service previously, to apply for Discretionary Support in 2022-23. Grant expenditure is estimated to reach more than £38 million during the year.

- Supported approximately 300 projects in 65 of the most deprived areas through the Neighbourhood Renewal, Areas at Risk and Small Pockets of Deprivation programmes. This investment, totalling £19.2 million, enabled key services in these areas to be maintained at a time when demand from communities increased significantly due to increasing costs of food and energy.
- Responded to the cost-of-living challenges faced by individuals, communities and Voluntary and Community Sector delivery partners by providing additional funding of £2.1 million to help organisations meet increasing running costs, support their staff and maintain critical services.
- Allocated £1.5 million to support social supermarket models in all 11 Councils.
- Allocated almost £1 million to local third sector partners to provide food and essential items for more than 2,300 people on low-income or vulnerable households and sustain approximately 170 tons of food stock to community food providers.
- Delivered, through sponsorship of Libraries NI, a range of free services, activities, and resources, available to all communities in Northern Ireland. As part of the wider response to the cost-of-living crisis, local libraries provided safe, welcoming inclusive spaces and a wide range of free activities and resources, including digital connectivity, helpful information, and signposting to trusted sources where additional help and support are available.

Agility & Innovation



Outcome Statement

We drive performance with the citizen at the heart of all that we do. We set clear targets, we have in place strong and collaborative delivery structures, maximising technology, maintaining and enhancing skills, energy and commitment throughout the organisation, and exercising strong leadership.

The Department has:

- Continued to deliver a programme of digital transformation across Pensions, Disability and Carers Service and Debt. This has resulted in significant channel shift, with 96% of new claims to Carers Allowance now received online.
- Delivered, through a close working relationship with colleagues in the Department for Work and Pensions (DWP) and a staff of approximately 2,500 in Northern Ireland, several key services across a range of working age benefits, child maintenance and retirement service, bringing over £80 million in 2022-23 into the Northern Ireland economy.
- Introduced additional digital services including the ability for those on legacy benefits to request an online 'proof of benefit' letter and further work has been undertaken on new, enhanced digital processes including online claims for Discretionary Support.
- Developed the Data Automation and Visualisation Strategy and incorporated it into 5 key statistical publications during 2022-23. Automating the production process has improved efficiency, quality assurance and business continuity whilst delivering outputs which are more accessible and user friendly.
- Enhanced the Departmental Business Continuity Planning guidance on the production, maintenance, validation and invoking of a more robust suite of Local Business Continuity Plans (BCPs). This guidance includes Good Practice Guidelines to allow the Department to respond more effectively to any short or long-term crisis in the future. We also enhanced the skills of key Business Continuity staff.
- Established a Commercial Centre of Excellence, Project Procurement & Contract Management Team which has overseen the successful implementation of the Future Method of Payment Project (FMoP) in Northern Ireland. The centre also processed 19 competitive procurements and 11 Direct Award Contracts totalling £0.5 million.

- Delivered on our commitment to enhancing the leadership capability and capacity of our people through 485 staff receiving training and coaching via the Evolve Leadership programme.
- Led the creation, launch and oversight of the first entry level NICS Operational Delivery Apprenticeship Scheme for 39 apprentices.
- Continued to support victims of historical institutional abuse through our Public Record Office of Northern Ireland (PRONI) working with The Historical Institutional Abuse Redress Board to make information available from a wide range of PRONI records to support over 850 redress applications.
- Supported victims who were permanently, physically or psychologically disabled because of an injury related to the Troubles to facilitate 600 applications submitted to the Victims Payment Board.
- Retrieved more than 25,000 documents for consultation by staff and public during 2022-23, reflecting the continued public demand for access to the information held in PRONI.
- Launched the Department's Workplace Strategy in January 2023 to set out a plan to shape and 'right size' the Department's estate to allow delivery of services now and into the future. As well as 'right sizing', this also paves the way for changing how we use our buildings to maximise the benefits of hybrid working.
- Facilitated, through sponsorship of Libraries NI and capital investment of approximately £3.2 million, the ongoing upgrading of Libraries NI IT infrastructure and successful procurement of a new contract to deliver free access to a range of online services, support digital inclusion, and provide library users with fast reliable access to information and learning opportunities.
- Launched, through sponsorship of National Museums NI (NMNI), a renewed approach to digital engagement with a new website offering a cleaner and simpler user experience so that people can more easily find the information they need and explore online collections and digital content. The completion of Collections Online saw the development as a way for museums to make their collections accessible and impactful.

Sustainability & Inclusive Growth



SUSTAINABILITY &
INCLUSIVE GROWTH

Outcome Statement

We support citizens and communities by working with them in achieving their maximum potential through a range of economic, cultural and environmental interventions such as increasing work opportunities for citizens and the development of heritage locations as community assets. Provision of an increased supply of affordable and sustainable homes, and improved access to housing solutions that meet the need of citizens.

The Department has:

- Worked extensively in the community providing a wide and varied range of support including onsite support, organising 6 large job fairs in collaboration with our Labour Market Partnerships (LMPs) and more recently cost-of-living events.
- Offered employers a free recruitment service which includes access to the [JobApplyNI](#) website. Over 7,600 employers are currently registered on the site. Over the course of the 2022-23 period, the website held advertisements for approximately 62,000 job vacancies and reached almost 11 million hits.
- Invested £26 million capital funding in the regeneration of town and city centres to include the following interventions:
 - Public realm works in Belfast, Derry-Londonderry, Banbridge, Warrenpoint, Larne, Enniskillen and Portrush.
 - Revitalisation and environmental improvement schemes across towns and cities including Derry-Londonderry, Strabane, Enniskillen, Craigavon, Coleraine, Dromore, Downpatrick, and Newry.
 - Investment across strategic sites in Bangor and Ballymena.
 - Attracted inward investment of over £200 million.
- Delivered, in partnership with Radius Housing, construction of over 120 social houses on the St Patrick's site, Ballymena.
- Provided ongoing support to Council partners in 2022-23 for their City Deal proposals as follows: the Belfast Region City Deal (£700 million), Derry City & Strabane City Deal (£210 million); Causeway Coast & Glens Growth Deal (£72 million) and Mid-South West Growth Deal (£252 million).
- Collaborated with the Special EU Programmes Body (SEUPB) to progress the delivery of 8 PEACE IV Shared Spaces projects to the value of £62 million and in the design of two new PEACEPLUS Investment Areas worth £90 million.
- Commenced 11 shared schemes (252 new social homes) in 2022-23 through our Shared Housing Programme. There are now a total of 69 shared schemes (1,973

new social homes) being delivered across all Council areas, with a Good Relations investment of more than £25 million.

- Delivered 1,956 social new build starts against a target of 1,950.
- Invested, through sponsorship of the Housing Executive, in housing to provide more energy efficient homes, allocating £16 million to the Affordable Warmth Scheme to install 4,705 energy efficiency measures in 3,137 homes.
- Developed and agreed a strategic plan for the ongoing conservation, management and enhancement of a portfolio of 186 State Care Monuments. The 10-year State Care Investment Programme sets out these monuments will deliver a return to the people of Northern Ireland.
- Completed conservation work on several projects at Church Island, Lough Beg; Dundrum Castle; and Devenish Island.
- Assisted the completion of conservation works at Ballycopeland Windmill in Co. Down, the only remaining example of a roller-reefing windmill, with a new carpark and visitor centre allowing the community full access to the enhanced heritage site. Partnering with our ALB USEL, which now operates a social enterprise coffee shop as part of the visitor centre providing employment opportunities for people with disabilities or health conditions.
- Continued conservation work at Carrickfergus Castle through partnership work and funding to enable delivery of the £42 million Carrickfergus Regeneration Project, as part of the Belfast Region City Deal.
- Worked with our ALB partner, Libraries NI to deliver investment of approximately £313,000 in installation of solar panels, contributing to a reduction in the carbon footprint of the public library estate and reducing energy demands.
- Worked with our ALB, NMNI to create more ways to get involved in museums and heritage. Their schools programme is critical to their role and purpose as a learning-based institution, offering a chance for children to actively investigate museum collections, be creative, discuss ideas, work in teams and share their findings with a skilled team of museum educators. New programmes such as Museums on the Move has offered greater opportunities to widen NMNI's reach, particularly in rural areas and areas of social deprivation.

Wellbeing & Inclusion



Outcome Statement

We help everyone within our communities live positive, fulfilled lives surrounded by diverse opportunities to work, enjoy themselves and get involved. This supports physical and mental health at an individual and community-level.

The Department has:

- Responsibility for child maintenance policy and operates a statutory Child Maintenance Service scheme for those that need it and in the past year has collected and arranged maintenance payments totalling £25.3 million, supporting 20,256 children.
- Hosted 'Harkin Belfast', an internationally recognised Disability Employment Summit which brought together stakeholders to build awareness, share best practice, and challenge for change in disability employment.
 - We hosted over 640 delegates, represented by more than 30 countries, and had access to content delivered by 115 speakers.
 - We created a legacy from Harkin Belfast – which resulted in over 420 young people with disabilities finding employment through the JobStart Scheme.
- Created, through the JobStart Scheme 1,711 job opportunities for young people at risk of long-term unemployment during 2022-23.
 - Of these, 686 participated in an Alternative Pathway offering an additional three months on the Scheme for young people who had a disability, a criminal justice background, care experienced or not in education, employment, or training (NEET).
 - Of those who have completed their participation in the JobStart Scheme, 75% have sustained employment. This rate rises to 80% when the Alternative Pathway participants are included.
- Delivered legislation under The Private Tenancies Act (Northern Ireland) 2022, as part of Phase 1 of Private Rented Sector Reform which aims to improve safety, security and standards in the Private Rented Sector and offers greater protection to the 130,000 private rented sector tenants.
 - This legislation covers issues such as information that must be provided to tenants, the necessity for receipts for any cash payments in relation to a tenancy and limits on the amount of tenancy deposits. Landlords have also

been given longer time limits for protecting a tenancy deposit and providing the required information to a tenant.

- Applied a 5.86% increase from 1 April 2022 to the Supporting People Programme of approximately £4.1m. The funding is being utilised to alleviate cost-of-living related pressures experienced within provider organisations via our partners in the Housing Executive. This extra funding is vital in meeting the challenges of staff recruitment and retention, assisting Supporting People providers to better compete for staff resources, supporting stabilisation of the workforce and the sustainment of Supporting People funded schemes into the future.
- Invested, through our sponsorship of the Housing Executive, in new housing and adaptations to existing homes; providing responsive repairs and planned maintenance across 84,000 homes and managing the social housing development programme.
 - It administered Housing Benefit, private sector grants and the Supporting People Programme and invested over £250 million in its homes, generating local economic outcomes, sustaining jobs and supply chains, and improving health and well-being of tenants.
 - Awards of Discretionary Housing Payments (DHP) were made, to 9,080 customers who have a shortfall between the rent charged by the landlord and the amount of Housing Benefit, to the value of £3 million.
 - Through the Housing Association sector, 1,956 new home builds were started at a cost of £184.4 million; and Housing Executive delivered an investment and maintenance programme in urban and rural locations, including £16.2 million for housing adaptations to make homes more accessible and sustainable allowing people with additional needs to remain at home.
- Co-designed initial drafts of the Social Inclusion Strategies (Anti-Poverty; Gender Equality; LGBTQI+; Disability), in readiness for an incoming Executive.
- Launched the Department's first Health & Well-being Framework and Action Plan. As a core product of our People Strategy this Framework marks our commitment to recognise and invest in the health & well-being of our people.
- Commissioned a Review of Charity Regulation, led by an Independent Panel, which produced 93 recommendations. The Department has since developed policy and drafted regulations for the introduction of a £20,000 threshold, below which charities

would not be required to register. This is a significant change, which had been called for by sectoral organisations.

- Published a new Sport and Physical Activity Strategy for Northern Ireland - Active Living following collaboration with a wide range of stakeholders. The strategy aimed to deliver for all including those who have previously been underrepresented in the sector such as females, people with a disability and those from socially deprived areas. We worked in partnership with key stakeholders in the development of a Delivery Action Plan to deliver the key strategic aim, which is to get more people, more active, more of the time.
- Continued to support NI Deaf News in 2022-23 to become a registered charity providing the community of approximately 5,000 deaf people in Northern Ireland, with access to a range of news and public service updates.
- Engaged, through our sponsorship of Libraries NI and the Summer Reading Challenge, over 12,300 children and young people in reading and related activities to maintain literacy levels over the school summer holiday period.
- Worked, through our sponsorship of NMNI, to make progress at Ulster Folk Museum, through a partnership with The Conservation Volunteers, transforming how green spaces are used through projects such as the Green Gym, where volunteers work on cottage gardens to grow heritage fruit and vegetables.

Rural Needs

All Executive departments are responsible for ensuring that they fulfil duties under the Rural Needs Act (NI) 2016 (the Act). Section 1 of the Act places a statutory responsibility on public authorities to have due regard for rural needs when developing, adopting, implementing or revising policies, strategies and plans.

DfC has monitoring and reporting obligations under Section 3(1) of the Act and, in line with our statutory duties, provided a Departmental return to the 2021-22 Rural Needs Annual Monitoring Report to [DAERA](#) and will be making a Departmental return to the 2022-23 Annual Monitoring Report during 2023.

Human Rights and Statutory Equality Obligations

We are committed to respecting human rights through compliance with Section 75 statutory equality obligations in the delivery of policy and delivery of services. We aim to ensure that the services we provide and the activities that we undertake have a positive impact on society.

Equality and Good Relations Duties

Equality of opportunity and good community relations are central to the Department's policy making and service delivery. When considering the development and funding of programmes or projects, appropriate equality screening is conducted to ensure that the funding is used to benefit all sections of society and on the lives of people experiencing inequalities. Actions taken by the Department in relation to its equality duties will be detailed in DfC's annual report submitted to the Equality Commission by 31 August 2023.

To help the Department fulfil its statutory equality duties, in 2022 an [Audit of Inequalities](#) was conducted. This Audit required a review and evaluation of existing reliable and verifiable data, both qualitative and quantitative, for each of the Section 75 equality and good relations categories. The aim is to identify the key inequalities that exist for our service users and those affected by our strategies, policies, programmes and identify the areas where we may be able to take steps to better promote equality of opportunity among the relevant Section 75 categories. The Audit of Inequalities will act as a vital reference for policy makers and a source of data and research for all equality assessments.

Sustainability and Climate Change Adaption

In response to the requirements of the Climate Change Act (Northern Ireland) 2022, and with lead responsibility for the residential sector, the Department has a key role in the development and implementation of policies and proposals to reduce residential carbon emissions. A Climate Change Division has been established and, through close working and collaboration with key stakeholders, input was provided to the first Climate Action Plan

for NI. This has included work on key estimates for baseline and expected emissions quantification for the residential sector.

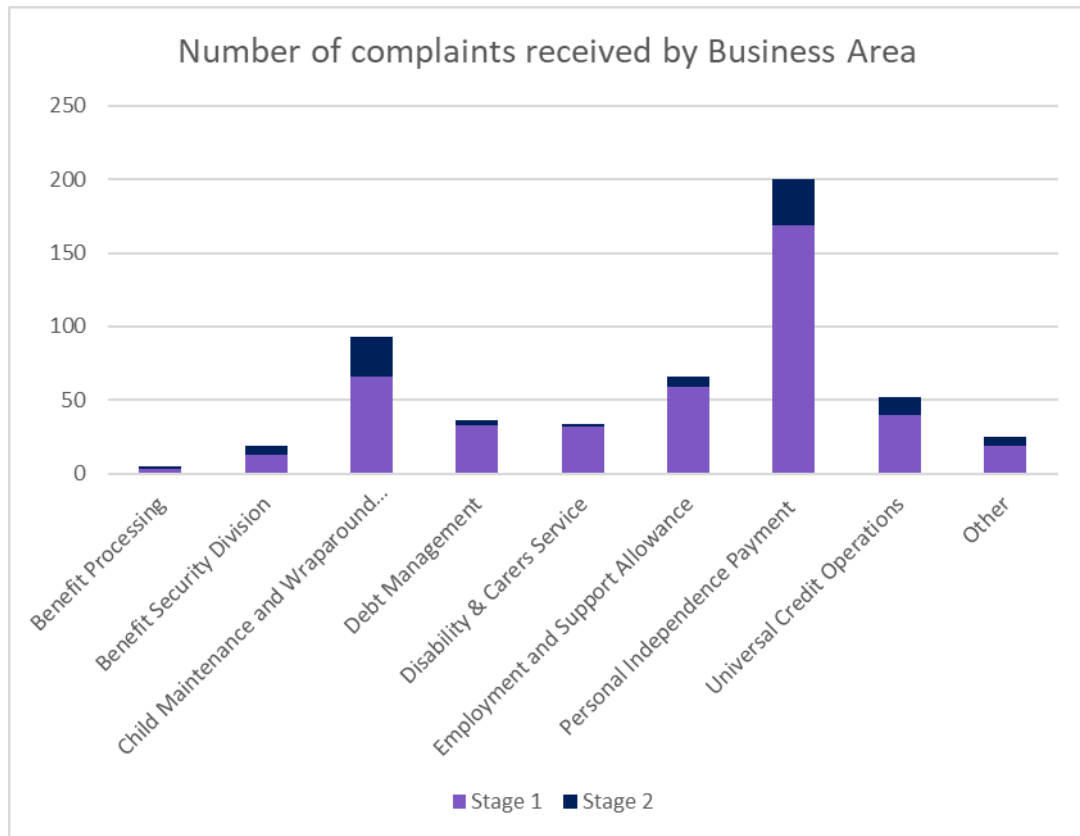
The Department will ensure that, in the transition to Net Zero by 2050, it will adhere to the just transition principle as set out in the 2022 Act. This includes that, in developing strategy and policies, particularly for supporting those most at risk of fuel poverty, inequalities are addressed and more are not created.

The Department is also responsible for Sustainability and Inclusive Growth. Strategic objectives include ensuring our approaches deliver a cohesive programme of activity to mitigate and adapt to climate change and shaping inclusive places by strengthening their economic and environmental sustainability, improving our built environment, while maximising the social value of places for our citizens. The Department's Climate Action Plan for 22-23 is available online at: [Climate Change Action Plan 2022 - 2023 \(communities-ni.gov.uk\)](https://climatechangeactionplan2022-2023.communities-ni.gov.uk).

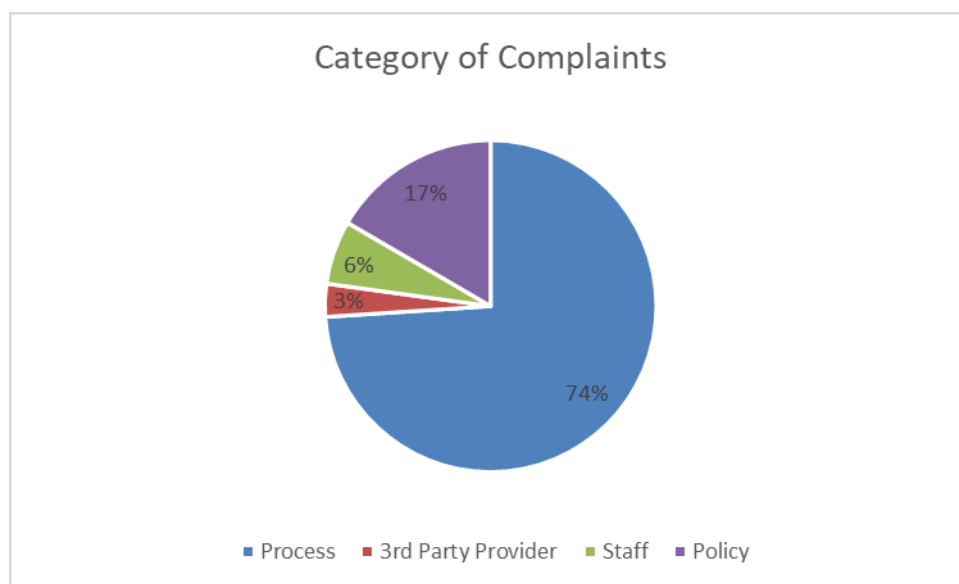
Complaints Handling

During 2022-23, the Department received 530 complaints and responded to 92% of all complaints within the agreed timescale. The majority of complaints were associated with the administration and awarding of benefits. However, the complaints received represent less than 1% of the social security benefit caseload.

Number of complaints received by Business Area



Category of complaints received in 2022-23



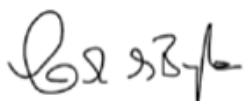
Operational business areas monitor complaints closely to identify any lessons learned and to support improvement in service delivery. Where a complaint is upheld, lessons learned are shared across business areas, contributing to improvements in meeting our customer needs.

The Departmental customer complaints policy can be found at [DfC complaints procedure | Department for Communities \(communities-ni.gov.uk\)](https://communities-ni.gov.uk/departmental-complaints-procedure).

Future Plans – forward look

The Department continues to provide support to meet the needs of some of the most disadvantaged people, families and communities across Northern Ireland and delivers a diverse range of functions that impact on the lives of everyone in our society.

However, this will be in the context of the 2023-24 Budget set by the Secretary of State on 27 April 2023. This budget will not alleviate the pressures being faced in delivering public services delivered by the Department, our Arm's Length Bodies and other delivery partners. Difficult decisions will be required to balance the requirements of living within the budget allocation while also seeking to support those most in need.



COLUM BOYLE
ACCOUNTING OFFICER
3 July 2023

Accountability Report

The purpose of the accountability section of the annual report is to meet key accountability requirements to the Assembly. The requirements of the accountability report are based on the matters required to be dealt with in a Directors' Report, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410 and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and SI 2013 No. 1981. The requirements of the Companies Act are adapted for the public sector.

The Accountability Report therefore comprises:

- a) the Corporate Governance Report (consisting of the Directors' report, Statement of Accounting Officer's Responsibilities and Governance Statement);
- b) the Remuneration and Staff Report; and
- c) the Assembly Accountability and Audit Report (which includes the Statement of Assembly Supply and supporting notes and disclosures relating to regularity of expenditure, losses and special payments, remote contingent liabilities and long-term expenditure trends).

Corporate Governance Report

Directors' Report

Management of the Department

DfC is one of nine Northern Ireland Departments created on 9 May 2016 following the restructuring of Northern Ireland Civil Service NICS Departments. The current Northern Ireland Assembly was elected on 5 May 2022 however an Executive was not formed in the period following the Election. Incumbent Ministers remained in post for 24 weeks from the date of the Assembly's first sitting due to provisions in the Northern Ireland (Ministers, Elections and Petitions of Concern) Act 2022. In respect of 2022-23, the Department for Communities (DfC) was under the direction and control of Northern Ireland Assembly Minister Deirdre Hargey MLA until Ministers ceased to hold office on 28 October 2022.

The Permanent Secretary is the Department's most senior official and the Minister's principal advisor. Moira Doherty was appointed interim Permanent Secretary and Accounting Officer from 7 March 2022 following the retirement of the previous Permanent Secretary, Tracy Meharg. The new Permanent Secretary and Accounting Officer, Colum Boyle was appointed from 25 April 2022.

Under the Northern Ireland (Executive Formation etc) Act 2022 the Secretary of State introduced guidance which sets out the principles which must be taken into account by departmental Permanent Secretaries in taking decisions on matters that would ordinarily have been referred to Ministers.

Appointment of Permanent Secretary and Members of the Management Board

Appointment of the Permanent Secretary is by open competition and subject to written approval of the Civil Service Commissioners under the terms of Article 6 of the Civil Service Commissioners (NI) Order 1999.

Appointments to executive Board positions are determined in accordance with NICS promotion and appointment procedures.

Non Executive Board Members (NEBMs) are appointed by the Accounting Officer, following open competition.

Board and Committee Arrangements



The Permanent Secretary chairs the Departmental Management Board which comprises senior officials in charge of each executive business area plus two NEBMs. The Board assists the Permanent Secretary, as Accounting Officer, in meeting the governance requirements for the Department. Responsibilities include the provision of advice on a number of matters which are reserved to the Board. These are set out in the Board's Operating Framework, agreed annually, and assigned to specific Board meetings across the year.

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC), chaired by the Lead NEBM who provides assurance reports to the Board.

The Board has also established a number of Sub-Committees and receives and scrutinises regular stewardship reports encompassing key financial, budgetary and HR data and undertakes regular review and scrutiny of principal risks and associated actions.

Details in respect of Sub Committees are outlined below. Terms of Reference for Committees can be found at <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-corporate-governance-framework-annexes-2021.pdf>

Departmental Audit and Risk Assurance Committee (DARAC)

Supports the Board and Accounting Officer on issues of risk, control and governance through reviewing the comprehensiveness, reliability and integrity of the Department's assurance processes

Chaired by the Lead NEBM

Membership is independent of the Department's executive structure

Meets four times a year with additional Focus Sessions arranged as appropriate

Focus Sessions for 2022-23 held in respect of the Department's Financial Statements and estimates of Fraud and Error for disclosure within the Financial Statements.

Lead NEBM provides assurance reports to the Board after each meeting and an Annual report at the year-end

Terms of reference are in line with the DoF Audit & Risk Assurance Committee Handbook (NI 2018)

<https://www.finance-ni.gov.uk/publications/audit-committees>

Departmental Information Assurance Committee (DIAC)

Assists the Board and Accounting Officer with responsibilities relating to the use, processing, storage, sharing and transmission of information or data and the systems and processes supporting this

Ensures that the Department has appropriate policies, management and governance systems in place to effectively protect the considerable volume of information held in support of departmental aims

Chaired by the Departmental Senior Information Risk Owner (SIRO)

Membership encompasses senior Information Services & Property Management officers, the Head of Professional Services, the Departmental Security Officer, the Data Protection Officer, the Departmental Information Manager, the Head of Internal Audit and relevant Information Asset Owners

Meets four times a year, with meetings scheduled in advance of DARAC meetings

Areas of focus during 2022-23 included:

- Identification of themes from issues arising
- Monitoring and advice on the management of DfC information and security risks including cyber and physical environment
- Reviewing Principal Risks relating to Cyber Threat and Information & Data Management risks
- Annual review of the Strategic Information Assurance Framework
- Oversight of progress on accreditation of departmental systems
- Promoting adherence to UK GDPR principles, monitoring and making recommendations to ensure compliance
- Oversight of all departmental information assurance issues
- Ensuring good information and governance principles and policies are adhered to across the Department.

People and Resources Sub-Committee (PRSC)

Oversees strategic resource planning in DfC from a financial, HR, capability, staff engagement, accommodation and IT perspective

Supports the Board and Accounting Officer in the strategic management of the Department's human resources planning and associated funding

Provides oversight, scrutiny and assurance to the work of the DfC People Strategy, the Diversity & Inclusion Action Plan, the Workplace Strategy and the Digital Strategy

Chaired by SPPSG Deputy Secretary

Meets every 6 weeks

Policy & Strategy Sub-Committee (PSSC)

Oversees, scrutinises and monitors policy development, delivery and evaluation across DfC, in line with Programme for Government (PfG), Ministerial commitments and the DfC Strategy, "Building Inclusive Communities"

Provides assurance to the Board and Accounting Officer in relation to the delivery of the DfC Strategy.

Remit also includes monitoring progress of the Department's legislative programme, agreeing the professional support services required in support of evidence-based policy making, and ensuring that DfC staff have access to information and support to allow them to develop the necessary policy making skills

Chaired by the SPPSG Deputy Secretary

Meets quarterly in line with business planning timetables.

Board and DARAC Record of Attendance for 2022-23

Departmental Management Board Attendance Record 8 Board Meetings held during 2022-23			
Board Members	Meetings attended	NEBMs	Meetings attended
Colum Boyle Permanent Secretary & Accounting Officer from 25-04-2022	6/7	John West NEBM / DARAC Chair	5/8
Moira Doherty Deputy Secretary Acting Permanent Secretary & Accounting Officer from 07-03-2022 to 25-04-2022	8/8	Duncan McCausland NEBM / DARAC Deputy Chair to 30-06-2022 *	4/4
Beverley Wall Deputy Secretary	6/8	Neil Bodger NEBM / DARAC Deputy Chair from 01-05-2022 *	7/7
Mark O'Donnell Deputy Secretary	8/8		
Paddy Rooney Acting Deputy Secretary from 17-05-2021	7/8		
Brenda Henderson Acting Deputy Secretary from 10-05-2021	6/8		
*Two month overlap in Deputy Chair position to facilitate new NEBM induction.			

DARAC Attendance Record 4 meetings held during 2022-23 Quorum for meetings – 3 members			
NEBMs	Meetings attended	Independent Members	Meetings attended
John West DARAC Chair	4/4	Emer Morelli Senior civil servant in the NICS Department of Finance	4/4
Duncan McCausland NEBM / Deputy Chair to 30-06-2022	2/2	Seamus Wade Senior officer in the Education Sector DARAC member until 31 March 2023	4/4
Neil Bodger NEBM / DARAC Deputy Chair from 01-05-2022	2/3	Gail Flavell Senior officer in the Education sector DARAC member from 1 April 2023	N/A

Conflicts of Interest

A Register of Board Interests is maintained and published annually on the Department's website: <https://www.communities-ni.gov.uk/publications/departmental-management-board-register-interests>

In the event of an actual or perceived conflict of interest, Board members will exclude themselves from all relevant discussions in respect of that item of business and this will be formally recorded in Board minutes.

For 2022-23 no interests were declared by Board members which would conflict with their management responsibilities.

Special Advisers - Conflicts of Interest

One Special Adviser was in post between 1 April 2022 and 27 October 2022. In line with the current Declaration of Interest policy for Special Advisers, all Special Advisers declare relevant interests or confirm they do not consider they have any relevant interests. For 2022-23 there were no Special Adviser interests to disclose.

Data Protection Arrangements

The Department places considerable emphasis on protective security and under data protection legislation there is a statutory obligation to report high risk breaches to the Information Commissioner's Office within 72 hours of discovery. All major security incidents involving personal data are fully investigated, with lessons learned, controls improved, and further training instigated (where appropriate).

Review of Financial Process (RoFP)

DfC implemented the Review of Financial Process (RoFP) for the year ended 31 March 2023. The aim of RoFP is to align the boundaries of Budgets, Estimates and Accounts, as far as it is practicable, in order to improve transparency and allow financial information to be presented on the same basis in the publication of all three stages of the public expenditure process. The most significant change under RoFP is the consolidation of Non-Departmental Public Body (NDPB) financial information within the Estimates and Accounting boundaries.

The bodies included within the 2022-23 Departmental Accounting boundary are detailed in Note 26 to the Accounts.

NDPBs are organised and governed in line with their own separately established governance structures, internal governance arrangements and assurance processes, details of which can be found in the annual reports and accounts published for each NDPB. There are Management Statements and Financial Memorandums (MSFMs) or Partnership Agreements in place with DfC NDPBs and these underpin the sponsorship/partnership arrangements in place. The Department also operates an assurance process through which biannual Assurance Statements are provided by NDPBs.

The Minister for Communities is responsible for appointing Chairs and Board Members of DfC NDPBs with appointments governed by the Commissioner for Public Appointments Northern Ireland Code of Practice. While DfC holds the sponsorship role for the Commissioner for Older People for Northern Ireland (COPNI) and the Northern Ireland Childrens Commissioner (NICCY), these Commissioner appointments are the responsibility of First and Deputy First Ministers. Appointments to the Boards of Foras na Gaelige and the Ulster Scots Agency are made by the North/South Ministerial Council on behalf of the Northern Ireland Executive and the Government of Ireland.

The absence of Ministers has impacted on a number of appointment decisions for DfC NDPBs. The Northern Ireland (Executive Formation etc) Act 2022 has enabled Permanent Secretaries to make a number of public appointment decisions where it is demonstrated that it is in the public interest to do so. Secondary legislation is also planned to allow the Secretary of State for Northern Ireland, to make appointment decisions, in the absence of a Minister, where the appointing power rests with a Minister, or a Minister of the Crown.

Details of NDPB Boards are set out in the Annual Report and Accounts for each NDPB.

Lead Non-Executive Board Member's Report

The Departmental Management Board oversees business delivery against plans, organisational capability, preparations for future challenges, and the effectiveness of risk management and controls in the Department. The two Non-Executive Directors on the Board advise and support the Executive team on key issues discussed at the Board, and through the Departmental Audit and Risk Assurance Committee (DARAC) they provide an independent challenge of assurances from Deputy Secretaries and other sources in order to provide an informed assurance to the Accounting Officer to support his annual Governance Statement.

During the year to April 2023, the Board met on eight occasions, three of the first four meetings were conducted remotely due to Covid 19 considerations, however since the summer, in-person meetings have resumed, which I believe facilitates better quality interaction and discussion.

Areas covered in our Board meetings are summarised below. The variety and scope of discussions at Board fully reflects the scale and range of responsibilities within the Department, continually focusing on the big priorities while also keeping a close watch on other important areas and activities.

Supporting our Customers

With the threat from Covid 19 abating, this year saw a swift return to normal service in customer-facing units. The Board received reports on housing supply strategy, on the Social Housing Development Programme, benefit delivery, and on how the Department is meeting its equality responsibilities. It was briefed on the delivery of the Child Funeral Fund and on the Department's response to the Public Services Ombudsman's investigation report into the administration of Personal Independence Payments. In addition, the Board received presentations from Ulster Supported Employment Ltd (USEL) and from the Commissioner for Children and Young People.

Supporting our People

The People & Resources Sub Committee (PRSC) met every six weeks through the year and updated the Board on the implementation of the Departmental People Plan and on

its oversight of staff capacity and capability. The Board received reports on the NICS Diversity action plan and work to support Diversity and Inclusion within DfC. PRSC also provided assurance to the Board on absence management, succession planning, staff engagement activity and implementation of the new wellbeing and hybrid working policies.

Governance

The Board receives assurance reports from DARAC four times a year, which also incorporate the relevant assurances of the Departmental Information Assurance Committee (DIAC) as prepared in advance of each upcoming DARAC. In addition, it received focused briefings on how specific key risks are being managed including Climate Change (three times), Business Continuity, People Risk, and New Ways of Working. The National Cyber Security Centre presented to the Board on Cyber Security and current threats, and the Board received reports on fraud and error in benefit delivery, and test drills.

The Way We Plan, Organise and Work

The Board agenda includes standing items such as operational performance, business planning, risk management and financial stewardship, which provides it with assurance that the Department continues to run efficiently. The Policy & Strategy Sub-Committee (PSSC), on behalf of the Board, provides oversight on the delivery of the Department's five-year strategy and Business Plan, and the ongoing development of the Department's policy-making capability. In addition to reports from PSSC, the Board reviewed the SIB Strategic Partnership, the departmental Contract Register, asset management plans, and the workplace strategy. The departmental IT & Digital Strategy was presented to the Board with a vision to drive sustainable business transformation through the widespread adoption and use of digital technologies by our staff, customers and NDPBs.

Other Significant Topics presented to the Board

- Regional and Sub-Regional Stadia Programme
- Irish language and Ulster Scots language

- Sport NI
- State Care Investment programme
- Living High Streets
- Ulster Folk Museum Investment Programme
- Charity Regulation Action Plans.

Departmental Audit and Risk Assurance Committee

I am chair of DARAC, supported by my fellow non-executive Board member, Neil Bodger as Deputy Chair and two Independents, Seamus Wade (departing April 2023) and Emer Morelli.

DARAC met four times during the year and held focus sessions on significant areas of interest including Fraud and Error, Cyber Security, Annual Accounts, and governance in Sport NI. DARAC receives a detailed quarterly Risk and Assurance Report from the Head of Governance as well as updates on the work of Internal Audit and Northern Ireland Audit Office. We also receive detailed and expert assurance from DIAC on information management and cyber security in DfC and a briefing (rotated at each meeting) from each Deputy Secretary on key risks and issues within their respective groups.

The Committee has reported to the Board that, based on the Assurances provided, it is satisfied that risk management, control and governance in the Department have been adequate and effective over the last year

Conclusion

The Department and its delivery arms displayed considerable flexibility and resilience in how it maintained key services and support for the most vulnerable during the pandemic. Now it faces an even more uncertain period with an unprecedented financial position which will be challenging for delivery of critical services and for maintaining good employee relations. While many aspects are outside the direct control of the Department itself, the Board and DARAC in the year ahead will be focusing among other things on how it manages the allocation of scarce resources, the impact on

operational delivery, the capacity of our people and the development of a deliverable strategy to meet our climate change responsibilities.

I am looking forward to continuing to support the Executive Team and colleagues on this journey during 2023/24.

John West

Lead Non-Executive

Department for Communities

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (NI) 2001 (the GRAANI), the Department of Finance (DoF) has directed the Department for Communities (DfC) to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department and its sponsored non-departmental and other arm's length public bodies designated by order made under the GRAANI by Statutory Instrument 2022 no 256 (together known as the 'departmental group', consisting of the Department and sponsored bodies listed at note 26 to the accounts). 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 the departmental group and of the income and expenditure, Statement of Financial Position, and cash flows of the departmental group for the financial year. In preparing the accounts, the Accounting Officer of the Department is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental [and other arm's length] public bodies
- 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
- prepare the accounts on a going concern basis
- 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.

The Department of Finance has appointed the Permanent Head of the Department as Accounting Officer of DfC.

The Accounting Officer of the Department has also appointed the Chief Executives of its sponsored non-departmental [and other arm's length] public bodies as Accounting Officers of those bodies. The Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department or non-departmental public body for which the Accounting Officer is responsible, are set out in Managing Public Money Northern Ireland published by the Department of Finance.

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 DfCs auditors 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

The DfC Governance Statement has been compiled from work throughout the year to support stewardship, management and control of the Department. It supplements the annual accounts and explains the framework of governance and risk management operated in support of my role as Departmental Accounting Officer.

Governance Framework

Overview of Arrangements

DfC has a corporate governance framework in place which specifies the Department's organisational and governance structures, roles and responsibilities of those charged with governance, key internal controls, risk management and assurance arrangements. The framework is in line with the 'Corporate Governance in Central Government Departments: Code of Good Practice NI 2013' and is available at <https://www.communities-ni.gov.uk/publications/dfc-corporate-governance-framework>

The Department ordinarily operates under the direction and control of the Minister for Communities, who is responsible and accountable to the Assembly for the policies, programmes, and actions of the Department. As Permanent Secretary for DfC, I am the Minister's principal adviser. Since 28 October 2022 when Ministers ceased to hold office I, as the administrative Head of the Department and the Departmental Accounting Officer, have made decisions in accordance with the guidance and principles laid out in The Northern Ireland (Executive Formation etc) Act 2022.

Ministerial Directions

As Accounting Officer, I am required to disclose where formal Ministerial Direction to proceed has been sought where I believe the Department has been asked to take a course of action that could potentially result in irregular expenditure, impropriety or poor value for money. There are no Ministerial Directions to disclose for 2022-23.

Management and Organisation of the Department

As Accounting Officer I am personally responsible and accountable for the effective management and organisation of the Department, the efficient and effective use of its resources and the stewardship of its assets. I am assisted in my role as Accounting Officer by a Departmental Management Board which encompasses DfC Deputy Secretaries along with NEBMs operating as a collegiate committee under my leadership.

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC) and a number of Sub-Committees - the Departmental Information Assurance Committee (DIAC), the Policy & Strategy Sub-Committee (PSSC) and the People & Resources Sub-Committee (PRSC). Information on Board and Committee structures, attendance, and areas of focus for 2022-23, are outlined within the Directors' Report on page 35.

Board Performance and Effectiveness

Minutes of Board meetings are available at: <https://www.communities-ni.gov.uk/publications/departmental-management-board-minutes>

A Register of Board Interests is maintained and 'Conflicts of Interest' is a standing agenda item for Board meetings where members are asked to declare any interests relating to items on the Board agenda.

The Board undertakes an annual review of effectiveness in line with the Corporate Governance Code and its Operating Framework. Reviews consider the Board Operating Framework, the effectiveness of the Board's oversight of the important issues facing the Department and the quality of information available to the Board. Oversight of performance and Board culture are considered and reviews provide an opportunity for Board member self-assessment. Reviews also consider risk management arrangements in line with the requirement for annual review and the principle of comply or explain set out in the 'HM Government Orange Book: Management of Risk – Principles and Concepts'.

In line with best practice, the Board secures external input for the review of Board effectiveness every three years. External input on Board effectiveness was provided by a

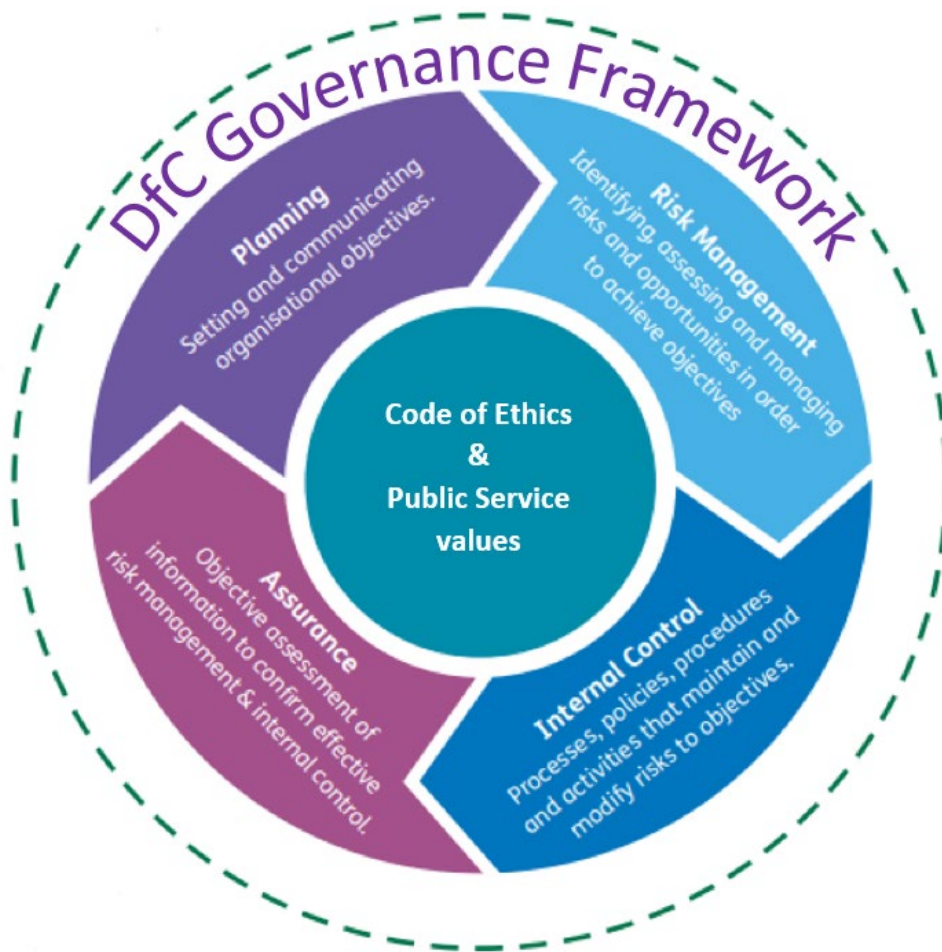
Senior Civil servant during 2022-23 with positive findings presented to the Board. The annual review for 2022-23 confirmed Board effectiveness, compliance with the Board Operating Framework and the mandatory requirements of the HM Government Orange Book: Management of Risk – Principles and Concepts’.

DARAC Review of Effectiveness

DARAC undertakes an annual review of effectiveness in line with recommended best practice. The 2022-23 review was undertaken using the NAO Audit and Risk Assurance Committee Effectiveness Tool. DARAC met on 25 April 2023 to consider the Checklist, the impact and effectiveness of the Committee and compliance with good practice. The review allows DARAC to strengthen its approach, confirm best practice and focus on areas of greatest importance for the Department. The review confirmed DARACs effectiveness with some enhancement actions agreed.

Planning, Risk Management, Internal Control and Assurance

Planning, Risk Management, Internal Control and Assurance are interconnected components of the Department’s governance arrangements with Code of Ethics and public service values at the centre of everything the Department does.



The Board has determined its risk appetite for each category of risk, taking account of the need for a balanced view to managing opportunity and risk, while recognising that Public Sector organisations cannot be successful if they are entirely risk averse.

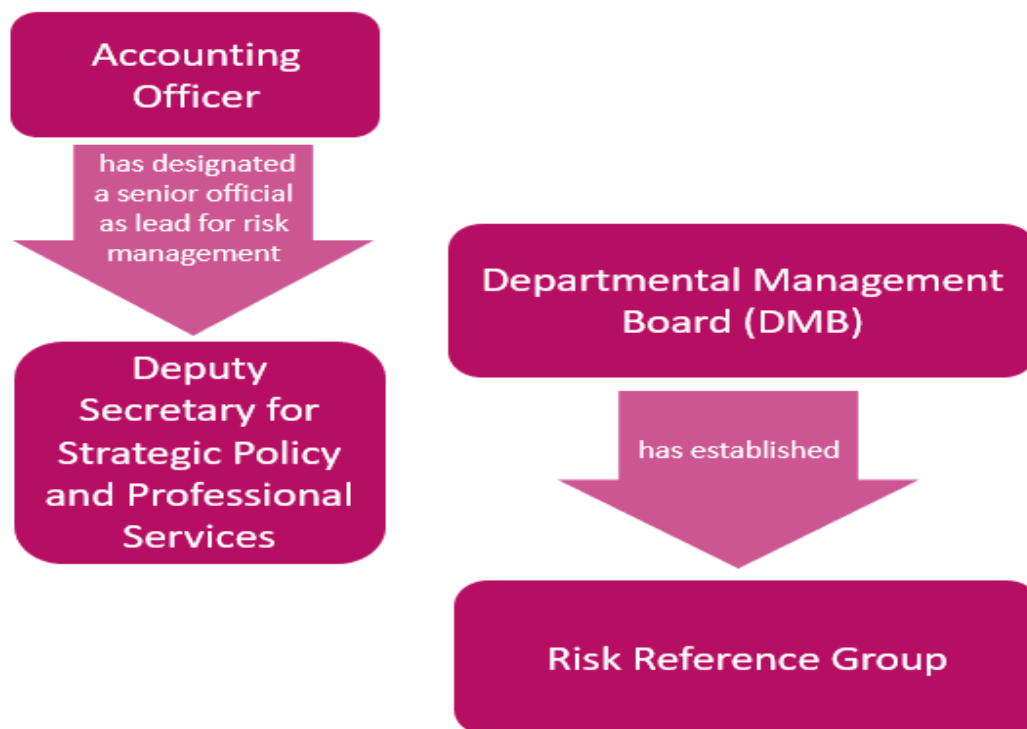
The Department's system of internal control is designed to maintain risk in line with the Board's risk appetite in order to provide reasonable assurance of effectiveness.

Risk management and internal control arrangements are underpinned by a well established Assurance Framework. This includes provision of quarterly Assurance Statements from Deputy Secretaries on their risk management processes and internal control arrangements. Deputy Secretaries use their Assurance Statements to identify exceptions/material concerns within their Groups or the NDPBs for which they are responsible. Sponsorship arrangements are in place for each of the Department's NDPBs

and these arrangements, together with the NDPB biannual Assurance process, inform and support Deputy Secretary Assurance Statements.

DfC risk management arrangements are in line with the ‘HM Government Orange Book: Management of Risk – Principles and Concepts’ and the Corporate Governance Code with no departures to disclose. Arrangements have been in place throughout 2022-23 and have operated up to the date of approval of the annual report and accounts.

The senior members of staff who lead the Department’s approach to risk management are:



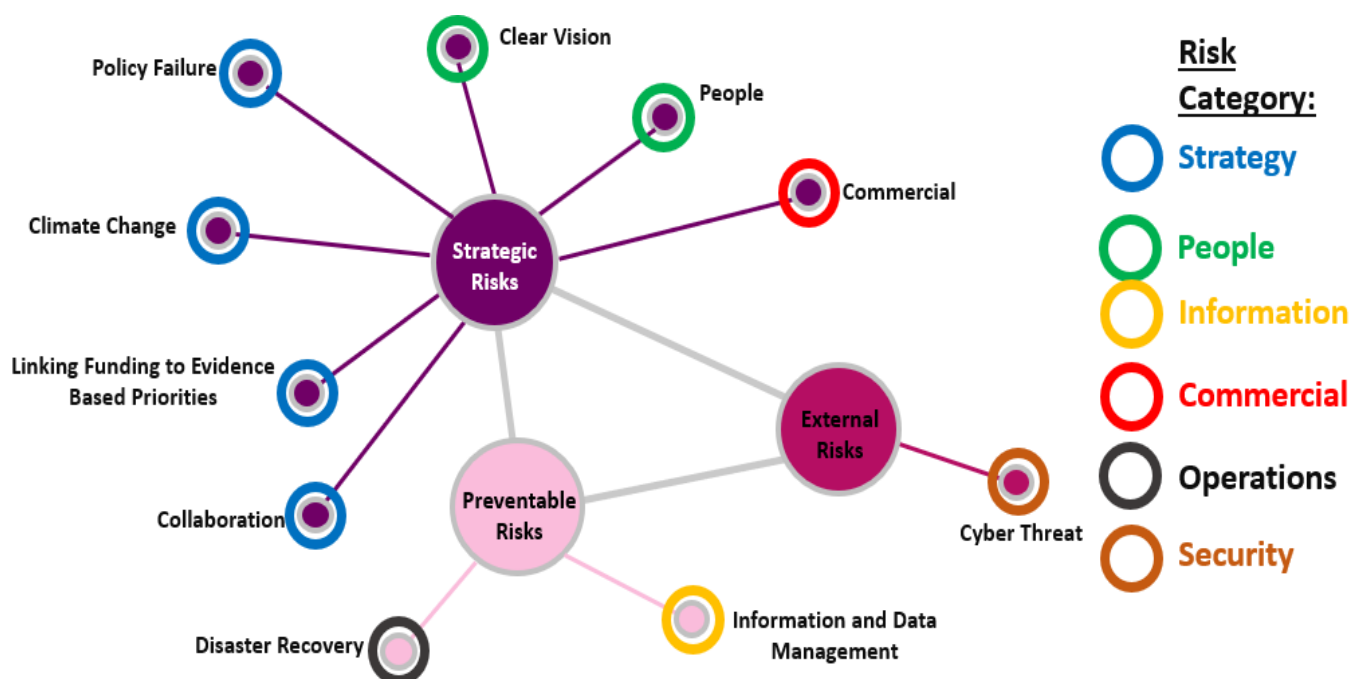
The main role of the Risk Reference Group is to support the identification, evaluation and management of the Principal and emerging risks faced by the Department. Its functions include the following:



The Board undertakes a quarterly review of Principal risks, supported by the Risk Reference Group with DARAC providing an assessment of the effectiveness of risk management arrangements and the adequacy and effectiveness of control processes for Principal risks.



Principal Risks actively monitored during 2022-23 were as follows:



Further detail on strategic risks and significant uncertainties faced by the Department during 2022-23 are included within the Performance report on page 10.

Head of Internal Audit (HIA) Opinion

The 2022-23 Internal Audit Plan was approved by DARAC in March 2022 and is focused on priorities and key assurance requirements. Progress against the Plan is monitored by DARAC over the course of the year. In addition to planned audit assignments Internal Audit have responded to a range of consulting requests, requests for advice and guidance and have attended project boards and provided post-audit support. All of this work informs the Internal Audit opinion.

The HIAs overall opinion is based on internal audit activity carried out during 2022-23 and cumulative assurances derived from internal audit activity during the previous three-year period, with an overall 'Satisfactory' opinion provided for 2022-23.

The HIA also provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Department's framework of governance, risk management and

control. For 2022-23, the HIA provided an overall 'Satisfactory' opinion on the Department's arrangements.

Detail of Limited Opinion Audit reports is included at page 65.

Other Assurances

In addition to assurances received from my Deputy Secretaries and the HIA, I receive an annual and mid-year inter-departmental report from the DoF HIA on shared services provided to NICS Departments by DoF. Through this report I note the status of all DoF Internal Audits completed in respect of DoF shared services. Additionally the DoF HIA has confirmed that there are no Internal Audit recommendations directed specifically at DfC. The DoF HIA has provided an overall 'Satisfactory' audit opinion in respect of DoF as a whole, incorporating DoF Shared Service business areas.

The DoF Accounting Officer also provides an annual Assurance Statement in respect of the administration of housing benefit for rates and low income rate relief for owner occupiers. Assurance has been provided for 2022-23 on controls in place to ensure that the administration of housing benefit for rates and low income rate relief for owner occupiers is efficient and effective.

DoF Revenue & Benefits Directorate within Land and Property Services (LPS) have confirmed that procedures to prevent and detect fraud in the award of housing benefit for rates and low income rate relief for owner occupiers were in place throughout the 2022-23 year.

The NI Comptroller and Auditor General has in previous financial periods qualified her regularity opinion on the LPS Trust Statement. Please see Note 24 to the accounts which provides additional information in respect of the estimated level of fraud and error within the 2022-23 financial year.

DfC relies on DWP computer systems, services and underpinning commercial arrangements to administer the majority of benefit and child maintenance schemes and to make benefit payments in Northern Ireland. The DWP Accounting Officer provides his

assessment of the DWP System of Control and the Significant Control Challenges in the DWP Annual Report and Accounts. In agreement with the Group Chief Internal Auditor's independent assurance, the DWP Accounting Officer has recorded an overall "moderate" assurance on the strength of DWP risk, control and governance arrangements which include its ICT systems. DfC places reliance on this assessment and on the UK wide arrangements for cyber security operated through the National Cyber Security Centre and the DWP Cyber Resilience Centre. DWP ICT systems are part of the UK Government's Critical National Infrastructure and DWP continues to work closely with Cabinet Office to strengthen cross-government security standards and capabilities in order to support the Department, its arm's length bodies and the other Departments to which it provides services, in meeting minimum government security standards and raising maturity levels across all areas of security. A Concordat is in place between DWP & DfC which enables DfC to place reliance on security measures operated by DWP.

Fraud and Whistleblowing Arrangements

The Department's Fraud Policy and Response Plan outlines responsibilities in respect of the prevention of fraud, bribery or serious irregularity within the Department and its NDPBs. It outlines procedures to be followed in the event of fraud being detected or suspected. The number of cases under enquiry or investigation are reported bi-annually to DARAC. Separate arrangements are in place for benefit related fraud.

The Department's Raising Concerns (Whistleblowing) guidance and procedures explain how workers can raise concerns about potential wrongdoing and how anyone who is not a member of staff can raise concerns about the proper conduct of public business by the Department or its NDPBs. The number of Raising Concerns (Whistleblowing) matters under review are reported bi-annually to DARAC. In January 2023, the Head of the Civil Service launched the NICS Raising a Concern Policy Framework to provide an overarching approach to dealing with concerns raised within the NICS. NICS departments will review their procedures and align with the NICS Policy Framework by Summer 2023.

Effectiveness of the Department's System of Internal Control

The Department's integrated assurance process which facilitates the capture and reporting of exceptions / material concerns for both the Department and its NDPBs, informs the work

of the DfC Governance Unit and supports the reporting process for DARAC. The Head of Governance provides a Risk and Assurance report which summarises key risks and issues, along with exceptions / material concerns identified through the assurance process, for consideration at each DARAC meeting.

The Board receives a report from the DARAC Chair following each DARAC meeting outlining his assessment of the reliability and effectiveness of assurances available and highlighting areas for continued scrutiny. In addition, the DARAC Chair provides an annual report to the Board outlining the work undertaken by the Committee during the year and his assessment of assurances available on the effectiveness of risk management, control and governance across DfC. The DARAC Chair's annual report for 2022-23 was presented to the Board in May 2023 and provided positive assurance to the Board and Accounting Officer.

As DfC Accounting Officer I am required to assess the effectiveness of the Department's system of internal control and confirm that it has operated effectively throughout the 2022-23 year. My assessment is informed by the DARAC Chair's Annual Report, the annual opinion from the HIA and the summary of Systems of Internal Control provided by the Governance Unit. I have concluded that the DfC system of internal control is effective and has been in operation throughout the 2022-23 financial year.

Key Risks and Issues

The most significant issues relating to the Department's business in 2022-23 and the current position on any issues highlighted in the 2021-22 Governance Statement are detailed below:

New Ways of Working and Post Pandemic Recovery

The Department has implemented the NICS Hybrid Working Policy which is now in operation across the business supported by new IT infrastructure and office environments.

As highlighted in the 2021-22 Governance Statement, in February 2021, the Public Accounts Committee published its report on the Sports Sustainability Fund which was

implemented during Covid. In the absence of an Executive, DoF are progressing a Memorandum of Reply which will be presented to the Assembly once circumstances allow.

Assurance and Recovery Arrangements have been established for DfC Covid Support Schemes. An implementation team is in place and work will be undertaken during 2023-24.

Northern Ireland Assembly and Budget Authority

The Northern Ireland Budget Act 2023 was passed by Parliament and received Royal Assent on 8 February 2023. This authorised the cash and use of resources for all departments and other bodies for the full 2022-23 year, and also included a Vote on Account for the early months of the 2023-24 financial year. This will be followed by a further Budget Bill which the Secretary of State will bring to Parliament in due course, following the 2023-24 Northern Ireland Budget which he set in his Written Ministerial Statement on 27 April 2023.

The Secretary of State announced the final 2023-24 Budget on 27 April 2023 and in order to live within the allocated budget significant funding decisions were required. An Equality Impact Assessment (EQIA) was published on 10 May 2023 to present the decisions required and the potential impact to people in Section 75 categories of those decisions on the services and supports the Department provides.

The EQIA consultation was for 12 weeks, however early responses were requested within the initial 4-week period to allow decisions to be made. Any further consultation responses between weeks 5 and 12 will be used to inform further mitigation measures and reallocation of any additional funding available during 2023-24.

Protective Security

Three major incidents involving personal data were reported to the Department's Data Protection Officer (DPO) during 2022-23. These incidents did not meet the threshold for notification to the Information Commissioner's Office. There were no reported incidents from 2021-22 carrying into 2022-23.

The DPO continued work on awareness and training opportunities for all staff to improve data protection and personal data handling awareness across the Department. New mandatory data protection learning courses have been rolled out across the NICS in 2022-23.

Fraud and Raising Concerns (Whistleblowing)

Eighteen incidents of suspected fraud were reported during 2022-23, relating to the Department, its NDPBs or Grant-funded Organisations. Of the cases investigated and closed during the year, seven cases of fraud were confirmed. In five cases fraud was attempted but prevented due to the operation of internal controls and for the remaining cases no evidence of fraud was found. Investigations into nine cases were ongoing at the end of the year. Separate arrangements are in place for benefit related fraud.

During 2022-23 the Department received nine concerns through its Raising Concerns (Whistleblowing) arrangements and eighteen cases were notified by DfC NDPBs. Three of the concerns received by DfC were ongoing at the year-end.

Fraud and Error in Benefit Expenditure

DfC is responsible for payment of social security benefits including the range of new benefits introduced under Welfare Reform. As reported in previous years, there is an inherent risk of fraud/error with all benefit processing which the NIAO highlights as the most significant risk in terms of material misstatement in the Department's financial statements. Overall fraud and error loss is estimated to be 2.3% of the £7.5 billion annual benefit expenditure. Underpayments of benefit due to error is estimated to be 0.7% of expenditure.

A wide range of activities are in place to mitigate against the risk of fraud and error within the benefit systems, with a new DfC Fraud, Error & Debt Strategy now in place. The estimated level of fraud/error has resulted in qualification of the audit opinion on the regularity of benefit expenditure and will remain an area of focus for the Department.

Welfare Reform

The programme of Welfare Reform changes and specifically the introduction of Universal Credit represents the most substantial and widespread change to the welfare system since its inception. In addition to UK-wide changes the Northern Ireland Executive agreed a range of mitigation measures in the form of Welfare Supplementary Payments for Northern Ireland which have been in place since 2016-17. The Assembly has approved legislation to continue the mitigation payments until at least 31 March 2025 and, there is currently no end date for the Social Sector Size Criteria mitigation scheme. A statutory review of the welfare mitigation schemes is scheduled to be completed in 2024-25.

New Decade, New Approach included a commitment to review welfare mitigation measures. The Department commissioned an independent panel, led by the former Chief Commissioner of the NI Human Rights Commission, to complete this important work. The panel produced a report, which included a number of recommendations for a new package of financial support for Northern Ireland. This was published by the Department on 25 October 2022. Implementation of any new mitigation payments will require the allocation of appropriate funding and will be a matter for consideration by the Northern Ireland Executive.

All Welfare Reforms are now live in Northern Ireland, including Universal Credit (UC) which has been successfully rolled out for new claims. The final stage of UC implementation to migrate legacy benefit customers to UC is known as 'Move to UC'. DWP commenced testing for Move to UC in May 2022 and in January 2023 published its findings from this early Testable Service. In March 2023, DWP announced its plans to increase the number of Migration Notices being issued as part of the Move to UC. DfC confirmed its commitment to undertake a similar test and learn Discovery exercise which commenced in April 2023. This involves Tax credit only customers, who will be the first customers to move to UC and aligns with the DWP approach. The Department continues to consider its approach in respect of wider rollout and increased volumes but is committed, in line with DWP, to have completed the Move to UC exercise by the end of 2024-25.

Personal Independence Payments (PIP)

The Northern Ireland Public Service Ombudsman (NIPSO) 'Own Initiative' investigation report into the administration of PIP was published on 23 June 2021. The Department submitted an updated Action Plan to the Ombudsman's Office in July 2022 detailing progress against recommendations, with a number accepted or accepted in principle. Final evidence in support of the Action Plan was submitted by the Department in September 2022, including a summary of the key changes made. A further follow up report was published by NIPSO in May 23 and the Department welcomes the Ombudsman's acknowledgement of the considerable action taken by the Department to implement report recommendations and the challenges faced in relation to budgetary, commercial and system constraints. The Department is fully committed to continuing to improve the delivery of Personal Independence Payment, including support for claimants.

State Pension Underpayments

In March 2020 DWP alerted the Department to the fact that some individuals, particularly certain categories of married women, widows and people aged 80 and over had been underpaid State Pension. From July 2020 the Department has been working closely with DWP to ensure that the scans to identify customers potentially underpaid State Pension includes individuals resident in Northern Ireland. A specialist team based in the Northern Ireland Pension Centre commenced a correction exercise in January 2021 with an initial phase of correction activities now completed. A total of 6,993 individuals resident in NI have been identified as requiring further investigatory work to determine if they have been underpaid State Pension. 5,886 cases have now been reviewed with £7.9 million paid in arrears to affected customers. Work is ongoing in conjunction with DWP to establish whether more individuals could be affected.

Home Responsibilities Protection

The Department is aware that some customers may not have received National Insurance credits due for years in which they had caring responsibilities. This is known as Home Responsibilities Protection (HRP). The Department is working with HMRC and DWP to identify customers potentially impacted in order to take corrective action. Further detail is provided within note 18 to the Financial Statements.

Child Maintenance

As highlighted in previous Governance Statements, there have been long standing issues with the accuracy of child maintenance assessments and recorded arrears, under both the 1993 and 2003 Child Maintenance Schemes. The 1993 and 2003 schemes are now closed to new applicants and the replacement 2012 scheme is underpinned by completely new operational accounting systems. Parents are also supported and encouraged to make their own family based arrangements. While closed to new applicants, the historic weaknesses in relation to 1993 and 2003 scheme cases are unlikely to be substantially resolved and this is reflected in NIAO qualifications to the Child Maintenance Client Funds Account.

Rates Support Grant (RSG)

As highlighted in previous Governance Statements, the Court of Appeal handed down its judgment in September 2018 in the case of Mid Ulster District Council v DOE in the matter of a judicial review concerning the application of the statutory formula for the distribution of RSG amongst eligible councils. As a result the Department recalculated the distribution of RSG and made Ex-Gratia Payments to several councils. The one outstanding element in respect of payment of final legal costs will be progressed in 2023-24.

In March 2023 an application was lodged by Mid Ulster District Council for judicial review of the Department's decision to set the entirety of the RSG for the 2022-23 financial year at £8.924m. A Court date is scheduled for Autumn 2023.

Regional Stadia

In July 2021, the DfI Minister granted Planning Permission for the Casement Park Stadium. A Judicial Review of this decision was upheld in May 2022 and this project milestone will now enable further progression on interdependent project activities. The Casement Park Stadium is one of the ten stadia included within the April 2023 joint UK and Ireland EURO 2028 bid. The Union of European Football Associations (UEFA) will announce the successful tournament bid in October 2023 and DfC will continue to work closely with DfE, the Department for Digital Culture Media & Sport (DCMS), the Ulster Council GAA and the Irish Football Association (IFA) to prepare for a successful bid.

DfC continues to engage with DoF colleagues on detailed cost due diligence, updates to the draft Ulster Council GAA Full Business Case and on final project procurement options. Completion of these interdependent activities and other activities outside the control of the Department, will culminate in an Executive paper, to be brought forward for a revised or additional budget requirement for the Casement Park Stadium.

Housing Associations

The review of the Regulatory Framework for Registered Housing Associations (RHAs), Special Needs Management Allowance (SNMA) and the Judicial Review of the Statutory Inquiry into the affairs of Woodvale and Shankill Community Housing Association were highlighted within previous Governance Statements.

The review of the Regulatory Framework was initially anticipated to commence in 2020-21, however work was delayed as a result of the Covid 19 pandemic. The review recommenced during 2022-23 and will continue to be progressed into the 2023-24 financial year.

An independent review to inform the development of policy proposals on SNMA was conducted in 2022-23 with report findings currently under consideration.

The Judicial Review relating to the Statutory Inquiry into the affairs of Woodvale and Shankill Community Housing Association has been withdrawn. Work is ongoing to address outstanding issues from the Statutory Inquiry.

Appeals Service NI -TAS (NI)

As highlighted in the 2021-22 Governance Statement a pilot exercise on interlocutory matters has been in operation since December 2021.

The purpose of the pilot is to assess the effectiveness of a case management review prior to first hearing in order to reduce the adjournment rate. Whilst initially anticipated for a 9-month period, the pilot is now expected to continue into 2023-24. A review of pilot progress to date indicates positive outcomes.

Charity Commission for Northern Ireland (CCNI)

As highlighted in the 2021-22 Governance Statement, in February 2020 the NI Court of Appeal upheld the May 2019 Mc Bride High Court decision which found that section 19 of the Interpretation Act (NI) 1954 together with provisions within the Charities Act (Northern Ireland) 2008 did not provide express or implied power for CCNI to delegate decision making in relation to its statutory functions to staff.

The Minister for Communities brought forward a Charities Bill to address the impacts of the McBride Judgment, which received Royal Assent in March 2022, becoming the Charities Act (Northern Ireland) 2022 (the 2022 Act).

The 2022 Act amended the 2008 Act with retrospective effect rendering previous decisions taken by CCNI staff lawful (in cases where doing so is consistent with rights under the European Convention on Human Rights (ECHR) and decisions are not unlawful on other grounds). The 2022 Act also provided power of delegation to CCNI staff going forward, provided that the functions to be delegated are set out in a Scheme of Delegation approved by the Department. There are however certain functions that can never be delegated to staff.

Following the making of the 2022 Act, the Department is consulting on a prospective Scheme of Delegation for CCNI.

The Department's response to an independent review of charity regulation commissioned by the Minister was published in November 2022. The Department has established a programme which will take forward the review recommendations over the next 5 years, with some recommendations requiring either primary or secondary legislation.

Limited Opinion Audit Reports

No limited opinion audit reports were issued by the HIA during 2022-23. The Limited opinion in respect of the Affordable Warmth Scheme referenced in the 2021-22 Governance Statement remains in place. A follow up review conducted in 2022-23 noted significant progress made and further follow up is anticipated in 2023-24.

Extraordinary Audit, Causeway Coast and Glens Borough Council

As reported in previous Governance Statements, in November 2020 the Minister for Communities directed the Local Government Auditor to undertake an extraordinary audit of the accounts of Causeway Coast and Glens Borough Council concentrating on land disposals and easements, and related asset management policies and procedures. The audit report was published in July 2022 with all recommendations accepted by the Council. The Council continues to progress its implementation of recommendations. Three independent reports commissioned by the Council have been concluded with findings presented to the Department by the Independent Assessor. The Department is currently considering the findings of reports received and any potential departmental actions required in accordance with its legislative powers. Additionally the Local Government Staff Commission continues to take forward two further recommendations on the Council's behalf.

New Decade New Approach Reviews

Further to Executive agreement that the commitment to review NDPBs set out in New Decade New Approach should proceed, reviews of the Commissioner for Older People Northern Ireland (COPNI) and the Northern Ireland Commissioner for Children and Young People (NICCY) have been undertaken.

Sponsorship/Partnership Arrangements

Sponsorship arrangements are in place for all DfC NDPBs with regular risk assessments completed by Sponsor leads taking account of the nature of ALB activities; public monies

at stake; corporate governance arrangements; financial performance; internal and external audit reports; openness of communication; and other relevant matters.

Work continues with DfC NDPBs on the establishment of Partnership Agreements reflective of individual relationships and circumstances, following the launch of the NI Code of Good Practice on Partnerships between Departments and ALBs and further DoF guidance on Partnership Agreements and Proportionate Autonomy. As highlighted in the 2021-22 Governance Statement the overall pace of progress on Partnership Agreements was impacted by the Covid-19 emergency. During the 2022-23 year the Agreement between DfC and Sport Northern Ireland (NI) was published with further Agreements anticipated in 2023-24.

Issues Relating to DfC NDPBs

Internal Audit work in respect of arrangements in place with DfC NDPBs may be supplemented by Governance reviews or additional audit work where the need for additional information or assurance is identified. The 2021-22 Governance Statement referenced the independent review of Human Resources and Governance matters conducted in respect of COPNI. A further assurance assignment has been undertaken, commencing in 2022-23 with the report currently under consideration.

Ulster Supported Employment Limited (USEL)

An interim Accounting Officer appointment has been made in respect of USEL and the need for this is being kept under review by the Department.

Sport NI

The Department continues to engage closely with Sport NI on organisational, financial and structural issues.

North/South Language Body

It has not been possible to secure North South Ministerial Council (NSMC) approval of the 2022 or 2023 Business Plans for the North/South Language Body. While arrangements have been made with DoF to ensure legality of payments during 2022 and 2023, in the absence of NSMC approved business plans, grant in aid paid by DfC will be irregular until

the NSMC approves these Business Plans. Grant in aid of £4.9 million occurred within the period 1 April 2022 to 31 March 2023 and is therefore deemed to be irregular.

Foras na Gaeilge (FnaG) and the Ulster Scots Agency (USA), continue to be impacted by uncertainty around NSMC meetings. The NSMC is an integral part of the Language Body decision-making process and important matters such as business plan approval, approval of the FnaG Chief Executive appointment and Board appointments will require further consideration in 2023-24.

Conclusion

I am satisfied that DfC has effective governance arrangements in place that I can rely on as Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively. Where significant issues have arisen, I am satisfied that appropriate action is being taken to address the issues concerned.

Remuneration and Staff Report

The remuneration and staff report gives details of the salaries and pensions during the accounting period. The information provided relates to the Core Department only, unless otherwise stated. The remuneration report deals largely with details pertaining to senior management and ministers, whereas the staff report gives details of staffing costs for the Department as a whole and its Non Departmental Public Bodies (NDPBs). The staff report also has details on staff not permanently employed by the Department, the pension schemes available to employees, policies on managing attendance and employment of disabled staff as well as details of the costs of any staff exit packages.

Remuneration Report

Remuneration Policy

The pay remit for the Northern Ireland Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 24th November 2022 Written Ministerial Statement (WMS) on the Budget and the NI (Executive Formation) Act receiving Royal Assent on the 6th December 2022, the NI public sector pay policy guidance was published on 8th December 2022.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS non-industrial staff, including SCS, for 2022-23 has been finalised and was paid June 2023. The pay award for NICS industrial staff for 2022-23 has been finalised and is due to be paid in July 2023.

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

Service Contracts

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

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

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

Remuneration and pension entitlements

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

Remuneration and pension entitlements – Ministers (Audited Information)

Single total figure of remuneration								
Minister	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (to nearest £1,000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Deirdre Hargey Member of Legislative Assembly (from 1 April 2022 to 27 October 2022)	21,758 (38,000 full year equivalent)	38,000	-	-	8	12	30	50

* 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 (Audited Information)

Single total figure of remuneration								
Officials	Salary (£'000)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Colum Boyle Permanent Secretary**	120-125	15-20	.	-	(23)	23	120-125	35-40
Deputy Secretary (to 16 May 2021)	(100-105 full year equivalent)							
Moira Doherty Acting Permanent Secretary (to 24 April 2022) Deputy Secretary (from 25 April 2022)	100-105	95-100	.	-	17	46	115-120	145-150
	(120-125 full year equivalent as Permanent Secretary)							
Acting Permanent Secretary (from 7 March 2022) Deputy Secretary (to 6 March 2022)	(120-125 full year equivalent as Permanent Secretary)							
Jackie Kerr Deputy Secretary (to 13 November 2022 – currently on career break)	35-40	95-100	.	-	6	56	40-45	150-155
	(100-105 full time equivalent)							
Beverley Wall Deputy Secretary	95-100	95-100	.	-	(22)	50	75-80	145-150
Mark O'Donnell Deputy Secretary	95-100	95-100	.	-	(18)	52	80-85	150-155
Brenda Henderson Acting Deputy Secretary (from 10 May 2021)	95-100	85-90	.	-	(12)	152	80-85	240-245
	(95-100 full year equivalent)							
Paddy Rooney Acting Deputy Secretary (from 17 May 2021)	95-100	85-90	.	-	(22)	179	70-75	265-270
	(95-100 full year equivalent)							

Single total figure of remuneration								
Officials	Salary (£'000)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Iain Greenway	5-10	5-10	.	-	25	1	30-35	5-10
Acting Deputy Secretary (to 24 April 2022)	(95-100 full year equivalent)							
Acting Deputy Secretary (from 7 March 2022)		(95-100 full year equivalent)						
Tracy Meharg	-	125-130	-	-	-	35	-	160-165
Permanent Secretary (to 21 March 2022 retired)		(130-135 full year equivalent)						
Duncan McCausland	0-5	10-15	.	-	-	-	0-5	10-15
Independent Board Member (to 30 June 2022)								
John West	5-10	5-10	.	-	-	-	5-10	5-10
Independent Board Member								
Neil Bodger	5-10	-	.	-	-	-	5-10	-
Independent Board Member (from 1 May 2022)								

*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.

**Colum Boyle transferred to DfC as Permanent Secretary on 1 April 2022. He did not take on the Accounting Officer responsibilities until 25 April 2022.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments. This report is based on accrued payments made by the department and thus recorded in these accounts.

The Northern Ireland Assembly was dissolved from 3 February 2022 with an election taking place on 5 May 2022, on which date Ministers ceased to hold office. An Executive

was not formed following the 5 May 2022 election. Consequently, the former Ministers retained their roles in a caretaker capacity until 28 October 2022. As such, the Department for Communities was under the direction and control of Deirdre Hargey during the financial year. Her salary and allowances were paid by the department and have been included in these accounts. These amounts do not include costs relating to the Minister's role as MLA which are disclosed in the Northern Ireland Assembly Commission accounts.

Benefits in kind

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

Fair Pay Disclosures (Audited Information)

Pay Ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the department in the financial year 2022-23 was £120,000 - £125,000 (2021-22, £125,000 - £130,000). The relationship between the mid-point of this band and the remuneration of the department's workforce is disclosed below.

2022-23	25 th percentile	Median	75 th percentile
Total remuneration (£)	22,989	26,295	29,307
Pay ratio	5.3:1	4.7:1	4.2:1

2021-22	25 th percentile	Median	75 th percentile
Total remuneration (£)	22,771	26,295	29,307
Pay ratio	5.6:1	4.8:1	4.3:1

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

For 2022-23, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2022-23 and in 2021-22, no employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £19,121 to £122,500 (2021-22, £15,147 to £127,500).

There was no material change in the pay ratios between 2022-23 and 2021-22.

Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

- a) salary and allowances, and
- b) performance pay and bonuses (not applicable to the Northern Ireland Civil Service) of the highest paid director and of their employees as a whole.

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

Percentage change for:	2022-23 v 2021-22	2021-22 v 2020-21
Average employee salary and allowances	2.7%	2.9%
Highest paid director's salary and allowances	(3.9)%	4.1%

Pension Benefits – Ministers (Audited Information)

Minister	Accrued Pension at pension age as at 31/3/23 £'000	Real increase in pension at pension age £'000	CETV at 31/3/23 £'000	CETV at 31/3/22 £'000	Real increase in CETV £'000
Deirdre Hargey	0-5	0-2.5	20	13	3
Member of Legislative Assembly (from 1 April 2022 to 27 October 2022)					

Ministerial pensions

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

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

Members of the Legislative Assembly ("MLA" or "Member") aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 retained their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible

members across the main public sector schemes. This judgement could have an impact on MLAs who missed out on the Transitional Protection policy in the AMPS because of their age. However, the applicability of, and approach to, the McCloud judgement in relation to this scheme is not a matter for the Assembly Commission, instead it is a matter for IFRP. Therefore, this matter will be given further consideration once a new panel is appointed.

As Ministers are MLAs, 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, taking account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as an MLA for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate ($1/50^{\text{th}}$ or $1/40^{\text{th}}$) multiplied by the cumulative contribution factors and the relevant final salary as an MLA. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Up to the 6 May 2021 those Ministers under the transitional protection arrangements paid contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. The contribution paid by Ministers in the CARE Scheme is 9% of the Ministerial salary. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. Following the publication of the triennial valuation of the AMPS by the Government Actuary's Department, this was increased from 14.4% to 17.1% of Ministerial salary, effective from 1 April 2021. The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to the 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 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. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

The real increase in the value of the CETV

This is the increase in accrued pension due to the Assembly Commission'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 Benefits – Officials (Audited Information)

	Accrued pension at pension age as at 31/3/23 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/23 £'000	CETV at 31/3/22 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Officials						
Colum Boyle Permanent Secretary Deputy Secretary (to 16 May 2021)	60-65 plus a lump sum of 130-135	0 plus a lump sum of 0	1,240	1,138	(41)	-
Moira Doherty Acting Permanent Secretary (to 24 April 2022) Deputy Secretary (from 25 April 2022) Acting Permanent Secretary (from 7 March 2022) Deputy Secretary (to 6 March 2022)	35-40 plus a lump sum of 60-65	0-2.5 plus a lump sum of 0	571	510	1	-
Jackie Kerr Deputy Secretary (to 13 November 2022- currently on career break)	50-55 plus a lump sum of 115-120	0-2.5 plus a lump sum of 0	1,077	1,027	1	-
Beverley Wall Deputy Secretary	45-50 plus a lump sum of 85-90	0 plus a lump sum of 0	807	750	(33)	-
Mark O'Donnell Deputy Secretary	40-45 plus a lump sum of 80-85	0 plus a lump sum of 0	784	727	(29)	-
Brenda Henderson Acting Deputy Secretary (from 10 May 2021)	40-45 plus a lump sum of 90-95	0-2.5 plus a lump sum of 0	865	794	(26)	-
Paddy Rooney Acting Deputy Secretary (from 17 May 2021)	50-55 plus a lump sum of 110-115	0 plus a lump sum of 0	1,049	966	(35)	-
Iain Greenway Acting Deputy Secretary (to 24 April 2022) Acting Deputy Secretary (from 7 March 2022)	50-55	0-2.5	908	881	23	-

Northern Ireland Civil Service (NICS) Pension Schemes

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

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

McCloud Judgment

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps are being taken by the Department of Finance to remedy those 2015 reforms, making the pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members.

The second part is to put right, 'remedy,' the discrimination that has happened between 2015 and 2022. We are currently working on new scheme regulations and processes in readiness for this.

It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g., legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all

remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completed Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

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

From 1 April 2015, all new entrants joining the NICS can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

Information on the PCSPS(NI) – Closed Scheme

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

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

Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on

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

Partnership Pension Account

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

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy **Classic**, **Premium**, and **Classic Plus** arrangements and 65 for any benefits accrued in **Nuvos**. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2022 was 10.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2023.

Employee contribution rates for all members for the period covering 1 April 2023 – 31 March 2024 are as follows:

Scheme Year 1 April 2023 to 31 March 2024

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All Members
From	To	From 01 April 2023 to 31 March 2024
£0	£25,049.99	4.6%
£25,050.00	£56,999.99	5.45%
£57,000.00	£153,299.99	7.35%
£153,300.00 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) Regulations 1996 (as amended) 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.

Staff Report

Staff Costs (Audited Information)

	2022-23			2021-22	
	Permanently Employed Staff* £'000	Others £'000	Ministers £'000	Total £'000	Total £'000
Wages and salaries	260,796	60,551	21	321,368	295,977
Social security costs	24,081	25	3	24,109	22,538
Other pension costs	79,593	62	4	79,659	76,316
Sub Total	364,470	60,638	28	425,136	394,831
Less recoveries in respect of outward secondments	(130)	-	-	(130)	(336)
Total net staff costs**	364,340	60,638	28	425,006	394,495
Of which:	Charged to	Charged to	Total		
	Administration	Programme			
Core Department	40,166	289,649	329,815		
NDPBs	-	95,191	95,191		
Total net costs	40,166	384,840	425,006		

*The 2022-23 figures include the cost of the Department's Special Adviser who was paid in the pay band £56k-£65k (2021-22: £46k to £55k).

**Excluded from the total is £1,044k (2021-22 £1,497k) which has been charged to capital.

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

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act

also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

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

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

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

(positive employee impacts) in the completed valuations will be honoured.

For 2022-23, employers' contributions of £57 million were payable to the NICS pension arrangements (2021-22 £55 million) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0.074 million (2021-22 £0.069 million) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2021-22, 8% to 14.75%) of pensionable pay.

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

Employer contributions of £0.002 million, 0.5% (2021-22 £0.002 million, 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. There were no contributions due to the **partnership** pension providers at the reporting period date and no contributions prepaid at that date.

25 persons (2021-22: 27 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0.151 million (2021-22: £0.146 million).

Average Number of Persons Employed (Audited Information)

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 other bodies included within the consolidated Departmental Accounts.

Departmental Activity	2022-23				2021-22	
	Permanently Employed staff	Others	Ministers	Special Advisers	Number Total	Number Total
Staff Employed	8,797	2,257	1	1	11,056	10,726
Staff engaged on capital projects	28	3			31	-
Total*	8,825	2,260	1	1	11,087	10,726
Of which:						
Core Department	6,827	1,917	1	1	8,746	8,443
NDPBs	1,998	343	-	-	2,341	2,283

Number of Senior Staff by Payband

The number of SCS (or equivalent) staff by pay band as at 31 March 2023 is as follows:

Pay Band	
£'000	Total
66-75	9
76-85	18
86-95	-
96-105	5
106-115	-
116-125	1
Total	33

Employee Gender

At 31 March 2023 there were 7,542 substantive staff (based on staff headcount) employed within the Core Department. This figure excludes staff on career breaks and agency staff.

Below is a gender breakdown including staff at Grade 5 and above:

	Male	Female	Total
Directors (Board Members)	2	2	4
Senior Staff (Grade 5+)	12	10	22
Employees	3,208	4,308	7,516
Total	3,222	4,320	7,542

Sickness Absence Data

The Department had an overall sickness absence rate of 12.7 days lost per employee in 21-22. Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2022-23” report at [Sickness Absence in the Northern Ireland Civil Service 2022/23 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](https://www.nisra.gov.uk/publications/sickness-absence-in-the-northern-ireland-civil-service-2022-23).

Figures for the 2022-23 financial year will be published by early summer 2023.

Staff Turnover Percentage

The Departmental staff turnover percentage (the total number of people that have left the Department including those who have moved within the NICS) for 2022-23 is 6.8% (2021-22 is 6.4%), and the general turnover percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 4.4% (2021-22 is 4.7%). This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for turnover in the Civil Service. These percentages include permanent and temporary staff and those who left while on a career break.

Staff Engagement Percentage Scores from the 2022 NICS People Survey

The Head of the NI Civil Service issued a message on 7 November 2022 indicating that the launch of the next People Survey would be postponed until Spring 2023 and so no survey was conducted in 2022. The results of the survey conducted in 2023 were not available in advance of finalising the Annual Report and Accounts. However, the full survey is expected to be made available in Summer 2023 at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>.

Health and Safety at Work

The Department has a range of measures in place to ensure its compliance with the requirements of the Health and Safety at Work (NI) Order 1978 and all other legislation and codes of practice. The Department is committed to ensuring so far as is reasonably practical the health, safety and welfare of its employees and of others who may be affected by its operations.

The Department ensures that its employees are given such information, instruction, training and supervision as is necessary to ensure the safe performance of their work duties. Arrangements are also in place to enable employees to raise health and safety issues.

Employment, training and advancement of disabled persons

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all. The NICS Diversity Champions Network was established in 2015 and continues to drive diversity and inclusion across the service.

The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the service.

The NICS applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Panel members must complete mandatory recruitment

and selection training prior to participating on any selection panel. This training includes specific learning on equality and diversity, relevant legislation and reasonable adjustments for disabled candidates. Unconscious bias training is available to all staff.

The NICS continues to be a lead partner of Employers for Disability NI (EFDNI) and is committed to the employment and career advancement of disabled people. A range of activities to encourage and promote Civil Service career opportunities to the disability sector were delivered during 2022-23; including positive action advertising, targeted advertising and outreach information sessions for large volume recruitment competitions. The NICS continues to have a permanent presence on EFDNI's Jobs Bulletin Board which is an online career opportunities service circulated to disability organisations.

The NICS operates a Guaranteed Interview Scheme (GIS) which applies to all external NICS recruitment competitions (at any grade and any discipline) where appropriate. This ensures a guaranteed number of disabled applicants, who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. For more information refer to the "Information for disabled applicants" section of the [NICS recruit website](#).

Due to the ongoing Covid-19 restrictions, the NICS Work Experience Scheme for Disabled People remained closed to applications until November 2022. The NICS continued its' participation in International Job Shadow Day (IJSd) by facilitating 13 work placements in 2022. This initiative provides work experience for disabled people of all ages.

During this year the nine-month placement work placement opportunities under the Job Start Scheme pilot within the Department for Communities (DfC) for 15 young disabled people (aged 16-24) concluded. As a result of an amendment to Recruitment Code merit principle approved by the Civil Service Commissioners, nine of the successful participants were made permanent offers of appointment in the NICS. Another three placement workers successfully obtained employment with other employers.

In June 2022, the Northern Ireland Executive, in partnership with the Harkin Institute, hosted the Harkin International Summit 2022. The event brought together leaders and activists across Business, Government, Philanthropy, the Third and Voluntary Sector, and

Academia to highlight and address disability employment issues, showcase best practice and success, build relationships and challenge for change. The NICS as an employer participated, attended and supported the summit to promote its commitment to disability inclusion.

To maintain and promote a disability inclusive workplace, the NICS has policies in place to support reasonable adjustments to working practices or the work environment as required by disabled persons. During the year a programme of awareness training was available to all staff.

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 NICSHR. NICSHR is the NICS' centralised human resources operational delivery function, falling under the responsibility of the Department of Finance. 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 highlights the importance of the development conversation between managers and staff, with a number of resources already available within the existing talent management toolkit.

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

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. HR policy and Industrial Relations policy for NICS is centralised within People and Organisational Development, in the Department of Finance. People & Organisational Development 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

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all.

Our Diversity Champions Network includes senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+.

We deliver an ambitious diversity and inclusion programme of work through the implementation of an annual NICS Diversity Action Plan, which sets out our priorities for action by diversity and inclusion theme and cross-cutting priorities.

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

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

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

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI

(ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS [Workforce Reviews](#).

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

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available on its website [Department for Communities/DFC-equality](#).

Consultancy Expenditure

During the 2022-23 year the Departmental group spent £1.1 million on external consultancy (2021- 22: £1.2 million). This expenditure is incurred where there is a requirement for an expertise which existing members of staff may not have, an additional resource when it is not available internally, or an independent view or assessment when required.

The Departmental group also spent £61 million on the employment of temporary staff. These staff were largely engaged in providing services to the Department for Work and Pensions for the administration of Child Maintenance and Benefit Delivery services and also across Engaged Communities Group including Public Record Office of Northern Ireland and the Historic Environment Division to cover specific projects and vacant posts.

Off-Payroll Engagements

The Department and its NDPBs had no off-payroll engagements at an annual cost of over £245 per day lasting longer than six months during 2022-23 (2021-22: nil).

Off-payroll engagements of board members with significant financial responsibility during 2022-23 are outlined below:

	Core Department	Departmental Group
Number of off-payroll engagements of Board members with significant financial responsibility during 2022-23	0	0
Total number of individuals on payroll and off-payroll with significant financial responsibility during 2022-23	8	58

Reporting of Civil Service and other compensation schemes – exit packages (Audited Information)

Data for the 2021-22 year is shown in brackets.

Exit package cost band	Core Department			Departmental Group		
	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 agreed
<£10,000	-	5 (1)	5 (1)	1(5)	8(1)	9(6)
£10,000–£25,000	-	3 (5)	3 (5)	-	3(5)	3(5)
£25,000–£50,000	-	11 (5)	11 (5)	-	11(6)	11(6)
£50,000–£100,000	-	3 (4)	3 (4)	-	3(6)	3(6)
£100,000–£150,000	-	1(-)	1(-)	-	1(-)	1(-)
£150,000–£200,000	-	-	-	-	-	-
Total number of exit packages	-	23 (15)	23(15)	1(5)	26(18)	27(23)
Total Resource Cost £'000	-	839 (514)	839 (514)	6(23)	853(720)	859(743)

Reporting of Civil Service and other compensation schemes – exit packages (Audited Information) (continued)

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 2022-23 and 2021-22. £0.9 million exit costs were paid in 2022-23, the year of departure (2021-22: £0.7 million (restated to include Departmental Group)). 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. Details of the policies of the NDPBs are available in their own accounts. See page 229 for details of the links for each of the NDPBs.

Application of Business Appointment Rules (BARs)

The NICS Standards of Conduct Policy, (Section 8 and Annexes 4) sets out the rules on the acceptance of outside business appointments, employment or self-employment by Civil Servants after leaving the NI Civil Service, including procedures to make staff aware of these rules and provides that the Permanent Secretary of the Department is responsible for the effective operation of the Business Appointment Rules within their Department. Further detail is available in the [NICS Standards of Conduct Policy](#).

There were no applications made from Senior Civil Service Grade 5 and above, including equivalent grades, and Special Advisers during the year.

Assembly Accountability and Audit Report

Statement of Outturn against Assembly Supply (SoAS) (Audited Information)

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) requires the Department for Communities 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 capital purposes) 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 and corresponding Act of the Assembly, called control limits, its 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 SoAS contain a summary table, detailing performance against the control limits that the Assembly has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly reconcile to cash spent) and administration.

The supporting notes detail the following:

- SoAS Note 1 - Outturn detailed by Estimate line, providing a more detailed breakdown.
- SoAS Note 2 - a reconciliation of outturn to net operating expenditure in the Statement of Consolidated Net Expenditure (SoCNE), to tie the SoAS to the financial statements.
- SoAS Note 3 - a reconciliation of net resource outturn to net cash requirement.
- SoAS Note 4 - an analysis of income payable to the Consolidated Fund.

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 pages 12-16, 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 www.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.

Statement of Outturn against Assembly Supply (SoAS) (continued) (Audited Information)

Summary Tables - mirror Part I of the Estimates

		2022-23 £'000							2021-22 £'000
		Outturn			Estimate			Outturn vs Estimate, saving/ (excess)	Prior Year Outturn
SoAS Note		Voted	Non- Voted	Total	Voted	Non- Voted	Total	Voted	Total
Departmental Expenditure Limit									
- Resource	1.1	849,554	12,931	862,485	857,228	13,310	870,538	7,674	8,053
- Capital	1.2	266,453	(12,913)	253,540	276,660	(13,300)	263,360	10,207	9,820
Total		1,116,007	18	1,116,025	1,133,888	10	1,133,898	17,881	17,873
Annually Managed Expenditure Limit									
- Resource	1.1	4,312,159	3,236,887	7,549,046	4,421,843	3,257,085	7,678,928	109,684	129,882
- Capital	1.2	34,943	(6,949)	27,994	38,719	(3,049)	35,670	3,776	7,676
Total		4,347,102	3,229,938	7,577,040	4,460,562	3,254,036	7,714,598	113,460	137,558
Total Budget									
- Resource	1.1	5,161,713	3,249,818	8,411,531	5,279,071	3,270,395	8,549,466	117,358	137,935
- Capital	1.2	301,396	(19,862)	281,534	315,379	(16,349)	299,030	13,983	17,496
Total Budget Expenditure		5,463,109	3,229,956	8,693,065	5,594,450	3,254,046	8,848,496	131,341	155,431
Non-Budget									
- Resource	1.1	122,000	-	122,000	135,052	-	135,052	13,052	13,052
- Capital	1.2	-	-	-	-	-	-	-	-
Total Non-Budget Expenditure		122,000	-	122,000	135,052	-	135,052	13,052	13,052
Total Budget and Non-Budget Expenditure		5,585,109	3,229,956	8,815,065	5,729,502	3,254,046	8,983,548	144,393	168,483

Figures in the areas outlined in bold are voted totals subject to Assembly control.

Statement of Outturn against Assembly Supply (SoAS) (continued) (Audited Information)

Net cash requirement 2022-23

2022-23 £'000					2021-22 £'000
	SoAS Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn
Net Cash Requirement	3	5,561,861	5,716,897	155,036	5,326,928

Figures in the areas outlined in bold are voted totals subject to Assembly control.

Administration Costs 2022-23

2022-23 £'000					2021-22 £'000
	SoAS Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn
Administration costs	1.1	53,879	56,823	2,944	84,649

Administration costs are not a separate voted limit and a breach of the administration budget will not result in an excess vote.

Notes to the Statement of Outturn against Assembly Supply 2022-23

This note mirrors Part II of the Estimates: (Revised) Subhead Detail and Resource to Cash Reconciliation.

SoAS Note 1 Outturn detail, by Estimate line (Audited Information)

SoAS1.1 Analysis of resource outturn by Estimate line

Type of spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate (inc. virements) saving/ (excess) £'000	Outturn Total £'000
	Administration			Programme			Total £'000	Total inc. virements				
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000		Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	
Spending in Departmental Expenditure Limit (DEL)												
Voted Expenditure:												
Welfare and Employment	25,393	-	25,393	428,119	(83,100)	345,019	370,412	376,003	(4,641)	371,362	950	391,620
Of which:												
Operational delivery	25,393	-	25,393	366,245	(83,100)	283,145	308,538	314,709	(4,641)	310,068	1,530	353,844
Discretionary Support Scheme	-	-	-	40,283	-	40,283	40,283	38,620	-	38,620	(1,663)	18,496
Employment Programmes	-	-	-	20,443	-	20,443	20,443	21,551	-	21,551	1,108	18,349
Ulster Supported												
Employment Ltd (ALB - Net)	-	-	-	1,148	-	1,148	1,148	1,123	-	1,123	(25)	931
Local Government	2,014	-	2,014	50,224	-	50,224	52,238	51,408	830	52,238	-	83,053
Housing Benefit (Rates Element)	-	-	-	88,065	-	88,065	88,065	89,934	-	89,934	1,869	93,914
Housing and Regeneration	14,519	-	14,519	181,157	(17,393)	163,764	178,283	181,951	-	181,951	3,668	193,702
Of which:												
Housing	7,895	-	7,895	18,592	(16,475)	2,117	10,012	10,970	-	10,970	958	9,852
Northern Ireland Housing Executive Landlord Services	-	-	-	356	-	356	356	354	-	354	(2)	27,698
Northern Ireland Housing Executive (ALB - Net)	-	-	-	157,215	-	157,215	157,215	158,009	-	158,009	794	143,594
Urban Regeneration	6,624	-	6,624	4,994	(918)	4,076	10,700	12,618	-	12,618	1,918	12,558

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

Type of spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate (inc. virements) saving/ (excess) £'000	Outturn
	Administration			Programme			Total £'000	Total inc. virements		Prior Year Total £'000		
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000		Total £'000	Virements* £'000		Total inc. virements £'000	
Culture, Arts and Sport	4,147	-	4,147	98,606	(791)	97,815	101,962	98,805	3,811	102,616	654	114,854
Of which:												
Support for Libraries, Museums, Arts, Sport and Heritage sectors	4,147	-	4,147	19,496	(769)	18,727	22,874	19,063	3,811	22,874	-	31,153
Public Record Office of Northern Ireland	-	-	-	5,991	(22)	5,969	5,969	6,051	-	6,051	82	5,345
Northern Ireland Library Authority (ALB - Net)	-	-	-	30,777	-	30,777	30,777	31,149	-	31,149	372	29,798
Arts Council of Northern Ireland (ALB - Net)	-	-	-	12,482	-	12,482	12,482	12,026	-	12,026	(456)	16,157
Armagh Observatory and Planetarium (ALB - Net)	-	-	-	2,923	-	2,923	2,923	2,760	-	2,760	(163)	2,721
National Museums and Galleries Northern Ireland (ALB - Net)	-	-	-	18,965	-	18,965	18,965	19,318	-	19,318	353	18,039
Northern Ireland Museums Council (ALB - Net)	-	-	-	260	-	260	260	250	-	250	(10)	233
Sports Council for Northern Ireland (ALB - Net)	-	-	-	7,712	-	7,712	7,712	8,188	-	8,188	476	11,408
Voluntary and Community Funding	6,592	-	6,592	43,644	-	43,644	50,236	50,665	-	50,665	429	66,728
Of which:												
Community and Voluntary Sector Funding	6,592	-	6,592	38,406	-	38,406	44,998	45,291	-	45,291	293	61,712
Charities Commission NI (ALB - Net)	-	-	-	2,036	-	2,036	2,036	2,125	-	2,125	89	2,145

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

Type of spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate (inc. virements) saving/ (excess) £'000	Outturn
	Administration			Programme			Total £'000	Total inc. virements		Prior Year Total £'000		
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000		Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	Total £'000
Commissioner for Older People for Northern Ireland (ALB - Net)	-	-	-	1,452	-	1,452	1,452	1,424	-	1,424	(28)	1,166
Commissioner for Children and Young People for Northern Ireland (ALB - Net)	-	-	-	1,750	-	1,750	1,750	1,825	-	1,825	75	1,705
Languages	1,223	-	1,223	7,135	-	7,135	8,358	8,462	-	8,462	104	9,223
Of which:												
Support for Languages	1,223	-	1,223	1,214	-	1,214	2,437	2,461	-	2,461	24	1,757
North-South Language Implementation Body (ALB - Net)	-	-	-	5,921	-	5,921	5,921	6,001	-	6,001	80	7,466
Total Voted DEL:	53,888	-	53,888	896,950	(101,284)	795,666	849,554	857,228	-	857,228	7,674	953,094
Non-Voted Expenditure:												
Welfare and Employment	-	-	-	13,668	9	13,677	13,677	13,697	-	13,697	20	15,356
Of which:												
National Insurance Fund	-	-	-	12,600	-	12,600	12,600	12,600	-	12,600	-	14,280
Expenditure incurred by the Social Fund	-	-	-	1,068	-	1,068	1,068	1,097	-	1,097	29	1,125
Other Non Voted Expenditure	-	-	-	-	9	9	9	-	-	-	(9)	(49)
Local Government	-	-	-	109	-	109	109	128	-	128	19	424
Housing & Regeneration	-	(9)	(9)	-	(527)	(527)	(536)	(515)	-	(515)	21	(400)
Culture, Arts, Heritage & Sport	-	-	-	-	(319)	(319)	(319)	-	-	-	319	(626)
Total Non-Voted DEL:	-	(9)	(9)	13,777	(837)	12,940	12,931	13,310	-	13,310	379	14,754
Total Spending in DEL	53,888	(9)	53,879	910,727	(102,121)	808,606	862,485	870,538	-	870,538	8,053	967,848

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

Type of spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate (inc. virements) saving/ (excess) £'000	Outturn
	Administration			Programme			Total £'000	Total inc. virements		Prior Year Total £'000		
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000		Total £'000	Virements* £'000	Total inc. virements £'000		
Spending in Annually Managed Expenditure (AME)												
Voted Expenditure:												
Working Age Benefits	-	-	-	1,653,295	(134)	1,653,161	1,653,161	1,702,256	-	1,702,256	49,095	1,578,205
Of which:												
Universal Credit and Legacy Benefits	-	-	-	1,563,631	-	1,563,631	1,563,631	1,612,529	-	1,612,529	48,898	1,490,916
Other Working Age Benefits	-	-	-	89,664	(134)	89,530	89,530	89,727	-	89,727	197	87,289
Disability Benefits	-	-	-	2,032,247	-	2,032,247	2,032,247	2,066,871	-	2,066,871	34,624	1,859,814
Of which:												
PIP/DLA/Carer's Allowance/Attendance Allowance	-	-	-	2,002,997	-	2,002,997	2,002,997	2,036,113	-	2,036,113	33,116	1,830,478
Other Disability benefits	-	-	-	29,250	-	29,250	29,250	30,758	-	30,758	1,508	29,336
Pension and Other Related Benefits	-	-	-	237,531	-	237,531	237,531	242,211	-	242,211	4,680	236,322
Of which:												
Pension Credit	-	-	-	229,962	-	229,962	229,962	234,058	-	234,058	4,096	229,076
Other Pension related benefits	-	-	-	7,569	-	7,569	7,569	8,153	-	8,153	584	7,246
Housing Benefits	-	-	-	413,778	-	413,778	413,778	416,824	-	416,824	3,046	434,681
Provisions, Depreciation and Impairments	-	-	-	(24,558)	-	(24,558)	(24,558)	(6,319)	-	(6,319)	18,239	26,951
Of which:												
Departmental Expenditure	-	-	-	(41,415)	-	(41,415)	(41,415)	(29,627)	-	(29,627)	11,788	9,884
ALB's Expenditure (Net)	-	-	-	16,857	-	16,857	16,857	23,308	-	23,308	6,451	17,067
Total Voted AME:	-	-	-	4,312,293	(134)	4,312,159	4,312,159	4,421,843	-	4,421,843	109,684	4,135,973

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

Type of spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate (inc. virements) saving/ (excess) £'000	Outturn Prior Year Total £'000	
	Administration			Programme			Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000			
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000							
Non-Voted Expenditure:													
Working Age Benefits	-	-	-	492,224	-	492,224	492,224	499,471	-	499,471	7,247	410,544	
Of which:													
Jobseeker's Allowance (Contributory)	-	-	-	2,489	-	2,489	2,489	3,014	-	3,014	525	4,086	
Employment and Support Allowance (Contributory)	-	-	-	335,234	-	335,234	335,234	334,313	-	334,313	(921)	332,406	
Other Working Age Benefits	-	-	-	154,501	-	154,501	154,501	162,144	-	162,144	7,643	74,052	
Pension and Other													
Related Benefits	-	-	-	2,744,663	-	2,744,663	2,744,663	2,757,614	-	2,757,614	12,951	2,584,474	
Total Non-Voted AME:	-	-	-	3,236,887	-	3,236,887	3,236,887	3,257,085	-	3,257,085	20,198	2,995,018	
Total spending in AME	-	-	-	7,549,180	(134)	7,549,046	7,549,046	7,678,928	-	7,678,928	129,882	7,130,991	
Non-Budget spending													
Voted Expenditure:													
Cash paid into the Social Fund	-	-	-	122,000	-	122,000	122,000	135,052	-	135,052	13,052	47,000	
Total Voted Non-Budget	-	-	-	122,000	-	122,000	122,000	135,052	-	135,052	13,052	47,000	
TOTAL RESOURCE	53,888	(9)	53,879	8,581,907	(102,255)	8,479,652	8,533,531	8,684,518	-	8,684,518	150,987	8,145,839	

NDPB outturn is recorded net.

SoAS1.2 Analysis of net capital outturn by Estimate line

Outturn				Estimate			Outturn	Outturn
							vs	
				Estimate (inc. virements)				
	Gross	Income	Net	Total	Virements*	Total inc. virements	saving/ (excess)	Prior Year Total
Type of spend (Capital)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Spending in Departmental Expenditure Limit (DEL)								
Voted Expenditure:								
Welfare and Employment	14,536	(7,998)	6,538	8,304	-	8,304	1,766	4,784
Of which:								
Operational delivery	5,015	(229)	4,786	6,172	-	6,172	1,386	5,617
Discretionary Support Scheme	9,337	(7,769)	1,568	1,901	-	1,901	333	(882)
Ulster Supported Employment Ltd (ALB - Net)	184	-	184	231	-	231	47	49
Local Government	-	-	-	-	-	-	-	-
Housing Benefit (Rates Element)	-	-	-	-	-	-	-	-
Housing and Regeneration	305,333	(63,571)	241,762	249,728	-	249,728	7,966	254,831
Of which:								
Housing	38,515	(54,161)	(15,646)	(8,064)	-	(8,064)	7,582	(9,899)
Northern Ireland Housing Executive Landlord Services	21,844	-	21,844	29,659	-	29,659	7,815	32,918
Northern Ireland Housing Executive (ALB - Net)	218,750	-	218,750	211,466	-	211,466	(7,284)	196,258
Urban Regeneration	18,911	(3,194)	15,717	15,570	-	15,570	(147)	35,080
EU Programme for Peace and Reconciliation	7,313	(6,216)	1,097	1,097	-	1,097	-	474
Culture, Arts and Sport	15,149	(197)	14,952	15,330	-	15,330	378	17,767
Of which:								
Support for Libraries, Museums, Arts, Sport and Heritage sectors	3,275	(197)	3,078	3,406	-	3,406	328	6,013
Public Record Office of Northern Ireland	21	-	21	22	-	22	1	77

SoAS1.2 Analysis of net capital outturn by Estimate line (continued)

Outturn				Estimate			Outturn vs Estimate (inc. virements) saving/ (excess) £'000	Outturn
Type of spend (Capital)	Gross £'000	Income £'000	Net Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000		Prior Year Total £'000
Northern Ireland Library Authority (ALB - Net)	5,151	-	5,151	5,278	-	5,278	127	2,906
Arts Council of Northern Ireland (ALB - Net)	1,278	-	1,278	974	-	974	(304)	1,578
Armagh Observatory and Planetarium (ALB - Net)	665	-	665	697	-	697	32	984
National Museums and Galleries Northern Ireland (ALB - Net)	3,060	-	3,060	3,186	-	3,186	126	4,032
Northern Ireland Museums Council (ALB - Net)	24	-	24	25	-	25	1	(29)
Sports Council for Northern Ireland (ALB - Net)	1,675	-	1,675	1,742	-	1,742	67	2,206
Voluntary and Community Funding	2,506	-	2,506	2,544	-	2,544	38	5,372
Of which:								
Community and Voluntary Sector Funding	2,451	-	2,451	2,438	-	2,438	(13)	5,249
Charities Commission NI (ALB - Net)	40	-	40	98	-	98	58	90
Commissioner for Older People for Northern Ireland	7	-	7	8	-	8	1	25
Commissioner for Children and Young People for Northern Ireland (ALB - Net)	8	-	8	-	-	-	(8)	8
Languages	695	-	695	754	-	754	59	1,114
Of which:								
Support for Languages	695	-	695	754	-	754	59	1,114
Total Voted DEL:	338,219	(71,766)	266,453	276,660	-	276,660	10,207	283,868

SoAS1.2 Analysis of net capital outturn by Estimate line (continued)

Outturn				Estimate			Outturn vs Estimate (inc. virements) saving/ (excess) £'000	Outturn Prior Year Total £'000
Type of spend (Capital)	Gross £'000	Income £'000	Net Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000		
Non-Voted Expenditure:								
Welfare and Employment	3,229	(138)	3,091	2,704	-	2,704	(387)	3,023
<i>Of which:</i>								
National Insurance Fund	-	-	-	-	-	-	-	-
Expenditure incurred by the Social Fund	3,229	(138)	3,091	2,704	-	2,704	(387)	3,023
Other Non Voted Expenditure	-	-	-	-	-	-	-	-
Local Government	-	-	-	-	-	-	-	-
Housing & Regeneration	-	(16,004)	(16,004)	(16,004)	-	(16,004)	-	(21,410)
Total Non-Voted DEL:	3,229	(16,142)	(12,913)	(13,300)	-	(13,300)	(387)	(18,387)
Total spending in DEL	341,448	(87,908)	253,540	263,360	-	263,360	9,820	265,481
Spending in Annually Managed Expenditure (AME)								
Voted Expenditure:								
Working Age Benefits	39,558	(4,615)	34,943	38,719	-	38,719	3,776	1,526
<i>Of which:</i>								
<i>Universal Credit and Legacy Benefits</i>	<i>37,771</i>	<i>(4,365)</i>	<i>33,406</i>	<i>37,000</i>	<i>-</i>	<i>37,000</i>	<i>3,594</i>	<i>-</i>
<i>Other Working Age Benefits</i>	<i>1,787</i>	<i>(250)</i>	<i>1,537</i>	<i>1,719</i>	<i>-</i>	<i>1,719</i>	<i>182</i>	<i>1,526</i>
Disability Benefits	-	-	-	-	-	-	-	-
Pension and Other Related Benefits	-	-	-	-	-	-	-	-
Housing Benefits	-	-	-	-	-	-	-	-
Provisions, Depreciation and Impairments	-	-	-	-	-	-	-	-
<i>Of which:</i>								
<i>Departmental Expenditure</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>ALB's Expenditure (Net)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Total Voted AME:	39,558	(4,615)	34,943	38,719	-	38,719	3,776	1,526

SoAS1.2 Analysis of net capital outturn by Estimate line (continued)

Outturn				Estimate			Outturn vs Estimate (inc. virements) saving/ (excess)	Outturn
Type of spend (Capital)	Gross £'000	Income £'000	Net Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000		Prior Year Total £'000
Non-Voted Expenditure:								
Working Age Benefits	30,864	(37,813)	(6,949)	(3,049)	-	(3,049)	3,900	(8,380)
Pension and Other Related Benefits	-	-	-	-	-	-	-	-
Total Non-Voted AME:	30,864	(37,813)	(6,949)	(3,049)	-	(3,049)	3,900	(8,380)
Total spending in AME	70,422	(42,428)	27,994	35,670	-	35,670	7,676	(6,854)
Non-Budget spending								
Voted Expenditure:								
Cash paid into the Social Fund	-	-	-	-	-	-	-	-
Total Non-Budget spending	-	-	-	-	-	-	-	-
TOTAL CAPITAL	411,870	(130,336)	281,534	299,030	-	299,030	17,496	258,627

NDPB outturn is recorded net.

*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.

The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

SoAS Note 1 Outturn detail, by Estimate line (Audited Information)

Explanation of the variation between Estimate and outturn:

The **Resource DEL** was **£8.1 million (0.9%)** less than Estimate mainly due to easements in the demand led Housing Benefit Rates payments (£1.9m) and Welfare Mitigations payments (£2.6m) included within Welfare and Employment Operational Delivery. The cost of Welfare Mitigation payments were reduced following successful benefit appeal hearings which meant the relevant costs were then attributed to the AME benefit spend rather than Mitigation spend. Depreciation and impairments were lower than forecast (£2.4m) largely arising within Housing and Regeneration - Northern Ireland Housing Executive (ALB - Net). This was due to rising property prices and the anticipated shortfall between the valuation price offered for current homes and market prices, which has resulted in a reduction in requirement for buy-back of properties within the Upper New Lodge Redevelopment scheme.

The **Resource AME spend** was **£130 million (1.7%)** less than the Estimate due to the nature of spend on social security benefits, being demand led and volatile.

The **Non Budget spend** was **£13 million (9.7%)** less than the Estimate due to the winter of 2022-23 being less severe than expected and as a result fewer Cold Weather payments were generated.

The **Capital outturn** was **£17.5 million (5.9%)** less than the Estimate comprising of an underspend in **AME Capital of £7.7m** which is demand led and difficult to forecast, and an underspend in **DEL Capital of £9.8m**. Headroom of £8.6m had been included in the Estimate within Housing under Housing and Regeneration in relation to anticipated additional FTC funding which did not materialise. In addition an underspend of £1.2m arose within Welfare and Employment – Operational Delivery as the lease of the Great Northern Tower had not completed as expected within this financial year.

SoAS Note 2 Reconciliation of outturn to net operating expenditure (Audited Information)

		2022-23	2021-22
Item	Note	Outturn £'000	Outturn £'000
Total Resource outturn	SoAS1.1	8,533,531	8,145,839
Add:			
Capital Grants		207,142	223,450
Cash Paid to the Social Fund - Voted Non-budget		(122,000)	(47,000)
Prior Period Adjustment		-	550
Miscellaneous		(2,692)	(6,310)
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure		8,615,981	8,316,529

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 expenditure, linking the SoAS to the financial statements.

Capital grants are budgeted for as Capital DEL, but accounted for as spend on the face of the SOCNE, and therefore function as a reconciling item between Resource and Net Expenditure.

The majority of the miscellaneous balance is as a result of the differing year end of the North South Language Body.

SoAS3 Resource to cash reconciliation

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation.

2022-23				Outturn vs Estimate saving/ (excess) £'000
	Note	Outturn £'000	Estimate £'000	
Net Resource Requirement	SoAS1.1	8,533,531	8,684,518	150,987
Net Capital Requirements	SoAS1.2	281,534	299,030	17,496
<i>Adjustments for ALBs:</i>				
Remove voted resource		(259,386)	(267,506)	(8,120)
Remove voted capital		(230,842)	(223,705)	7,137
Add cash grant-in-aid	4	453,856	475,179	21,323
<i>Adjustments to remove non-cash items:</i>				
Depreciation, impairments and revaluations	3,4	(11,771)	(25,002)	(13,231)
New provisions and adjustments to previous provisions	4	35,824	42,328	6,504
Housing Benefit Owner Occupiers	4	(30,030)	(30,825)	(795)
Other non-cash items	3,4	4	-	(4)
<i>Adjustments to reflect movements in working balances:</i>				
Changes in working capital other than cash		(8,242)		8,242
Increase/(decrease) in inventories	13	(26)	-	26
Increase/(decrease) in receivables	15	3,533	(18,360)	(21,893)
Increase/(decrease) in payables	16	17,197	27,356	10,159
Use of provision	17	11,570	7,930	(3,640)
Total		(18,313)	(12,605)	5,708
<i>Removal of non-voted budget items:</i>				
Consolidated Fund Standing Services		(107)	-	107
Other Social Fund/NIF adjustments		(3,231,364)	(3,254,046)	(22,682)
Income payable to the Consolidated Fund		859	-	(859)
NIHE Loan Repayment		16,004	-	(16,004)
Total		(3,214,608)	(3,254,046)	(39,438)
Other Adjustments		(20,283)	-	20,283
Net cash requirement		5,561,861	5,716,897	155,036

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.

Other Adjustments relate to the first year introduction of IFRS 16 (£13 million) and the Universal Credit debt balance being brought into the SoAS for the first time ((£33 million)).

SoAS4 Analysis of Consolidated Fund Extra Receipts

This note mirrors Part III of the Estimates: Extra Receipts Payable to the Consolidated Fund.

SoAS4.1 Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income is payable to the Consolidated Fund.

	Forecast Income £'000	2022-23 Receipts £'000	Outturn Income £'000	2022-23 Receipts £'000
Income in budgets surrendered to the Consolidated Fund (resource)	515	515	859	1,903
Income in budgets surrendered to the Consolidated Fund (capital)	-	-	-	-
Non-Budget amounts collectable on behalf of the Consolidated Fund (in the SoCNE)	-	-	-	-
Total amount payable to the Consolidated Fund	515	515	859	1,903

Other Assembly Accountability Disclosures (Audited Information)

I. Regularity of Expenditure (Audited Information)

Issues pertaining to the regularity of departmental group expenditure are discussed in the Governance Statement.

II. Losses and Special Payments (Audited Information)

	2022-23		2021-22	
	Core Department	Departmental Group	Core Department	Departmental Group
Losses				
Total number of losses	33,541	36,175	53,150	53,199
Cash losses (£'000)	23,806	24,945	24,299	24,303
Fruitless Payments				
Total number of fruitless payments	2	2	-	-
Total value of fruitless payments (£'000)	31	31	-	-
Special Payments				
Total number of special payments	58	194	112	209
Total value of special payments (£'000)	44	242	71	174

There were no losses in excess of £250,000.

There were no Special Payments made in excess of £250,000.

III. Fees and Charges (Audited Information)

This note is provided for fees and charges purposes and not for IFRS 8 purposes. Information is provided in relation to services where the full cost of the service is in excess of £1 million.

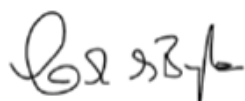
Business Activity	Income £'000	Full Cost £'000	2022-23 Surplus/ Deficit £'000	2021-22 Surplus/ Deficit £'000	Financial Objective	Commentary
Delivery of service on behalf of DWP	81,217	81,217	-	-	To recover Departmental costs of services provided to administer and deliver certain benefits on behalf of the Department for Work & Pensions.	Objective Achieved.

IV. Remote Contingent Liabilities (Audited Information)

The Department had no liabilities for which the likelihood of a transfer of economic benefit in the settlement is too remote to meet the definition of contingent liability. Contingent liabilities are reported within the financial statements.

V. Reconciliation of contingent liabilities included in the supply estimate to the accounts

There were no material differences between the quantifiable contingent liabilities included in the supply estimate and the accounts.



COLUM BOYLE
ACCOUNTING OFFICER
3 JULY 2023

Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly

THE CERTIFICATE 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 Communities and of its Departmental Group for the year ended 31 March 2023 under the Government Resources and Accounts Act (Northern Ireland) 2001. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts (Northern Ireland) 2001 (Estimates and Accounts) (Designation of Bodies) Order 2022. The financial statements comprise: the Department's and the Departmental Group's,

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure;
- Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year ended; and
- the related notes, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

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

In my opinion the financial statements:

- give a true and fair view of the state of the Department and the Departmental Group's affairs as at 31 March 2023 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.

Qualified opinion on regularity

In my opinion, except for the incorrect benefit expenditure attributable to fraud and error as described in the *Basis for qualified opinions* section, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2023 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 qualified opinions

The Department is required to calculate benefits in accordance with primary legislation, which specifies the entitlement criteria for each benefit and the method used to calculate the amount of benefit to be paid. Where fraud and error results in overpayments and underpayments the transactions do not conform to this legislation. The expenditure is therefore irregular as it is not applied in accordance with the purposes intended by the Northern Ireland Assembly and because fraudulent transactions are, by definition, irregular since they are without proper authority.

My regularity opinion is qualified, as a material amount of benefits is estimated as incorrect or based on a fraudulent claim. The total amount paid in benefits by the Department is £7.5 billion, of which £2.7 billion relates to expenditure on State Pension. As this has a low level of estimated fraud and error, I have not qualified my regularity opinion on this. In respect of the other benefits of £4.8 billion, as reported in Note 24 to the financial statements:

- fraud and error resulted in estimated overpayments of £171.3 million; and

- estimated underpayments due to official error of £23.4 million.

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

My staff and I are independent of the Department for Communities and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department for Communities and its Group'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 Communities or its Group'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 the Department for Communities and its Group 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 Communities and its Group and their 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;
- Ensuring the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework; and
- assessing the Department for Communities and its Group'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 Communities and its Group 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 Communities and its Group through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the relevant benefit and pension legislation and the Government Resources and Accounts Act (Northern Ireland) 2001 and the Budget Act (Northern Ireland) 2022;
- making enquires of management and those charged with governance on the Department for Communities and its Group'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 the Department for Communities and its Group's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: expenditure recognition and posting of unusual journals;
- 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;
- communicating with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements;
- 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 undertaking procedures to allow me to rely on the Department's estimate of the level of fraud and error in benefit expenditure;
- 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. The voted Assembly control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget and Net Cash Requirement. 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 the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

My detailed observations are included in my report attached to these financial statements.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
5 July 2023

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure for the period ended 31 March 2023

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.

	Note	2022-23		2021-22	
		Core Department £'000	Departmental Group £'000	Core Department (Restated) £'000	Departmental Group £'000
Revenue from contracts with customers	5.1	(81,217)	(81,217)	(69,480)	(69,480)
Other operating income	5.2	(81,498)	(122,348)	(80,850)	(119,818)
Total Operating Income		(162,715)	(203,565)	(150,330)	(189,298)
Staff Costs	3,4	329,921	425,136	307,802	394,830
Purchase of goods and services	3,4	127,906	435,906	183,375	466,403
Depreciation and impairment charges	3,4	11,771	25,605	(8,532)	1,697
Provision Expense	4	(35,824)	(35,895)	33,449	33,794
Grants and Other Benefit Related Expenditure	4	8,324,932	7,966,824	7,913,981	7,606,927
Total Operating Expenditure		8,758,706	8,817,576	8,430,075	8,503,651
Net Operating Expenditure		8,595,991	8,614,011	8,279,745	8,314,353
Finance Income		(63)	(499)	(127)	(170)
Finance Expense		-	2,469	-	2,346
Net Expenditure for the year		8,595,928	8,615,981	8,279,618	8,316,529
Notional Audit Costs	3,4	311	427	268	359
Other Notional Costs	3	34,019	34,019	32,096	32,096
Total Notional Costs		34,330	34,446	32,364	32,455
Net Expenditure for the year including notional costs		8,630,258	8,650,427	8,311,982	8,348,984
Other Comprehensive Net Expenditure					
Items that will not be reclassified to net operating expenditure:					
- Net gain/(loss) on revaluation of Property Plant and Equipment	6	7,591	15,478	4,861	14,071
- Net gain/(loss) on revaluation of Intangible Assets	7	517	626	336	411
- Net gain/(loss) on revaluation of Heritage assets	8	-	2,380	-	268
- Actuarial gain/(loss) on pension scheme liabilities	22	-	106,505	-	50,589
- North South Language Body adjustment to deferred pension funding	22	-	(5,255)	-	(168)
Items that may subsequently be reclassified to net operating expenditure:					
- Net gain/(loss) on revaluation of assets classified as held for sale		-	-	30	30
Comprehensive Net Expenditure for the year		8,622,150	8,530,693	8,306,755	8,283,783

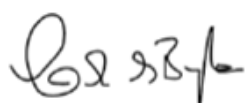
Consolidated Statement of Financial Position as at 31 March 2023

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

	Note	2022-23		2021-22		2020-21	
		Core Department	Departmental Group	Core Department (Restated)	Departmental Group	Core Department	Departmental Group
		£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets:							
Property, plant and equipment	6	198,494	427,471	180,863	398,863	176,133	385,504
Intangible assets	7	10,011	12,596	6,252	9,340	2,476	5,468
Heritage Assets	8	2,156	31,635	1,838	28,304	1,474	26,534
Trade and other receivables	15&22	283,865	284,713	280,658	297,249	268,996	290,830
Retirement Benefit Obligations	15	-	7,437	-	-	-	-
Financial Assets	11	187,709	187,709	161,281	161,281	106,003	106,003
Total non-current assets		682,235	951,561	630,892	895,037	555,082	814,339
Current assets:							
Assets classified as held for sale	12	790	790	790	790	760	760
Inventories	13	83	950	109	806	114	1,741
Trade and other receivables	15	164,395	202,134	165,129	200,349	174,032	209,214
Contract Assets	15	14,786	14,786	13,726	13,726	14,114	14,114
Financial Assets	11	5,384	5,384	4,314	4,314	15,948	15,948
Cash and cash equivalents	14	8	24,751	28	25,460	2,431	23,333
Total current assets		185,446	248,795	184,096	245,445	207,399	265,110
Total assets		867,681	1,200,356	814,988	1,140,482	762,481	1,079,449
Current liabilities:							
Trade and other payables	16	(386,607)	(546,781)	(399,966)	(560,385)	(389,207)	(520,470)
Contract Liabilities	16	-	-	-	-	-	(144)
Provisions	17	(32,066)	(32,534)	(25,294)	(27,484)	(24,998)	(27,217)
Total current liabilities		(418,673)	(579,315)	(425,260)	(587,869)	(414,205)	(547,831)
Non current assets plus/less net current assets/liabilities							
		449,008	621,041	389,728	552,613	348,276	531,618

Consolidated Statement of Financial Position as at 31 March 2023
(continued)

		2022-23		2021-22		2020-21	
		Core Department	Departmental Group	Core Department (Restated)	Departmental Group	Core Department	Departmental Group
Note		£'000	£'000	£'000	£'000	£'000	£'000
Non-current liabilities							
Trade and other payables	16&22	(117,130)	(141,232)	(120,968)	(145,160)	(137,156)	(160,422)
Retirement Benefit Obligations	16	-	-	-	(82,296)	-	(121,202)
Provisions	17	(122,402)	(124,870)	(176,568)	(177,485)	(155,224)	(156,200)
Total non-current liabilities		(239,532)	(266,102)	(297,536)	(404,941)	(292,380)	(437,824)
Total assets less total liabilities							
		209,476	354,939	92,192	147,672	55,896	93,794
Taxpayers' equity & other reserves:							
General fund		108,607	127,533	(3,057)	(67,911)	(36,386)	(108,169)
Revaluation reserve		100,869	227,406	95,249	215,582	92,282	201,963
Total Equity		209,476	354,939	92,192	147,672	55,896	93,794



COLUM BOYLE
ACCOUNTING OFFICER
3 JULY 2023

Consolidated Statement of Cash Flows for the period ended 31 March 2023

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department for Communities 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 Department's future public service delivery.

		2022-23		2021-22	
		Core Department	Departmental Group	Core Department (Restated)	Departmental Group
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net operating expenditure	CSoCNE	(8,630,258)	(8,650,427)	(8,311,982)	(8,348,984)
Adjustments for non-cash transactions	3,4	40,913	54,740	89,974	100,682
(Increase)/Decrease in trade and other receivables	15	(3,533)	2,254	(2,371)	2,834
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure*</i>					
	15	(7,412)	(7,412)	7,771	7,771
(Increase)/Decrease in inventories	13	26	(145)	5	935
Increase/(Decrease) in trade and other payables	16	(15,026)	(95,249)	(5,429)	(14,253)
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure*</i>					
	16	8,480	8,480	(5,224)	(5,224)
Use of provisions	17	(11,570)	(11,670)	(11,809)	(11,829)
Actuarial Gain /(Loss)	CSoCNE	-	106,505	-	50,589
North South Language Body adjustment to deferred pension funding	CSoCNE	-	(5,255)	-	(168)
Adjustment to Net Operating Profit		(13,129)	(17,906)	(5)	(1,362)
Net cash (outflow) from operating activities		(8,631,509)	(8,616,085)	(8,239,070)	(8,219,008)
Cash flows from investing activities					
Purchase of non-financial assets	6,7,8	(11,351)	(23,647)	(10,286)	(20,207)
Proceeds of disposal of non-financial assets		2,864	3,075	162	209
Repayments/(Loans) to other bodies	11	(31,864)	(31,864)	(29,239)	(29,239)
Net cash outflow from investing activities		(40,351)	(52,436)	(39,363)	(49,237)

Consolidated Statement of Cash Flows for the period ended 31 March 2023 (continued)

		2022-23		2021-22	
		Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
	Note				
Cash flows from financing activities					
From the Consolidated Fund (Supply) - relating to the current year	SoCITE	5,562,816	5,562,816	5,337,198	5,337,198
From the Consolidated Fund (Supply) - relating to the prior year	16.1	(10,270)	(10,270)	(5,070)	(5,070)
From the Consolidated Fund (non-supply)	SoCITE	107	107	425	425
Net financing from the National Insurance Fund	SoCITE	3,121,382	3,121,382	2,944,545	2,944,545
North South Language Body- % consolidation assumption		-	(1,620)	-	(5,514)
Capital element of payments in respect of leases and on-balance sheet (SoFP) PFI contracts		(2,171)	(4,579)	-	(144)
Net financing		8,671,864	8,667,836	8,277,098	8,271,440
Net increase/(decrease) in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund					
		4	(685)	(1,335)	3,195
Payments of amounts due to the Consolidated Fund		(1,376)	(1,376)	(1,369)	(1,369)
Net increase/(decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund					
	14	(1,372)	(2,061)	(2,704)	1,826
Cash and cash equivalents at the beginning of the period	14	(273)	25,159	2,431	23,333
Cash and cash equivalents at the end of the period	14	(1,645)	23,098	(273)	25,159

[Inflows = + / Outflows = -]

* Less movements in receivables/payables relating to items not passing through the Statement of Comprehensive Net Expenditure. Movements include: departmental balances with the Consolidated Fund; and receivables/payables linked to financing.

Adjustment to Net Operating Profit relates to the first year introduction of IFRS 16 ((£20.7) million) and NIHE reclassification from Regional to Landlord ((£2.8) million).

Consolidated Statement of Changes in Taxpayers' Equity for the period ended 31 March 2023

This statement shows the movement in the year on the different reserves held by the Department for Communities, 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.

		General Fund Core Department (Restated) £'000	Departmental Group £'000	Revaluation Reserve Core Department £'000	Departmental Group £'000	Taxpayers Equity Core Department (Restated) £'000	Departmental Group £'000
	Note						
Balance at 1 April 2021		(36,386)	(108,169)	92,282	201,963	55,896	93,794
Net Assembly Funding - drawn down		5,337,198	5,337,198	-	-	5,337,198	5,337,198
Consolidated Fund Standing Services		425	425	-	-	425	425
Net funding from the National Insurance Fund in year		2,944,545	2,944,545	-	-	2,944,545	2,944,545
Supply (payable)/receivable adjustment	16	(10,270)	(10,270)	-	-	(10,270)	(10,270)
Excess Vote - Prior Year		-	-	-	-	-	-
CFERs Income payable to the Consolidated Fund		(1,093)	(1,093)	-	-	(1,093)	(1,093)
Comprehensive Net Expenditure for the year	SoCNE	(8,311,982)	(8,348,984)	-	-	(8,311,982)	(8,348,984)
Non-Cash Adjustments:							
Non-cash charges - auditor's remuneration	3,4	268	326	-	-	268	326
Non-cash charges - other	3,4	64,210	64,243	-	-	64,210	64,243
Movement in National Insurance Fund		7,771	7,771	-	-	7,771	7,771
Movements in Reserves							
Transfers between reserves		2,259	1,160	(2,259)	(1,160)	-	-
Movements in Reserves		-	-	5,226	14,780	5,226	14,780
Actuarial Gain/(Loss)		-	50,589	-	-	-	50,589
North South Language Body adjustment to deferred pension funding		-	(168)	-	-	-	(168)
Other		(2)	(5,484)	-	(1)	(2)	(5,485)
Balance at 31 March 2022		(3,057)	(67,911)	95,249	215,582	92,192	147,672

Consolidated Statement of Changes in Taxpayers' Equity for the period ended 31 March 2023 (continued)

	Note	General Fund		Revaluation Reserve		Taxpayers Equity	
		Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Net Assembly Funding - drawn down		5,562,816	5,562,816	-	-	5,562,816	5,562,816
Consolidated Fund Standing Services		107	107	-	-	107	107
Net funding from the National Insurance Fund in year		3,121,382	3,121,382	-	-	3,121,382	3,121,382
Supply (payable)/receivable adjustment	16	(955)	(955)	-	-	(955)	(955)
Excess Vote - Prior Year		-	-	-	-	-	-
CFER Income payable to the Consolidated Fund	SoAS4	(859)	(859)	-	-	(859)	(859)
Comprehensive Net Expenditure for the year	SoCNE	(8,630,258)	(8,650,427)	-	-	(8,630,258)	(8,650,427)
Non-Cash Adjustments:							
Non-cash charges - auditor's remuneration	3,4	311	427	-	-	311	427
Non-cash charges - other	3,4	64,045	64,045	-	-	64,045	64,045
Inter-Company Fixed Asset Transfers	6	-	-	-	-	-	-
Movement in National Insurance Fund		(7,412)	(7,412)	-	-	(7,412)	(7,412)
Movements in Reserves							
Transfers between reserves		2,488	6,525	(2,488)	(6,525)	-	-
Movements in Reserves		-	23	8,108	18,485	8,108	18,508
Actuarial Gain/(Loss)		-	106,505	-	-	-	106,505
North South Language Body adjustment to deferred pension funding		-	(5,255)	-	-	-	(5,255)
Other		(1)	(1,478)	-	(136)	(1)	(1,614)
Balance at 31 March 2023		108,607	127,533	100,869	227,406	209,476	354,939

Other General Fund movement relates to assumptions regarding proportion of N/S Language body relating to NI spend along with the differing year end.

Notes to the financial statements for the year ended 31 March 2023

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by the Department of Finance. 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 has been judged to be most appropriate to the particular circumstances of the Department for Communities Group 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 (SoAS)* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

a) Implementation of Review of Financial Process (RoFP)

The Review of Financial Process was initiated to simplify financial reporting to better align Budgets, Estimates and Accounts. The legislation necessary for RoFP (The Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022) received Royal Assent in March 2022.

The Department for Communities is applying this accounting policy change for the first time for the financial year ended 31 March 2023 and, in accordance with IAS 1 as adapted by the FReM, has restated prior year comparatives to ensure comparability and consistency of financial information against the current reporting period.

The most significant changes to the Annual Report and Accounts as a result of RoFP are as follows:

- the Departmental boundary (incorporating both Estimates and Accounts boundaries) has been extended to incorporate Executive Non Departmental Public Bodies (NDPBs). These bodies were not previously consolidated within these Accounts and were financed via grant-in-aid. Therefore, the Departmental Group now includes the Core Department and Executive NDPBs;
- the primary statements (including the SoAS) and the Notes to the Accounts (including Net Outturn, Reconciliation of Outturn to Net Operating Expenditure, Reconciliation of Net Cash Requirement and Income payable to the Consolidated Fund) have been revised to incorporate the alignment requirements; and
- the Assembly control totals have been revised to reflect the alignment of the Estimates and Budgeting boundaries.

b) Implementation of IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases and is implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. The modified retrospective approach was applied on transition and therefore comparative information is not restated.

IFRS 16 specifies how to recognise, measure, present and disclose leases. The new standard will remove the distinction between operating and finance leases for lessees. The main impact of IFRS 16 for the Department is the recognition of all future lease liabilities (unless the lease term is 12 months or less or the underlying asset has a low value) on the balance sheet. Corresponding right-of-use assets have also been recognised on the balance sheet representing the economic benefits of the Department's right to use the underlying leased assets. The interest element of the 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.

Further details are in shown Note 19.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of investment property, property, plant and equipment,

intangible assets, inventories and certain financial assets and liabilities.

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

IFRS 17 *Insurance Contracts* will replace IFRS 4 *Insurance Contracts* and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025. Management considers that the impact of the introduction of IFRS 17 *Insurance Contracts* is unlikely to be significant.

1.2 Basis of Consolidation

These accounts comprise a consolidation of the core Department, its Executive NDPBs and other bodies listed in Note 26, which fall within the departmental boundary as defined in the FReM and make up the 'Departmental Group'. Transactions between entities included in the consolidated accounts are eliminated. The consolidated bodies prepare accounts in accordance with either the FReM, the Companies Act 2006 (for limited companies), Charities SORP (FRS 102) or FRS 102. For those bodies that do not prepare accounts in accordance with the FReM, adjustments are made at consolidation if necessary where differences would have a significant effect on the accounts.

North South Language body (Foras na Gailege & Ulster Scots Agency)

As permitted by *IFRS 10 Consolidated Financial Statements*, the results and the financial position of the North South Language body have been consolidated as at 31 December 2022, which is within three months of the Group's year-end.

There have been no material transactions requiring adjustment to the Group accounts between 31 December 2022 and 31 March 2023.

Per DoF guidance the proportion of the Body's Annual Accounts to be consolidated into the department's accounts is determined by the relevant funding ratio. For Foras na Gailege this is 25% and for the Ulster Scots Agency this is 75%.

The Social Fund is consolidated within the primary statements and the cash grant to the Social Fund is included in the summary of resource outturn.

The National Insurance Fund is the responsibility of HM Revenue and Customs. This expenditure is for contributory benefits, all administration costs and their related assets and liabilities.

Separate White Paper accounts are produced for the Social Fund and the National Insurance Fund.

A full list of bodies and funds consolidated within the accounts is given in Note 26.

1.3 Property, Plant and Equipment and Intangible Assets

The minimum level of capitalisation for expenditure on property, plant and equipment and intangible assets ranges between £250 and £5,000 across the Group.

Externally and internally developed computer software costing greater than the £5,000 capitalisation threshold is classified as non-current intangible assets. Internally developed computer software is capitalised if it meets the criteria in IAS 38 Intangible Assets. Where appropriate, costs are classified as assets under construction until the asset is available for use when the asset is then transferred to its relevant asset class.

The asset value on capitalisation is measured at cost plus all direct costs, such as installation, attributable to bringing them into working condition.

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations, by Land and Property Services (LPS), of land and buildings are undertaken every five years.

They are revalued annually, between professional valuations, using indices and desk top valuations provided by LPS, an executive agency within the Department of Finance. The revaluations for the 2022-23 financial year were based on indices applicable at 31 December 2022. Some buildings had an actual valuation at this date, for example, House

of Sport and PRONI.

Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost. Properties surplus to requirements are valued on the basis of open market value less any material directly attributable selling costs. Land and buildings at Titanic Quarter housing PRONI have been treated as specialised.

The new towns development lands in Craigavon, Ballymena and Antrim have been on the books of the Department (and before it, the Department of the Environment) for in excess of 50 years and, although not the original intention, are currently held for rental under a piecemeal programme of disposal, economic conditions permitting (so as not to adversely affect the property markets in those areas).

Infrastructure assets are costs associated with the Laganside weir and riverside walkways which consist of fees for design and investigation, certified construction costs and also compensation paid to landowners for loss of use of land and, in the case of the weir, the river bed. These are valued annually in accordance with the Appraisal and Valuation Manual of the RICS by LPS. Properties which due to their specialised nature are rarely, if ever, sold on the open market for single occupation for a continuation of their existing use, have been valued on a depreciated replacement cost (DRC) basis.

Properties which are in operational use for the purposes of the Department's business have been valued on an existing use value (EUV) basis.

Twenty-six pieces of public art were transferred to the Department upon the winding up of the Laganside Corporation. The pieces include cast iron figures, sculptured brick monuments, tiled and fabric wall murals and bronze and stainless steel statues. They include works as diverse as the Big Fish at Donegall Quay and the Bottle Top at the railway bridge at Gasworks Link and can be viewed under 'Laganside Art Trails' on the Department's website. They are managed by the Department's Belfast Regeneration Directorate.

Since the Department does not generally purchase or acquire works of art, information as to their current value is not readily obtainable at a cost commensurate with the benefits to

users of the financial statements. These assets are therefore not included in the Statement of Financial Position.

All other property, plant and equipment and intangible assets are carried at fair value. December 2022 indices were applied.

1.4 Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated and amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives.

No depreciation is provided on freehold land, infrastructure assets or antique collections since they have unlimited or very long-established useful lives. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and not in use are not depreciated. Capital expenditure on leasehold improvements is depreciated over the remaining term of the lease.

Asset lives are in the following ranges:

Asset Type	Asset Life
Freehold buildings	Up to 100 years
Leasehold property	Lease period remaining
Furniture and fittings	10 - 20 years
Infrastructure Assets	Up to 100 years
Computer equipment	3 - 10 years
Other equipment	3 - 25 years
Motor Vehicles	3 - 7 years

The majority of furniture and fittings within the Core Department are rented from the Department of Finance and have not been capitalised. Instead, this forms part of the

notional accommodation costs included in the Statement of Comprehensive Net Expenditure.

Most of the buildings used by the Core Department are part of the government estate. As rents are not paid for these properties, notional accommodation costs are based on a capital charge for the properties. These costs have been charged to the Statement of Comprehensive Net Expenditure.

In some cases the Department has carried out improvement work to these properties. Where the amount exceeds the capitalisation threshold the expenditure is treated as capital.

1.5 Heritage Assets

All heritage assets are deemed to be held by the Department in pursuit of its overall objectives in relation to the maintenance of heritage. Non-operational heritage assets are those which are held solely for this purpose and have no other use.

On initial recognition the assets are recognised at cost and are not depreciated as they are considered to have an infinite useful life.

The majority of these assets are professionally revalued every five years.

Heritage assets include:

- Lands
- State Care monuments
- Art
- Folk Life & Agriculture
- Human History
- Natural Sciences
- Transport, Industry & Technology
- Book collections
- Other artefacts

Further information on specific Heritage asset policies can be found in the accounts of the

Arts Council NI, National Museums NI, Libraries NI and Armagh Observatory and Planetarium.

Heritage lands are subject to professional valuations and annual revaluations in accordance with the Appraisal and Valuation Manual produced jointly by the RICS, ISVA and the IRRV. Professional revaluations of heritage land are undertaken every five years. A professional valuation was undertaken on 1 April 2020. (An exception to this is some land at Dunluce Castle containing an archaeological site, which is not revalued and is on the departmental asset register at a value of £158,400).

Various State Care monuments throughout Northern Ireland are also the property of the Department. These monuments have been acquired by a variety of means, including inherited under the National Monuments Order 1880, properties previously vested in the county councils which were transferred to the Department under the Historic Monuments (Transfer) Order (NI)1973 and others are held in guardianship by the Department. The monuments are protected by the Department under the Historic Monument and Archaeological Objects (NI) Order 1995.

1.6 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 *Non-current Assets Held for Sale and Discontinued Operations* 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 held for sale are valued on the basis of open market value less any material directly attributable selling costs.

1.7 Investment and Loans in other Public Sector Bodies

The loan stock is valued at cost, which is considered to be a close approximation of the market value (see Note 11).

1.8 Vesting of land

In certain instances, the Department will vest property with the intention of facilitating urban regeneration. In such circumstances the Department assumes ownership from the date when the vesting order becomes operative. The property is capitalised at its Land and Property Service valuation.

The estimated compensation payments payable to the owner of the vested property are provided for in the period in which the vesting order becomes operative.

1.9 Leases

IFRS 16 Leases replaces IAS 17 Leases and is implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. See Note 1b.

1.10 Private Finance Initiative (PFI) transactions and other Service Concession

PFI and Service concession transactions have been accounted for in accordance with International Financial Reporting Interpretations Committee 12 (IFRIC 12), as required by the Government Financial Reporting Manual. Where the government body controls the use of the asset and the residual interest in the asset at the end of the arrangement, the Department does not have any assets to recognise within the contract period. The service charges are recorded as an operating cost (Note 4).

This is only applicable to Libraries NI and further details can be found in their annual report and accounts.

1.11 Inventories

Inventories in PRONI and HED are valued for both interim and year-end accounts each year. They are typically stated at cost due to the nature of the stock held.

Other inventories consist mostly of houses purchased under the Special Purchase of Evacuated Dwellings (SPED) Scheme and are considered to be current assets as it is anticipated that they will be sold within 12 months of purchase. Shop stock, publications and farm stock are also included in other inventories.

1.12 Cash and Cash Equivalents

Core Department

Due to funding requirements it is departmental policy to hold and manage centrally all operational bank accounts. The total of the centrally held bank balances is disclosed in these accounts.

Cash in transit - the Central Payment System (CPS) processes benefit payments to customers' bank accounts through the Bank Automated Clearing System (BACS) and this process normally takes approximately three working days to complete.

The CPS accounts for the benefit expenditure on the first day of the BACS payment cycle i.e. BACS Day 1, although the payment amount does not transfer to the customer's bank account until BACS Day 3. The two day difference in the recording of the expenditure and the movement of the funds to make the payments creates a payables balance within CPS known as the 'Cash in Transit' balance. The Cash in Transit (CIT) balance represents purely a timing difference between the transactions that take place on BACS Day 1 and BACS Day 3. The CIT balance is included within Note 16 - Trade payables and other current liabilities.

NDPBs

Cash and cash equivalents comprise cash on hand and deposits and other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.13 Operating income

Operating income is income which relates directly to the operating activities of the Departmental Group. It principally comprises fees and charges for services provided on a full cost basis to external customers as well as public repayment work but also includes other income, such as that from investments. It includes income classified as accruing resources, as well as income due to the Consolidated Fund, which in accordance with the Government Financial Reporting Manual, is treated as operating income. Operating income is stated net of VAT. It excludes accruing resources and Consolidated Fund extra receipts treated as capital. Receipts under EU Peace and Reconciliation Programme or

other EU initiatives are also treated as operating income.

1.14 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by HM Treasury.

Administration costs reflect the costs of running the Department. These include both those administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost control regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit and that operating income which is not.

Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Departmental Group, as well as certain staff costs where they relate directly to service delivery.

Social security programme expenditure also comprises statutory payments, including contributory benefit expenditure, which is funded from the National Insurance Fund and expenditure which is borne by the Social Fund in addition to the programme expenditure which is within the supply process.

1.15 Pensions

The Department and its' NDPB's belong to a number of different pension schemes:

Northern Ireland Civil Service Pension Schemes

The following belong to the Northern Ireland Civil Service Pension Schemes:

- The Core Department
- Charities Commission for Northern Ireland
- Northern Ireland Commissioner for Children and Young People
- Commissioner for Older People Northern Ireland
- National Museums Northern Ireland

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). This comprises several schemes which are unfunded defined benefit schemes with varying contribution rules and rates. The Department recognises the expected cost of employers' contributions over the period during which it benefits from employees' services by payments to the Schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Schemes and not recognised in these accounts.

Northern Ireland Local Government Officers' Pension Fund (the Fund)

The following belong to the Fund:

- Arts Council of Northern Ireland
- Northern Ireland Library Authority
- Armagh Observatory and Planetarium
- Northern Ireland Housing Executive
- Northern Ireland Local Government Officers' Superannuation Committee
- Sports Council for Northern Ireland
- Local Government Staff Commission for Northern Ireland

The Fund is a funded defined benefit scheme. Benefits earned up to 31 March 2015 are linked to final salary. Benefits earned after 31 March 2015 are based on a Career Average Revalued Earnings scheme.

Further details about this Fund can be found at www.nilgosc.org.uk.

Other Schemes

Ulster Supported Employment Limited (USEL)

USEL staff belong to a dual pension provision with both a Defined Benefit scheme and a Defined Contribution scheme operated by NOW Pensions.

North/South Language body (NSLB)

NSLB operates a defined benefit pension scheme which is funded annually on a "pay as

you go" basis from monies available to it. The scheme is administered by an external administrator. Pension costs reflect pension benefits earned by employees in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising from changes in Actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Comprehensive Income for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from the Department for Communities (DfC) and the Department of Tourism, Culture, Arts, Gaeltacht, Sport & Media (DTCAGSM). Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from DfC and DTCAGSM.

The valuation of pension liabilities is an area of estimate and judgement. The value of the Department's and ALB's defined benefit pension assets and liabilities have been assessed by qualified independent actuaries. In making these assessments, it is necessary for actuarial assumptions to be used which include future rates of inflation, salary growth, discount rates and mortality rates. Differences between those estimates used and the actual outcomes will be reflected in taxpayers' equity in future years.

The accounting for each of the Departmental Group's pension plans is dependent on its nature.

More details of individual schemes are available in the annual accounts of the bodies concerned.

1.16 Early departure costs

The Department is required to meet the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and this is binding on the Department.

Details regarding NDPB schemes are available in the annual accounts of the bodies concerned.

1.17 Grants Payable

Grants payable are recorded as expenditure in the period in which the underlying event or activity giving entitlement to the grant occurs, in so far as it is practicable to do so.

Grants in aid, deficit grants and payments to other public bodies which operate grant schemes are expensed in the period in which the payments are made. Grant expenditure incurred and claimed by recipients but unpaid by the Department by the year end is accrued, as is grant expenditure incurred by the recipient before the year end but not claimed until after the year end. An accrual is also made for grant expenditure incurred by the recipient before the year end where the Department has been notified of the amount of the claim but the claim has not yet been submitted. Any future amounts payable under European Union letters of offer are disclosed as commitments. Overpayments of grants are shown as trade receivables.

Housing association grants may be repayable to the Department on the sale of housing properties and land. In addition, most grants provided by Urban Regeneration Division contain a provision within the letter of offer for clawback of the grant in particular circumstances. The amount of the repayment that is known with reasonable certainty is included within trade receivables (Note 15).

1.18 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with International Accounting Standard (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 Northern Ireland Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

These comprise:

- a. items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Northern Ireland

Assembly by departmental Minute prior to the Department entering into the arrangement; and

- b. all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the Government Financial Reporting Manual to be noted in the resource accounts.

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

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 this can be determined. This relates to early retirement costs, superannuation contributions, potential legal actions and provision for future liabilities in respect of contracts. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the rates set by HM Treasury. HM Treasury issue nominal rates which do not take account of inflation, unlike real rates. Departments, are therefore required to separately inflate their cash flows. The relevant rates are:

Year	Nominal %
1 - 5	3.27%
6 - 10	3.20%
11 – 40	3.51%
41 +	3.00%

Term	Inflation %
Year 1	7.4%
Year 2	0.6%
Into Perpetuity	2.0%

1.20 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. VAT is recoverable on a departmental basis in line with the provisions applicable to government bodies in NI.

1.21 Third Party Assets

The Child Maintenance Service operates a client funds account to control the receipt of child maintenance and fees from non-resident parents and parents with care. Child maintenance and fees are collected and paid over respectively to persons with care or to the Department (maintenance and fees). These are not departmental assets and are not included in the Statement of Financial Position.

The Department administers a Central Investment Fund for Charities into which Northern Ireland charities invest funds and a Charitable Donations and Bequests Fund. These are not departmental funds and are not consolidated within the departmental accounts. Dividends are paid twice yearly by the Department.

The Arts Council administers a bequest on behalf of the Rosemary James Trust. The Rosemary James Trust is managed by an independent financial advisor. The objective of the Trust is to provide funding assistance to individual artists/designers and makers to pursue their careers by developing a new body of work.

1.22 National Insurance Fund (NIF)

However, contributory benefits funded from the National Insurance Fund and the costs to the Department of administering the National Insurance Fund are included in the Statement of Comprehensive Net Expenditure. The NI National Insurance Fund provides financing to the Department to cover this contributory benefit expenditure and the administration costs incurred by the Department. The financing from the NI National Insurance Fund shown in the Consolidated Statement of Cash Flows is the net financing due to the Department. Any difference between the net financing due to the Department and the net financing received from the NI National Insurance Fund will be reflected in the current account maintained between the Department and the NI National Insurance Fund/HMRC (See Notes 15 and 16).

1.23 EU Income

All receipts from the EU are separately identified and shown as income in the Statement of Comprehensive Net Expenditure. A distinction is made between receipts earned by the Department on infrastructure development which are paid over to the consolidated fund and receipts in support of departmental grant schemes which are netted off the cost of the schemes. All EU income is treated by the Department as non-public expenditure and thereby reduces the burden on the UK Exchequer.

1.24 Funding from Assembly vote

Vote funding is not treated as income on the face of the Statement of Comprehensive Net Expenditure, instead cash voted and drawn down is credited to the General Fund.

1.25 Provision of Agency Services

The Department provides agency services to the Department for Work and Pensions in administering the Belfast Child Maintenance Service Centre and the Belfast Benefit Delivery Centre. The direct cash costs incurred in operating these centres are recovered in full from the Department for Work and Pensions.

The expenditure in relation to these services is reported as programme costs in the Statement of Comprehensive Net Expenditure with the related accruing resources treated

as revenue from contracts with customers within the income note.

1.26 Derivatives and Other 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. A financial liability is derecognised when, and only when, it is extinguished.

Financial instruments are initially recognised at fair value unless otherwise stated. Fair value is the amount at which such an instrument could be exchanged in an arm's length transaction between informed and willing parties.

Financial instruments are subsequently carried at amortised cost using the effective interest method, with changes in value recognised in the Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

The following are the key accounting policies used to reflect the adoption of financial instruments under relevant Financial Reporting Standards (IAS 32 *Financial Instruments Presentation*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurement*).

The Department and its NDPBs assess, at each Statement of Financial Position, date whether there is objective evidence that financial assets are impaired as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the Statement of Financial Position date and whether such events have had an impact on the estimated future cash flows of the financial instrument and can be reliably estimated. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all

amounts due according to the terms of the asset being evaluated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the assets and historical loss experience for assets with credit risk characteristics similar to those in the group.

Interest determined, impairment losses and translation differences on monetary items are recognised in the Statement of Comprehensive Net Expenditure.

More detail on the Departmental Group's Financial Instruments is provided in Note 10.

1.27 Benefit Overpayment Receivables

Benefit overpayment receivables arise when a benefit overpayment occurs. The gross benefit receivable amount recognised is valued at the difference between the amount paid to the customer by the Department and the actual benefit entitlement due. The value of the recoverable overpayment is communicated to the customer in writing, either by letter or, if appropriate, via the customers on line journal. The communication to the customer includes advice on their right to appeal the Department's decision. The Department regards this notification as evidence to support the valuation and existence of the debt.

Legacy benefit overpayments arising as a result of customer fraud or error are recoverable. Legacy benefit overpayments arising as a result of official error have no statutory right of recovery. These are recognised and written off simultaneously.

Payments in excess of entitlement of Universal Credit, new style Jobseekers Allowance (JSA) and new style Employment and Support Allowance (ESA) are legally considered a recoverable overpayment. This includes official error overpayments and all benefit overpayments arising as a result of customer fraud and error.

Benefit overpayment receivables write off policy has been agreed with the Department of Finance (DoF), in line with Managing Public Money Northern Ireland.

The Department undertakes management reviews on the quality and consistency of write-off decisions through periodic management and quality assurance checks.

In accordance with the write-off policy, the Department may write off benefit overpayment receivables because:

- the debt is below the small payments limit, currently set at £65 and it is not considered cost effective to pursue;
- the case satisfies the criteria for waiver, where evidence is available that recovery of the debt will have a detrimental impact on the health or wellbeing of the debtor or their family;
- the case satisfies the criteria for abandonment of recovery, where it is no longer considered cost effective to pursue the debt;
- the debtor is deceased and there is insufficient estate to recover the debt;
- the debtor is subject to insolvency action and write-off is appropriate.

The Department continues to monitor performance against overpayment recovery targets.

The Benefit Overpayment Receivable balance is assessed at the end of each accounting period and reduced to its estimated recoverable amount through making an impairment based on forecast cash and benefit deduction recoveries. In addition, the Department includes impairment in respect of an element of benefit overpayment receivables that could be subject to challenge and consequently written off. A discount factor of 1.9% is also applied to the benefit receivables balance at the end of the accounting period to estimate the present value of cash flows (2021-22: 1.9%).

Housing Benefit for tenants in the public and private rented sectors is administered by the Northern Ireland Housing Executive. Similar policies and procedures to those used by the Department are used by the Housing Executive for the purposes of recovering Housing Benefit overpayments. The Department provides guidance to the Housing Executive on overpayment recovery policy and legislation.

Housing Benefit for owner occupiers is fully administered by Land and Property Services.

1.28 Tax Credits Receivables

In 2017-18, DfC started to take on debt associated with HM Revenue and Customs (HMRC) Personal Tax Credits for customers who have made a claim to Universal Credit (UC) and have existing Tax Credits debt or have migrated from Tax Credits to UC. This debt transfer has continued over recent years.

The final stage of Universal Credit (UC) implementation, known as Move to UC involves the managed migration of those claimants who remain in receipt of the legacy benefits and tax credits being replaced by Universal Credit. A date to commence scaling of Move to UC has not yet been finalised.

Building on this arrangement and with Treasury approval, the transfer of Non UC Tax Credit debt to the Department for recovery began in June 2019 and continued until May 2022.

In line with the appropriate financial accounting guidance as issued by the Department of Finance this transfer has been treated as a donated asset capital grant in kind and disclosed as such throughout the financial statements.

The debt has been transferred at the estimated actual value which was calculated at the point of transfer by HMRC and applies the HMRC impairment rate to the gross debt. Following the transfer to our Department the Tax Credit receivable balance is assessed at the end of each accounting period and reduced, where appropriate, to its estimated recoverable amount through making a fair value impairment based on forecast recoveries and write-off information.

1.29 Estimation Techniques Fair Value Adjustment

- (i) The fair value adjustment of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arm's length transaction between knowledgeable willing parties. Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined using expected cash flows discounted back to present value and an estimated impairment for the element of the receivable balance that could be written off.

- (ii) The fair value adjustment for payments made to the Department in respect of the Compensation Recovery Scheme (CRS) is based on likely future write-offs and is calculated on a case by case basis.

The fair value adjustment is not disclosed within the trade receivables note. However, the fair value adjustment relating to financial instruments is detailed in Note 10.

Benefit Overpayment Receivables:

The estimation technique employed in the calculation of benefit overpayment receivables is disclosed in Note 1.27.

Employee Benefits:

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.

The employee benefit accrual is based on information from the payroll systems. The accrual is calculated based on the actual leave amount outstanding per employee as at 31 March 2023, multiplied by the actual staff salary rate and adjusted for Employers' National Insurance and pension costs.

Details of the departmental pension schemes are provided in the Remuneration Report in the Annual Report.

Provisions:

The estimation technique employed in the calculation of provisions is disclosed in Note 1.19.

NHS Trusts' balance:

An exercise is completed each year by the Department's Compensation Recovery Unit (CRU) to estimate the potential value of those claims awaiting settlement from the insurance companies and due to the Health Service Trusts (HST). The CRU collects the monies due from the insurance companies on behalf of the HST and those amounts are then forwarded to the Trusts themselves. The CRU estimate is based on the number of claims outstanding and the associated medical costs applicable to each claim.

1.30 Deferred Income

Deferred income of £1.351 million includes the cost of remediation work at Fort George army barracks (Note 16). The former Department for Social Development (DSD) acquired the Fort George site from the Londonderry Port and Harbour Commissioners (LPHC) in 2004, having been on leasehold to the Ministry of Defence (MoD).

In 2010-11 the MoD made an offer to DSD for £3.2 million in exchange for the formal release and legal cancellation of the existing indemnities against the MoD. The Department accepted the offer. While decontamination work was completed in 2019-20, and all retention amounts have now been released, the Department intends to use the remaining monies for further works in order to redevelop the Fort George site.

1.31 Local Government Boundaries Commissioner

By statute, the remuneration and expenses of the Office of the Local Government Boundaries Commissioner are met directly from the Consolidated Fund. These costs are treated as Consolidated Fund Standing Services in the Department's Resource Accounts.

1.32 Northern Ireland Housing Executive

From 1 April 2014, following a review by the Office for National Statistics, the budgetary classification of the NIHE changed from solely being a Public Corporation. As a result, from this date, there are separate budgetary control and reporting requirements for Landlord Services and Regional Services. The Regional Services element is consolidated within these Group accounts.

1.33 Reserves

Individual NDPBs may have differing types of reserves e.g. pension but as these are not judged to be material to the Departmental Group they have been included under the heading of General Fund within these accounts.

1.34 Lottery Accounts

The Arts Council and Sport NI are also distributing bodies of National Lottery funding and so produce both an exchequer and lottery distribution account. The National Lottery is listed as a 'reserved matter' in the Northern Ireland Act 1998, and the Annual Reports and Accounts of the two NI Distributing Bodies are laid in Westminster and not in the Northern Ireland Assembly.

Per DoF and HMT guidance the lottery distribution accounts are not included within the Departmental Group figures.

1.35 Prior Period Adjustment

The disposal of two assets were not reflected in prior year accounts (£0.550 million), this has resulted in the following adjustments:

	2021-22 Original £'000	2021-22 Restated £'000
Note 4 Grants and other current expenditure	4,783,480	4,784,030
Note 6 Property, Plant and Equipment NBV	181,413	180,863

2 Statement of Operating Expenditure by Operating Segment

	Note	2022-23						2021-22 (Restated)					
		SP&PSG £'000	HURLG £'000	ECG £'000	WH&SPG £'000	NDPBs £'000	Total £'000	SP&PSG £'000	HURLG £'000	ECG £'000	WH&SPG £'000	NDPBs £'000	Total £'000
Gross Expenditure		104,831	653,875	78,877	7,463,565	518,897	8,820,045	171,222	754,987	107,874	6,984,597	487,317	8,505,997
Income		(161)	(74,027)	(1,148)	(87,442)	(41,286)	(204,064)	(318)	(64,890)	(1,822)	(83,427)	(39,011)	(189,468)
Net Expenditure	CSocNE	104,670	579,848	77,729	7,376,123	477,611	8,615,981	170,904	690,097	106,052	6,901,170	448,306	8,316,529
Net Assets		(134,214)	295,940	38,518	9,232	145,463	354,939	(188,941)	258,623	27,104	(4,594)	55,480	147,672

2.1 Reconciliation between Operating Segments and SoCNE

	Note	2022-23						2021-22					
		SP&PSG £'000	HURLG £'000	ECG £'000	WH&SPG £'000	NDPBs £'000	Total £'000	SP&PSG £'000	HURLG £'000	ECG £'000	WH&SPG £'000	NDPBs £'000	Total £'000
Total net expenditure reported for operating segments		104,670	579,848	77,729	7,376,123	477,611	8,615,981	170,904	690,097	106,052	6,901,170	448,306	8,316,529
Notional costs		34,330	-	-	-	116	34,446	32,364	-	-	-	91	32,455
Total net expenditure including notionals per the Consolidated Statement of Comprehensive Net Expenditure		139,000	579,848	77,729	7,376,123	477,727	8,650,427	203,268	690,097	106,052	6,901,170	448,397	8,348,984

2 Statement of Operating Expenditure by Operating Segment (continued)

In accordance with IFRS 8: Operating Segments (IFRS 8), the Department has considered the need to analyse its income and expenditure relating to operating segments. The Department's operating costs are analysed into 5 operating segments. The Department does not consider that assets and liabilities can be meaningfully allocated to segments and manages and reports on assets and liabilities as a single block. Therefore, in accordance with IFRS 8, net assets by segment only are reported and not split between assets and liabilities.

Strategic Policy & Professional Services Group (SP&PSG)

Delivering high quality corporate and professional services to the Department for Communities. It plays an important role in creating a well-led, high performing and outcome-focused Department, unified by Our Common Purpose of supporting people, building communities and shaping places.

Housing, Urban Regeneration & Local Government Group (HURLG)

Delivering decent, affordable, sustainable homes and housing support, to tackle area-based deprivation and to create urban centres which help bring divided communities together.

Engaged Communities Group (ECG)

Delivering good policy and services to the voluntary and community sectors, across the culture, arts and leisure functions and in relation to stewardship of the historic environment.

Work & Health and Supporting People Group (WH&SPG)

Focuses on helping people improve their lives by helping them into work, providing support to those who are unable to work and positively working with those people who won't work. The Group also manages the Child Maintenance Service and aspects of welfare delivered through Pensions, Disability & Benefit Security, Fraud and Error Reduction.

2 Statement of Operating Expenditure by Operating Segment (continued)

Non Departmental Public Bodies (NDPBs)

Armagh Observatory & Planetarium
Arts Council Northern Ireland - Exchequer
Charity Commission Northern Ireland
Commissioner for Older People Northern Ireland
Libraries Northern Ireland
Local Government Staff Commission
National Museums Northern Ireland
Northern Ireland Commissioner for Children & Young People
Northern Ireland Housing Executive - Regional Services
Northern Ireland Local Government Officers' Superannuation Committee
Northern Ireland Museums Council
North South Language body
Sport Northern Ireland - Exchequer
Ulster Supported Employment Ltd

Any transactions between the reportable segments are eliminated upon consolidation of the accounts.

The activities of the reportable segments are reported both individually and collectively to senior management.

None of the reportable segments has any reliance on major customers.

3 Other Administration Expenditure

	Note	2022-23		2021-22	
		Core Department	Departmental Group	Core Department	Departmental Group
		£'000	£'000	£'000	£'000
Staff Costs¹:					
Wages and salaries		28,341	28,341	27,387	27,387
Social security costs		3,073	3,073	2,919	2,919
Other pension costs		8,752	8,752	8,511	8,511
Contracted services		9,107	9,107	8,820	8,820
Accommodation costs		847	847	1,206	1,206
Early Departure Costs		52	52	46	46
Travel and subsistence		155	155	84	84
Management consultancy		353	353	457	457
Advertising & publicity		201	201	245	245
Telecom		242	242	250	250
Legal and other professional costs		575	575	681	681
Computer and office running costs		321	321	505	505
Lease Interest Charges		40	40	-	-
Other expenditure		1,394	1,394	1,434	1,434
Non-cash items:					
Depreciation	6	538	538	109	109
Amortisation	7	2	2	2	2
Notional costs:					
Accommodation costs		19,969	19,969	18,142	18,142
Other indirect charges and services		14,050	14,050	13,954	13,954
Auditor's remuneration and expenses	3a	311	311	268	268
Total		88,323	88,323	85,020	85,020

¹ Further analysis of staff costs is located in the Staff Report on page 83.

3a Notional Audit Costs

The non-cash auditors' remuneration for the year represents costs incurred by the Department for the departmental group audit. Details of NDPBs notional audit fees are shown in Note 4c.

	Note	2022-23	2021-22
		£'000	£'000
Core Department		311	268
Core Department Notional Audit Costs		311	268

4 Programme Expenditure

	Note	2022-23		2021-22	
		Core Department	Departmental Group	Core Department	Departmental Group
		£'000	£'000	(Restated) £'000	£'000
Staff Costs¹:					
Wages and salaries		225,311	293,027	207,654	268,590
Social security costs		15,768	21,036	14,880	19,619
Other pension costs		48,676	70,907	46,451	67,805
Grants & other voted expenditure	4a	4,944,885	4,586,777	4,784,030	4,476,976
Non voted benefit expenditure	4b	3,096,764	3,096,764	2,945,935	2,945,935
Social Fund Expenditure		129,570	129,570	49,101	49,101
Statutory maternity, parental, adoption and sick pay		89,100	89,100	86,800	86,800
Supplementary payments		21,516	21,516	27,110	27,110
Discretionary payments		43,097	43,097	21,005	21,005
Contracted services		50,589	53,557	46,888	49,409
Accommodation costs		8,987	16,531	9,848	17,841
Medical adjudication		5,039	5,058	7,680	7,691
Card account		805	805	1,438	1,438
Legal and other professional costs		4,917	5,692	4,505	5,608
Postage		2,204	2,227	1,993	2,010
Travel and subsistence		368	896	298	636
Computer and office running costs		4,145	10,347	2,961	8,832
Library lending stock		-	2,334	-	3,503
Telecommunications		541	744	712	1,004
Printing and stationery		561	955	398	758
Management consultancy		984	1,175	1,324	1,653
Managed Services		1,339	5,987	1,524	6,109
Lease Interest Charges		70	114	-	-
PFI and other service concession arrangements charges		-	393	-	338
Auditors' remuneration and expenses		-	231	-	179
Other programme costs		3,694	285,249	57,945	313,492
Non-cash items:					
Depreciation	6	6,752	18,590	4,657	14,241
Amortisation	7	1,286	2,527	875	1,544
Impairment/Revaluation of programme property, plant and equipment		(1,172)	(417)	230	206
Financial Transactions Capital Funding		4,830	4,830	(11,188)	(11,188)
Discounting/Impairment on loans		(465)	(465)	(3,217)	(3,217)
(Profit)/Loss on disposal of administration property, plant and equipment		350	298	19	61
Movement in programme provisions	17	(35,824)	(35,895)	33,449	33,794
Housing Benefit Owner Occupiers		30,030	30,030	32,121	32,121
GB capital items		(4)	(4)	(7)	(7)
Other non-cash costs		-	116	-	91
Total		8,704,713	8,763,699	8,377,419	8,451,086

¹ Further analysis of staff costs is located in the Staff Report on page 83.

4a Grants & Other Voted Expenditure

	Note	2022-23		2021-22	
		Department	Departmental Group	Department	Departmental Group
		£'000	£'000	£'000	£'000
Grant in Aid to NDPB's		453,856	-	408,022	-
Other grants		184,173	279,951	302,066	403,005
Housing Benefit Rent Rebate funding		144,674	144,674	153,919	153,948
Housing Benefit Rent Allowance funding		262,669	262,669	276,532	276,532
Housing Benefit Rates (tenants) funding		58,035	58,005	61,793	61,793
Discretionary Housing payment		6,436	6,436	4,229	4,229
Disability Living Allowance		403,706	403,706	397,821	397,821
Employment Support Allowance		450,229	450,229	472,311	472,311
Pension Credit		229,962	229,962	229,076	229,076
Attendance Allowance		225,181	225,181	210,745	210,745
Personal Independence Payment		1,188,193	1,188,193	1,029,258	1,029,258
Carers Allowance		182,449	182,449	177,581	177,581
Income Support		67,146	67,146	75,496	75,496
Jobseeker's Allowance		23,007	23,007	27,593	27,593
Industrial injuries benefits		29,250	29,250	29,336	29,336
Universal Credit		1,032,836	1,032,836	914,710	914,710
Other		3,083	3,083	13,542	13,542
Total		4,944,885	4,586,777	4,784,030	4,476,976

4b Non Voted Expenditure

	Note	2022-23		2021-22	
		Department	Departmental Group	Department	Departmental Group
		£'000	£'000	£'000	£'000
State Pension		2,730,295	2,730,295	2,574,762	2,574,762
Employment and Support Allowance		335,234	335,234	332,406	332,406
Bereavement benefits		13,458	13,458	13,776	13,776
Maternity Allowance		11,492	11,492	11,193	11,193
Jobseekers Allowance		2,490	2,490	4,086	4,086
Other		3,795	3,795	9,712	9,712
Total		3,096,764	3,096,764	2,945,935	2,945,935

4c Notional Audit Costs

The non-cash auditors' remuneration for the year represents costs incurred by the Department's NDPBs for the audit of their individual accounts as shown in the breakdown below. Further details for NDPBs can be found in their individual accounts.

	2022-23	2021-22
Note	£'000	£'000
Charity Commision for Northern Ireland	28	26
Libraries Northern Ireland	33	33
Local Government Staff Commission for Northern Ireland	8	-
Sport Northern Ireland	47	32
NDPB Notional Audit Costs	116	91

Please note that other NDPBs are hard charged for their audit costs, and their costs are included in the departmental group figure for audit costs at Note 4.

5 Income

5.1 Revenue from Contracts with Customers

	2022-23 Core Department £'000	Departmental Group £'000	2021-22 Core Department £'000	Departmental Group £'000
Recoveries from DWP	81,217	81,217	69,480	69,480
Total	81,217	81,217	69,480	69,480

This income represents full cost recovery of the Department's costs in relation to the administration and delivery of benefit processing services on behalf of the Department for Work & Pensions. This income is recognised regularly on an "Over Time" basis.

The performance obligation of DfC is the processing, administration and delivery of benefits on behalf of DWP and the Department recognises the full cost of providing these services to DWP on a monthly basis.

The assets/liabilities recognised as a result of this contract are disclosed separately in notes 15 and 16 under the "contract assets/liabilities" heading.

5.2 Other Operating Income

	2022-23 Core Department £'000	Departmental Group £'000	2021-22 Core Department £'000	Departmental Group £'000
Interest Reimbursement from NIHE	13,120	13,120	14,608	14,608
NIHE House Sales	36,249	36,249	20,490	20,490
Housing Association Grant recoverable	13,064	13,064	20,921	20,921
Tax Credit debt	4,365	4,365	12,193	12,193
Refugee project	2,941	2,941	2,784	2,784
Consolidated Fund Extra Receipts	796	796	966	966
2012 Child Maintenance Service	1,024	1,024	979	979
Recreation Income - admission charges	649	877	292	460
Recoveries of secondees' costs	106	130	266	336
EU receipts	6,678	6,766	3,421	3,748
Other	2,506	43,016	3,930	42,333
Total	81,498	122,348	80,850	119,818

6 Property, plant and equipment

	Land £'000	Buildings £'000	Network Assets £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Transport Equipment £'000	Payments on A/c & Assets under Construction £'000	Total £'000
2022-23									
Cost or valuation									
At 1 April 2022	163,402	164,707	63,530	9,288	6,459	26,027	4,390	5,104	442,907
Adjustments to opening balances*	11	20,722	(14)	-	-	(4)	-	-	20,715
Additions	7,855	2,039	571	1,331	48	1,694	267	3,954	17,759
Disposals	(3,095)	(1,468)	(378)	(529)	(207)	(492)	(289)	(149)	(6,607)
Reclassifications**	(2,630)	3,287	-	729	(123)	30	-	(4,306)	(3,013)
Impairments/Impairment Reversal	(1,027)	340	-	33	-	-	-	-	(654)
Revaluations	645	10,335	3,546	381	326	700	228	-	16,161
At 31 March 2023	165,161	199,962	67,255	11,233	6,503	27,955	4,596	4,603	487,268
Depreciation									
At 1 April 2022	276	6,377	8,427	4,903	4,648	16,584	2,829	-	44,044
Adjustments to opening balances	-	-	(8)	-	-	(3)	(3)	-	(14)
Charged in year	158	11,421	4,373	1,318	138	1,265	455	-	19,128
Disposals	-	(1,103)	(378)	(529)	(183)	(490)	(289)	-	(2,972)
Reclassifications	-	-	-	88	(115)	26	-	-	(1)
Impairments/Impairment Reversal	-	24	-	18	-	-	-	-	42
Revaluations	-	(1,587)	437	173	185	236	126	-	(430)
At 31 March 2023	434	15,132	12,851	5,971	4,673	17,618	3,118	-	59,797
Carrying amount at 31 March 2023	164,727	184,830	54,404	5,262	1,830	10,337	1,478	4,603	427,471
Carrying amount at 31 March 2022	163,126	158,330	55,103	4,385	1,811	9,443	1,561	5,104	398,863

* Adjustments to opening balances relates to the the implementation of IFRS 16.

**Reclassification of £2.785 million relates to reclassification of land from the NIHE NDPB to the NIHE Public Corporation, the balance relates to reclassification between PPE and Intangible assets.

6 Property, plant and equipment (continued)

Asset Financing:									
	Land £'000	Buildings £'000	Network Assets £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Transport Equipment £'000	Payments on A/c & Assets under Construction £'000	Total £'000
Owned	90,244	164,486	54,404	5,262	1,830	10,337	1,478	4,603	332,644
Leased	74,483	16,429	-	-	-	-	-	-	90,912
On-Balance Sheet PFI contracts and other service concession arrangements	-	3,915	-	-	-	-	-	-	3,915
Carrying amount at 31 March 2023	164,727	184,830	54,404	5,262	1,830	10,337	1,478	4,603	427,471
Of the total:									
Core Department	75,029	68,661	46,978	1,551	409	4,432	270	1,164	198,494
Other Designated Bodies	89,698	116,169	7,426	3,711	1,421	5,905	1,208	3,439	228,977
Carrying amount at 31 March 2023	164,727	184,830	54,404	5,262	1,830	10,337	1,478	4,603	427,471

6 Property, plant and equipment (continued)

	Land £'000	Buildings £'000	Network Assets £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Transport Equipment £'000	Payments on A/c & Assets under Construction £'000	Total £'000
2021-22(Restated)									
Cost or valuation									
At 1 April 2021	158,582	157,028	60,938	16,405	6,371	22,538	4,171	2,253	428,286
Adjustments to opening balances	(239)	-	-	-	-	42	-	-	(197)
Additions	3,388	1,079	565	1,056	170	2,983	285	4,358	13,884
Disposals (Restated)	(718)	(163)	(52)	(9,294)	(132)	(278)	(238)	(4)	(10,879)
Reclassifications	964	701	-	944	(86)	(56)	-	(1,503)	964
Impairments/Impairment Reversal	(261)	227	-	(33)	-	53	31	-	17
Revaluations	1,686	5,835	2,079	210	136	745	141	-	10,832
At 31 March 2022	163,402	164,707	63,530	9,288	6,459	26,027	4,390	5,104	442,907
Depreciation									
At 1 April 2021	139	1,768	6,089	12,756	4,400	15,058	2,573	-	42,783
Adjustments to opening balances	-	-	-	(1)	-	-	-	-	(1)
Charged in year	2,220	6,480	2,173	1,258	374	1,480	365	-	14,350
Disposals	-	(160)	(6)	(9,275)	(147)	(267)	(217)	-	(10,072)
Reclassifications	-	1	-	114	(67)	(48)	-	-	-
Impairments/Impairment Reversal	-	(12)	-	(12)	-	-	25	-	1
Revaluations	(2,083)	(1,700)	171	63	88	361	83	-	(3,017)
At 31 March 2022	276	6,377	8,427	4,903	4,648	16,584	2,829	-	44,044
Carrying amount at 31 March 2022	163,126	158,330	55,103	4,385	1,811	9,443	1,561	5,104	398,863
Carrying amount at 31 March 2021	158,443	155,260	54,849	3,649	1,971	7,480	1,598	2,253	385,503

6 Property, plant and equipment (continued)

Asset Financing:									
	Land	Buildings	Network Assets	Information Technology	Plant & Machinery	Furniture & Fittings	Transport Equipment	Payments on A/c & Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Owned	162,222	148,751	55,103	4,385	1,811	9,443	1,561	5,104	388,380
Leased	537	5,616	-	-	-	-	-	-	6,153
On-Balance Sheet PFI contracts and other service concession arrangements	367	3,963	-	-	-	-	-	-	4,330
Carrying amount at 31 March 2022	163,126	158,330	55,103	4,385	1,811	9,443	1,561	5,104	398,863
Of the total:									
Core Department	73,426	52,608	45,629	1,855	386	4,144	112	2,703	180,863
Other Designated Bodies	89,700	105,722	9,474	2,530	1,425	5,299	1,449	2,401	218,000
Carrying amount at 31 March 2022	163,126	158,330	55,103	4,385	1,811	9,443	1,561	5,104	398,863

7 Intangible assets

	Information Technology £'000	Other £'000	Total £'000
2022-23			
Cost or valuation			
At 1 April 2022	13,663	840	14,503
Adjustments to opening balances	(1)	-	(1)
Additions	4,866	71	4,937
Disposals	(34)	-	(34)
Reclassifications	226	-	226
Revaluations	1,075	-	1,075
At 31 March 2023	19,795	911	20,706
Amortisation			
At 1 April 2022	4,890	273	5,163
Charged in year	2,439	90	2,529
Disposals	(32)	-	(32)
Reclassifications	1	-	1
Revaluations	449	-	449
At 31 March 2023	7,747	363	8,110
Carrying amount at 31 March 2023	12,048	548	12,596
Carrying amount at 31 March 2022	8,773	567	9,340
Asset Financing:			
	Information Technology £'000	Other £'000	Total £'000
Owned	12,048	548	12,596
Carrying amount at 31 March 2023	12,048	548	12,596
Of the total:			
Core Department	10,009	2	10,011
Other Designated Bodies	2,039	546	2,585
Carrying amount at 31 March 2023	12,048	548	12,596

7 Intangible assets (continued)

	Information Technology £'000	Other £'000	Total £'000
2021-22			
Cost or valuation			
At 1 April 2021	15,036	471	15,507
Adjustments to opening balances	197	-	197
Additions	4,452	369	4,821
Disposals	(6,602)	-	(6,602)
Revaluations	580	-	580
At 31 March 2022	13,663	840	14,503
Amortisation			
At 1 April 2021	9,856	183	10,039
Charged in year	1,456	90	1,546
Disposals	(6,591)	-	(6,591)
Revaluations	169	-	169
Downward Revaluations			
At 31 March 2022	4,890	273	5,163
Carrying amount at 31 March 2022	8,773	567	9,340
Carrying amount at 31 March 2021	5,180	288	5,468
Asset Financing:			
	Information Technology £'000	Other £'000	Total £'000
Owned	8,773	567	9,340
Carrying amount at 31 March 2022	8,773	567	9,340
Of the total:			
Core Department	6,250	2	6,252
Other Designated Bodies	2,523	565	3,088
Carrying amount at 31 March 2022	8,773	567	9,340

8 Heritage Assets

2022-23	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2022	591	38	27,675	28,304
Additions	-	-	951	951
Revaluations	-	-	2,380	2,380
At 31 March 2023	591	38	31,006	31,635
Amortisation				
At 1 April 2022	-	-	-	-
Charged in year	-	-	-	-
At 31 March 2023	-	-	-	-
Carrying amount at 31 March 2023	591	38	31,006	31,635
Carrying amount at 31 March 2022	591	38	27,675	28,304
Asset Financing:				
Owned	591	38	31,006	31,635
Carrying amount at 31 March 2023	591	38	31,006	31,635
The majority of Other Heritage Assets relates to sites within NMNI and Fine Books in LNI.				
Of the total:				
Core Department	591	38	1,527	2,156
Other Designated Bodies	-	-	29,479	29,479
Carrying amount at 31 March 2023	591	38	31,006	31,635

8 Heritage Assets (continued)

2021-22	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2021	591	38	25,905	26,534
Additions	-	-	1,502	1,502
Revaluations	-	-	268	268
Downward Revaluations				
At 31 March 2022	591	38	27,675	28,304
Amortisation				
At 1 April 2021	-	-	-	-
Charged in year	-	-	-	-
At 31 March 2022	-	-	-	-
Carrying amount at 31 March 2022	591	38	27,675	28,304
Carrying amount at 31 March 2021	591	38	25,905	26,534
Asset Financing:				
Owned	591	38	27,675	28,304
Carrying amount at 31 March 2022	591	38	27,675	28,304
Of the total:				
Core Department	591	38	1,209	1,838
Other Designated Bodies	-	-	26,466	26,466
Carrying amount at 31 March 2022	591	38	27,675	28,304

9 Impairments

	2022-23		2021-22		2020-21	
	Core	Departmental	Core	Departmental	Core	Departmental
	Department	Group	Department	Group	Department	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Amount charged to the Statement of Comprehensive Net Expenditure	(64)	691	230	206	9,700	10,777
Amount taken through the revaluation reserve	-	5	(223)	(222)	(9,780)	(9,765)
Total Impairment charge for the year	(64)	696	7	(16)	(80)	1,012

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 risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy 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

The Department manages its exposure to credit risk via credit risk management policies. Credit policies cover exposures generated from benefit overpayment receivables and Social Fund loans and are embedded within regulations governing Social Security benefits.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the Statement of Financial Position. For benefit overpayment receivables and Discretionary and Social Fund loans the exposure to credit risk is the amount of debt or loan not recovered from benefit customers.

For benefit overpayment receivable, Discretionary and Social Fund Loans, the exposure is limited to the extent that the receivable can be recovered from cash recoveries and deductions from benefit payments e.g. from State Pension Benefit and even from the estate on death. Some risk still remains as the level that can be recovered from each benefit payment is restricted to avoid causing hardship, and customers do not always have sufficient funds in their estate to cover the receivable. However, the Department has an active recovery process in place, in order to maximise the amounts recovered.

Liquidity Risk

The Department's resource requirements are financed by resources voted by the Assembly and Parliament. Its capital expenditure is voted by the Assembly only. It is not, therefore, exposed to significant liquidity risks.

The Department has a statutory obligation to issue Discretionary and Social Fund loans and seek repayments in line with legislation. The Department is not permitted to withhold loans on the basis of poor credit rating nor is it able to seek collateral. The Department is therefore exposed to risk that some Discretionary and Social Fund loans will not be repaid.

Interest Rate Risk

Interest rate risk primarily occurs when there are changes in the market interest rates. The Department has discounted the forecast future cash flows for estimated recoveries and write offs for benefit overpayment receivables and Discretionary and Social Fund loans. The discount factor for 2022-23 was 1.9%, (2021-22: 1.9%).

The Department categorises the following account balances to be financial instruments:

(i) Cash and cash equivalents

- Assembly Funding
- NIF receivable
- Cash in Transit

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions which are readily convertible to known amounts of cash and which are subject to insignificant changes in value. It also comprises funding voted by the Northern Ireland Assembly to meet the Department's resource requirements, the NI National Insurance Fund receivable and cash in transit. The NI National Insurance Fund (NIF) receivable represents the balance at the year end of the funding provided to the Department by His Majesty's Revenue and Customs (HMRC) for the payment of contributory benefits.

The fair value for these approximates to the current value stated in the Statement of Financial Position owing to the short maturity of this instrument.

(ii) Loans and Receivables

- Benefit overpayment receivables (including Housing Benefit)
- Discretionary and Social Fund Loans
- NIHE loan receivables
- Housing Association loans
- NICHA FTC Funding
- Local Authority loans
- Get Britain Building loans

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted on an active market and which are not classified as available for sale. Loans and receivables are assessed at the end of each accounting period and reduced, where appropriate to their estimated recoverable amount through making an impairment based on forecast cash and benefit deduction recoveries and write off information. In addition, the Department applies a discount factor to estimate the present value of the cash flows. The discount factor for 2022-23 was 1.9%, (2021-22: 1.9%).

Financial instruments are carried at amortised cost using the effective interest method, with changes in value between 1 April 2022 and 31 March 2023 recognised in the Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

Given the nature of the NIHE, local authority and housing association loan receivables, the reason for their existence and the Department's policy towards them, the fair value is not materially different from the book value.

The amounts included in the 2022-23 accounts are:

	Gross Receivables	Impairment & Discounting Debt	Net Receivables
Statement of Financial Position	£'000	£'000	£'000
<i>Loans & Receivables (amounts falling due less than one year):</i>			
NIHE Loans	12,822	-	12,822
NICHA FTC Funding	5,000	(93)	4,907
Get Britain Building Loans	100	(2)	98
Housing Association Loans	379	-	379
Housing Benefit	5,849	-	5,849
Non-contributory Benefits	22,969	(3,907)	19,062
Discretionary Loans	6,274	(30)	6,244
Contributory Benefits	2,115	(1,743)	372
Salary Overpayments	127	(28)	99
Tax Credit Receivable	10,655	(180)	10,475
Funeral Loans	70	(2,593)	(2,523)
Other Loans	27,054	(767)	26,287
<i>Loans & Receivables (amounts falling due more than one year):</i>			
NIHE Loans	108,277	-	108,277
NICHA FTC Funding	207,250	(38,827)	168,423
Get Britain Building Loans	20,800	(2,864)	17,936
Housing Association Loans	157	-	157
Housing Benefit	11,064	(851)	10,213
Non-contributory Benefits	124,315	(48,712)	75,603
Contributory Benefits	15,043	(5,599)	9,444
Tax Credit Receivable	51,799	(11,360)	40,439
Funeral Loans	6,054	(3,439)	2,615
Other Loans	20,518	(4,456)	16,062
Total	658,691	(125,451)	533,240

(iii) Other Liabilities

- Contractual payables and accruals are non-derivative financial instruments. These amounts are due within one year and have no impairment indicators
- The Department has reviewed all contracts including service level agreements and letters of offer with third parties for any embedded derivatives. The review concluded that any embedded derivatives which exist are outside the scope of IAS 39.

11 Investments and loans in other public sector bodies

	Loans £'000	Total £'000
Balance at 1 April 2021	121,951	121,951
Additions	45,750	45,750
Repayments and Redemptions	(16,511)	(16,511)
Revaluations	17,244	17,244
Impairments	(2,839)	(2,839)
Balance at 31 March 2022	165,595	165,595
Additions	36,250	36,250
Repayments and Redemptions	(4,386)	(4,386)
Revaluations	464	464
Impairments	(4,830)	(4,830)
Balance at 31 March 2023	193,093	193,093

Analysis of investments:

The balance of investments comprises:

Core Department	2023	193,093	193,093
NDPBs	2023	-	-
Core Department	2022	165,595	165,595
NDPBs	2022	-	-

Analysis by period:

	£'000
Not later than one year	5,384
Later than one year and not later than five years	32,509
Later than five years	155,200
Balance at 31 March 2023	193,093

12 Assets classified as held for sale

	Total £'000
Balance at 1 April 2021	760
Revaluations	30
Balance at 31 March 2022	790
Revaluations	-
Balance at 31 March 2023	790
Asset Financing:	
Owned	790
Balance at 31 March 2023	790
Of the total:	
Core Department	790
Other Designated Bodies	-
Balance at 31 March 2023	790

In accordance with the FReM assets which the Department has identified as surplus to requirement and held pending disposal have been written down to their recoverable amount and included as current assets.

Assets held for resale comprise some of the assets falling within the New Town Lands of Antrim, Ballymena and Craigavon and in Belfast and Londonderry. The properties are being offered for sale in anticipation of disposals being confirmed in 2023-24.

13 Inventories

	2022-23		2021-22	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
PRONI	55	55	58	58
Other	28	895	51	748
Total	83	950	109	806

14 Cash and cash equivalents

	2022-23		2021-22		2020-21	
	Core	Departmental	Core	Departmental	Core	Departmental
	Department	Group	Department	Group	Department	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	(273)	25,159	2,431	23,333	(348)	9,013
Net change in cash and cash equivalent balances	(1,372)	(2,061)	(2,704)	1,826	2,779	14,320
Balance at 31 March	(1,645)	23,098	(273)	25,159	2,431	23,333

The following balances at 31 March are held at:

	2022-23		2021-22		2020-21	
	Core	Departmental	Core	Departmental	Core	Departmental
	Department	Group	Department	Group	Department	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Northern Ireland Banking Pool	(1,653)	(1,653)	(301)	(301)	2,396	2,396
Commercial banks and cash in hand	8	24,751	28	25,460	35	20,937
Balance at 31 March	(1,645)	23,098	(273)	25,159	2,431	23,333

14.1 Reconciliation of liabilities arising from financing activities

The Department has two main sources of financing - funding from the Assembly Vote and from the NI National Insurance Fund.

Any liability arising from the Assembly Vote funding is settled with the Department of Finance on an annual basis and so the year end liability shown in Note 16 is the difference between the Assembly drawdown shown in the Statement of Taxpayers Equity and the Net Cash Requirement detailed in SoAS Note 3.

HMRC provides financing to the Department through the NI National Insurance Fund to cover contributory benefit expenditure and the costs incurred by the Department in the administration of these benefits. The funding (on a cash basis) from the NI National Insurance Fund is shown in the SoCITE and the benefit expenditure (calculated on an accruals basis) is shown in Note 4b. The Department maintains several accounts with the NI National Insurance Fund and the balance on these are reflected in Note 15.

As a result of the introduction of IFRS 16 in 2022-23 the Department has recognised a number of lease liabilities. Details of these can be seen in Note 19.

15 Trade receivables and other current assets

(The figures quoted below are net of any impairment or discount. Gross amounts are at Note 10).

15.1 Amounts falling due within one year:

	2022-23		2021-22		2020-21	
	Core	Departmental	Core	Departmental	Core	Departmental
	Department	Group	Department	Group	Department	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Benefit overpayments	19,435	19,435	6,993	6,993	8,412	8,412
Benefit overpayments - Housing Benefit	5,849	5,663	5,145	5,050	6,094	6,094
Benefit prepayments	35,719	35,719	36,953	36,953	50,372	50,372
Social Fund loans	16,291	16,291	22,013	22,013	28,128	28,128
NIHE receivable	12,822	12,822	16,419	16,419	21,873	21,873
Grant repayable by NICHA	4,805	4,805	9,738	9,738	8,510	8,510
NIF receivable	3,613	3,613	11,025	11,025	3,254	3,254
Tax Credit Debts	10,475	10,475	8,089	8,089	5,173	5,173
UC Advances	19,348	19,348	13,316	13,316	14,323	14,323
VAT	4,904	6,312	4,779	6,684	3,828	4,831
EU Receivable	4,514	4,514	3,373	3,373	1,189	1,189
Current part of imputed finance lease element of PFI contracts and other service concession arrangements	-	90	-	90	-	90
Other receivables	13,786	14,394	15,004	16,833	12,093	18,756
Housing Benefit Rent and Rates Prepayment	7,662	7,662	7,251	7,251	7,770	7,770
Prepayments and accrued income	5,172	40,991	5,031	36,522	3,013	30,439
Contract Assets	14,786	14,786	13,726	13,726	14,114	14,114
Total amounts falling due within one year	179,181	216,920	178,855	214,075	188,146	223,328

15 Trade receivables and other current assets (continued)

15.2 Amounts falling due after more than one year:

	2022-23		2021-22		2020-21	
	Core Department	Departmental Group	Core Department	Departmental Group	Core Department	Departmental Group
	£'000	£'000	£'000	£'000	£'000	£'000
Benefit overpayments	85,047	85,047	75,749	75,749	54,815	54,815
Benefit overpayments - Housing Benefit	10,213	10,213	12,598	12,598	13,688	13,688
Social Fund loans	13,012	13,012	17,729	17,729	15,528	15,528
NIHE receivable	108,277	108,277	120,733	120,733	136,737	136,737
Tax Credit Debts	40,439	40,439	26,567	26,567	20,135	20,135
UC Advances	12,370	12,370	14,918	14,918	11,964	11,964
Imputed finance lease element of PFI contracts and other service	-	720	-	779	-	840
Retirement Benefit Obligations	-	3,311	-	-	-	-
North South Language Body Deferred Pension Funding Balance	-	4,126	-	-	-	-
Other receivables	14,507	14,635	12,364	28,176	16,129	37,123
Total amounts falling due after more than one year	283,865	292,150	280,658	297,249	268,996	290,830
Total trade receivables and other current assets	463,046	509,070	459,513	511,324	457,142	514,158

16 Trade payables and other current liabilities

16.1 Amounts falling due within one year:

Note	2022-23		2021-22		2020-21	
	Core Department	Departmental Group	Core Department	Departmental Group	Core Department	Departmental Group
	£'000	£'000	£'000	£'000	£'000	£'000
Other taxation and social security	-	575	-	657	-	673
Bank overdraft	14 1,653	1,653	301	301	-	-
Trade payables:						
- Non-capital	132	2,903	611	2,949	19	2,039
- Capital	-	219	-	1,323	-	1,109
Benefit accruals	177,921	177,921	162,222	162,222	128,932	128,932
Cash In Transit	60,347	60,347	69,177	69,177	99,773	99,773
NIHE payable	12,822	12,822	16,419	16,482	21,873	21,873
NICHA Grant	-	-	-	-	103	103
Vested Land Payable	2,360	2,360	2,960	2,960	3,622	3,622
Current part of imputed lease element of PFI contracts and other service concession arrangements	-	204	-	191	-	182
Current part of leases	2,162	4,626	-	(38)	-	(38)
Other payables	11,102	20,580	9,616	21,391	11,643	18,393
Grants accrual	36,775	144,499	49,669	157,910	39,713	125,115
Housing Benefit accrual	14,284	26,378	17,097	29,173	17,193	29,471
Financial Assistance Scheme accrual	6,676	6,676	6,912	6,912	6,150	6,150
Deferred Grant Income	1,351	1,711	1,371	1,793	1,351	1,825
Other accruals and deferred income	55,325	79,610	50,082	73,453	50,229	72,642
Contract Liabilities	-	-	-	-	-	144
Amounts issued from the Consolidated Fund for supply but not spent at year end	955	955	10,270	10,270	5,070	5,070
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:						
- Received	1,013	1,013	486	486	615	615
- Receivable	1,729	1,729	2,773	2,773	2,921	2,921
Total amounts falling due within one year	386,607	546,781	399,966	560,385	389,207	520,614

16 Trade payables and other current liabilities (continued)

16.2 Amounts falling due after more than one year:

	2022-23		2021-22		2020-21	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'00	Core Department £'000	Departmental Group £'00
NIHE payable	108,277	108,277	120,733	120,733	136,737	136,737
Retirement Benefit Obligations	-	-	-	69,872	-	108,719
North South Language Body Deferred Pension Funding Balance	-	-	-	12,424	-	12,483
Imputed lease element of PFI contracts and other service concession arrangements	-	1,583	-	1,787	-	1,978
Leases	8,666	12,966	-	1,163	-	1,125
Other programme payables	187	18,406	235	21,477	419	20,582
Total amounts falling due after more than one year	117,130	141,232	120,968	227,456	137,156	281,624
Total payables and other current liabilities	503,737	688,013	520,934	787,841	526,363	802,238

17 Provisions for liabilities and charges

	Note	2022-23						2021-22					
		Core Department			Departmental Group			Core Department			Departmental Group		
		Financial	Other	Total	Financial	Other	Total	Financial	Other	Total	Financial	Other	Total
		Assistance	Scheme Programme		Assistance	Scheme Programme		Assistance	Scheme Programme		Assistance	Scheme Programme	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April		174,127	27,735	201,862	174,127	30,842	204,969	156,711	23,511	180,222	156,711	26,706	183,417
Provided in the year	4	(50,127)	13,035	(37,092)	(50,127)	13,028	(37,099)	21,321	11,731	33,052	21,321	12,121	33,442
Provisions not required written back	4	-	(159)	(159)	-	(223)	(223)	-	(2,613)	(2,613)	-	(2,658)	(2,658)
Provisions utilised in the year		(6,676)	(4,894)	(11,570)	(6,676)	(4,994)	(11,670)	(6,912)	(4,897)	(11,809)	(6,912)	(4,917)	(11,829)
Borrowing Costs (Unwinding of discount)	4	1,564	(137)	1,427	1,564	(137)	1,427	3,007	3	3,010	3,007	3	3,010
Other	4	-	-	-	-	-	-	-	-	-	-	(413)	(413)
Balance at 31 March		118,888	35,580	154,468	118,888	38,516	157,404	174,127	27,735	201,862	174,127	30,842	204,969

Analysis of expected timing of discounted flows

	2022-23						2021-22					
	Core Department			Departmental Group			Core Department			Departmental Group		
	Financial	Other	Total	Financial	Other	Total	Financial	Other	Total	Financial	Other	Total
	Assistance	Scheme Programme		Assistance	Scheme Programme		Assistance	Scheme Programme		Assistance	Scheme Programme	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Not later than one year	6,396	25,670	32,066	6,396	26,138	32,534	6,633	18,661	25,294	6,633	20,851	27,484
Later than one year and not later than five years	24,820	8,313	33,133	24,820	9,265	34,085	27,101	7,515	34,616	27,101	7,515	34,616
Later than five years	87,672	1,597	89,269	87,672	3,113	90,785	140,393	1,559	141,952	140,393	2,476	142,869
Balance at 31 March	118,888	35,580	154,468	118,888	38,516	157,404	174,127	27,735	201,862	174,127	30,842	204,969

17 Provisions for liabilities and charges (continued)

Financial Assistance Scheme

The Financial Assistance Scheme provides financial assistance to members of certain occupational pension schemes who have lost part or all of their pensions as a consequence of their scheme ending without having enough money to pay full pensions benefits. The Department for Work and Pensions calculate the provision on behalf of the whole of the UK, including Northern Ireland, using statistical models. As some employees were quite young when their pension scheme ended the Department for Work and Pensions model has forecast payments up until 2100. The provision is calculated using a discount rate of 3.27% for short-term, 3.2% for medium-term and 3.0% for long-term provisions. There is a downwards movement this year due to change in HMT discount rates.

State Pension Underpayment

Throughout the 2022-23 financial year work continued on the State Pension Underpayment correction exercise. The Department is committed to ensuring that anyone who has been underpaid State Pension receives the money to which they are entitled. Correcting these underpayments remains a key priority for the Department. Phase 1 of the exercise was completed in May 2022, with 5,168 cases reviewed and total underpayments of approximately £6.2 million made to customers where arrears were due. Correction activities continue on Phase 2 of the exercise, with £1.7 million paid out in arrears during 2022-23. Phase 2 work will continue throughout the 2023-24 financial year.

The State Pension Provision estimate within the accounts uses the best available data held by the Department at the current time. The estimate calculations relate to complex pensions awards and several assumptions involving the volume of individuals impacted and the associated values. The estimate will continue to be reviewed and refined as further information becomes available.

PIP correction exercise

As a result of Tribunal Judgement impacting Personal Independence Payment (PIP) benefit the Department commenced an Administrative Exercise in September 2021. The Administrative Exercise (AE) will review approximately 25,000 cases to assess eligibility and determine if an underpayment of PIP benefit is due. A provision amount of £11.3 million was included in the 2021-22 DfC resource accounts relating to this exercise.

Activity to review and correct the PIP underpayment cases continued throughout the 2022-23 financial year and a total of approximately £1.5million was paid to customers where arrears were due. It is anticipated this work will continue over the forthcoming financial years. The provision estimate is based on the best available information at this current time and includes assumptions and calculations as to the number of potential PIP cases impacted and the average underpayment arrears award. The estimate continues to be reviewed and refined as further information becomes available, however the estimate is subject to a high level of uncertainty.

18 Contingent liabilities disclosed under IAS 37

The Department has entered into the following contingent liabilities:

Compensation Recovery Unit

The Department recognises recoveries of social security benefits from insurance companies in respect of ongoing compensation claims made by the benefit recipients. Once the recovery of the social security benefit is received by the Department's Compensation Recovery Unit (CRU), the insurance company has the right to appeal within one month. Should the appeal be successful the recovery is refunded to the insurance company. Analysis of historic data suggests it is reasonable to recognise a contingent liability of £0.16 million (2021-22: £0.3 million) for successful appeals from insurance companies.

Potential Changes to Current Benefit Legislation

The Department is aware that there may be changes to current benefit legislation. It is not possible to provide a financial impact or further clarification at this time. The Department maintains close contact with DWP to monitor ongoing developments in this area.

Lease Contracts

The Department is currently seeking advice from DSO with regards to an existing lease contract. It is not possible at this time to establish whether a possible or present obligation exists, nor to reliably measure the possible outflow of resources.

Legal Cases

The Department is aware of ongoing legal cases for example Judicial Reviews and appeals which may lead to possible future obligations. It is not possible to assess the timing, likelihood or amount of any financial settlement of these cases at this time. The Department will continue to monitor the ongoing developments in this area.

18 Contingent liabilities disclosed under IAS 37 (continued)

Home Responsibilities Protection (HRP)

For people reaching State Pension age before 6 April 2010 Home Responsibilities Protection (HRP) reduced the number of qualifying years needed for a basic State Pension where someone stayed at home to care for children for whom they received Child Benefit or a person who was sick or disabled. For people reaching State Pension age since 6 April 2010, previously recorded periods of HRP were converted into National Insurance credits. Errors have occurred where periods of HRP were due but were not accurately recorded on the individual's National Insurance record. State Pension eligibility is calculated based on National Insurance records, so this issue has led to underpayments of State Pension.

In the last year, work has been underway with HM Revenue and Customs and the Department for Work and Pensions in GB to investigate the extent of the problem and the subsequent impact this may have on an individual's State Pension entitlement including those customers resident in Northern Ireland. The HRP underpayment exercise is complex, first requiring the correction of the National Insurance records and then a recalculation to inform the appropriate State Pension entitlement. Assumptions are subject to significant uncertainty, for example, concerning the value of underpayments and the volume of cases that are to be corrected.

It is reasonable to recognise this as a contingent liability and further work is underway to refine assumptions and hypothesis with the final value of underpayments only being confirmed once the exercise has been completed.

While plans are being finalised, the amount of time it will take to correct records is uncertain. Work is underway to determine and agree an appropriate delivery plan however until this is complete, there is an assumption that correction activity will take place over several years. Various factors could impact this assumption, such as resourcing, staff productivity and complexity of cases and these will become clearer once the exercise begins. The Department is committed to correcting records and paying any arrears as quickly as possible, taking into account the vulnerability of the customers impacted.

18 Contingent liabilities disclosed under IAS 37 (continued)

National Insurance Credits

The Department is aware there are a number of Universal Credit claimants who have had the associated National Insurance Credit incorrectly recorded on their National Insurance record. The Department is involved through DWP with HM Revenue and Customs in developing the processes to correct those national Insurance records impacted, including any incorrect State Pension payments that have arisen. Due to the limited number of potential people impacted across the UK, it is anticipated this affects a very limited number of Northern Ireland payments. No reliable estimate is currently available as the appropriate data is being collated.

Charity Commission Northern Ireland

The Department has agreed to meet any costs which the Commission cannot meet from its own resources which are incurred as a result of any claim made against the Commission in respect of decisions taken prior to the High Court Draft Judgement handed down by Madam Justice McBride on 16 May 2019. This will apply to actions taken against the Commission as a whole or any member of staff who acted in good faith on behalf of the Commission. There is an estimated contingent liability of £0.5 million.

Financial Guarantees, Indemnities and Letter of Comfort

The Department has entered into the following quantifiable indemnities. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39. Managing Public Money Northern Ireland requires that the full potential costs of such contracts be reported to the Assembly.

18 Contingent liabilities disclosed under IAS 37 (continued)

Statutory Guarantees

The Department has entered into a Guarantee Agreement with the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) in respect of the Governors of the Armagh Observatory and Planetarium, Arts Council of Northern Ireland, Sports Council of Northern Ireland and the Northern Ireland Library Authority. The Department has guaranteed any and all obligations in respect of pension liabilities if any of these NDPBs ceases to exist or is otherwise unable to discharge its liabilities under the Local Government Pension Scheme Regulations (Northern Ireland) 2002.

Statutory Indemnities

Indemnities to cover local museums borrowing objects for exhibitions to the value of £0.56 million at 31 March 2023.

Redevelopment Area Purchases

At 31 March 2023, a contingent liability of £0.7million (2022: £0.7million) exists for a small number of outstanding claims which have not been received for redevelopment land previously vested and owned by the Housing Executive.

19 Leases including PFI Contracts

IFRS 16 Leases replaces IAS 17 Leases and is implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. The modified retrospective approach was applied on transition and therefore comparative information is not restated.

Comparative information is provided for information at 19.5.

19.1 Quantitative disclosures around right-of-use assets

Consolidated		2022-23		
		Buildings £'000	Other £'000	Total £'000
Right-of-use assets under IFRS 16				
As at 1 April	2022	20,722	11	20,733
Additions		319	-	319
Depreciation Expense		(4,612)	-	(4,612)
As at 31 March	2023	16,429	11	16,440

19.2 Quantitative disclosures around lease liabilities

The value of the lease liability that was brought on to the SoFP at 1 April 2022 was £20.4 million.

Maturity Analysis		2022-23	
		Core Department £'000	Departmental Group £'000
Buildings:			
Not later than one year		2,247	5,076
Later than one year and not later than five years		6,534	10,642
Later than five years		2,367	3,137
Total		11,148	18,855
Less interest element		(327)	(645)
Present Value of obligations		10,821	18,210
Other:			
Not later than one year		5	45
Later than one year and not later than five years		2	162
Later than five years		-	38,040
Total		7	38,247
Less interest element		-	(37,078)
Present Value of obligations		7	1,169
Total Present Value of obligations		10,828	19,379

19 Leases including PFI Contracts (continued)

19.3 Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure

	2022-23 Core Department £'000	Departmental Group £'000
Variable lease payments not included in lease liabilities	-	-
Sub-leasing income	-	-
Expense related to short-term leases	15	15
Expense related to low-value asset leases (excluding short-term leases)	-	8
Total	15	23

19.4 Quantitative disclosures around cash outflow for leases

	2022-23 Core Department £'000	Departmental Group £'000
Capital Element of lease payment	2,171	4,579
Interest Element of lease payment	110	296
Total Cash Outflow for lease	2,281	4,875

19.5 Prior Year Leases per IAS17

	2021-22 Core Department £'000	Departmental Group £'000
Buildings:		
Not later than one year	2,277	3,120
Later than one year and not later than five years	8,528	10,427
Later than five years	2,761	5,274
Total	13,566	18,821
Other:		
Not later than one year	22	102
Later than one year and not later than five years	12	259
Later than five years	-	38,080
	<u>34</u>	<u>38,441</u>
Less interest element	-	(37,613)
Total	34	828
Total Present Value of obligations	13,600	19,649

19 Leases including PFI Contracts (continued)

19.6 Commitments Under PFI Contracts and other service concession arrangement contracts

Libraries NI had one PFI contract in operation during the period under review, relating to Lisburn City Library, which was on-SoFP under IFRIC 12.

During the year under review Libraries NI entered into a service concession contract for the supply of a managed ICT service for an initial period of seven years commencing 1 October 2022, with option to extend for three years to 30 September 2032.

On 11 November 2021, Libraries NI entered into a contract to become users of the Public Sector Shared Network Contract (PSSN). The PSSN is a contract between DoF NI and BT for the provision of network services to the public sector in Northern Ireland. The contract will provide Libraries NI with network and related services until 30 September 2028.

	2022-23		2021-22	
	Core Department	Departmental Group	Core Department	Departmental Group (Restated)
	£'000	£'000	£'000	£'000
Present value of obligations comprise:				
Buildings:				
Not later than one year	-	284	-	276
Later than one year and not later than five years	-	1,109	-	1,085
Later than five years	-	859	-	1,167
Total	-	2,252	-	2,528
Less interest element	-	(226)	-	(102)
Present Value of obligations	-	2,026	-	2,426
Services due within one year	-	292	-	248
Services due later than one year and not later than five years	-	1,322	-	1,120
Services due later than five years	-	1,191	-	1,333
Total	-	2,805	-	2,701
Total present value of obligations	-	4,831	-	5,127

Prior year restated in accordance with IFRS 16.

19 Leases including PFI Contracts (continued)

19.7 Charge to the Statement of Comprehensive Net Expenditure and Future Commitments in relation to PFI Contracts and other service concession arrangement contracts

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-SoFP PFI and other service concession arrangements transactions was £4.773 million (2021-22 £4.268 million) and the payments to which Libraries NI is committed were as follows:

	2022-23		2021-22	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Not later than one year	-	4,069	-	2,896
Later than one year and not later than five years	-	18,415	-	3,756
Later than five years	-	10,534	-	2,821
Total present value of Obligations	-	33,018	-	9,473

20 Capital and other commitments

20.1 Capital commitments

	2022-23		2021-22		2020-21	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements:						
Other	250	3,319	-	1,737	1,136	2,104
Total	250	3,319	-	1,737	1,136	2,104

20.2 Other Financial Commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) for the services outlined below.

The payments to which the Department is committed are as follows:

	2022-23		2021-22		2020-21	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Not later than one year	42,338	43,013	39,951	43,521	38,699	40,297
Later than one year and not later than five years	1,113	7,782	10,596	10,596	26,382	26,382
Later than five years	1,590	1,691	1,628	1,628	1,627	1,627
Total	45,041	52,486	52,175	55,745	66,708	68,306

	Core Department £'000	Departmental Group £'000
Included within Other Financial Commitments are:		
Personal Independence Payment (PIP) / Capita Contra	19,495	19,495
Medical Support Services (MSS)	11,892	11,892
Standard Service Business Allocation	9,535	9,535
PRONI Specialist Storage	2,940	2,940
Landlord Registration Database	216	216
Other	963	8,408
Total	45,041	52,486

21 Government grant commitments

	2022-23		2021-22		2020-21	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Government grant commitments at 31 March for which no provision has been made:						
Implementation of Regional Stadium Development Programme	51,173	51,173	51,400	51,400	51,648	51,648
Other	21,325	178,072	33,070	148,290	32,413	151,649
Total	72,498	229,245	84,470	199,690	84,061	203,297

22 Retirement Benefit Obligations

This note details the Retirement Benefit Obligations of those bodies within the Departmental Group that do not belong to the Northern Ireland Civil Service Pension Schemes.

Further details about the NICS Schemes can be found at the website www.finance-ni.gov.uk/landing-pages/civil-service-pensions-ni.

The disclosures below relate to the funded liabilities within the following Funds:

Northern Ireland Local Government Officers' Pension Fund (the "Fund")

The following NDPB's belong to the Fund:

- Arts Council (NI)
- Libraries (NI)
- Armagh Observatory and Planetarium
- NIHE
- NILGOSC
- Sport (NI)
- Local Government Staff Commission

Other Schemes

USEL - delivers a dual pension provision with both a Defined Benefit scheme and a Defined Contribution scheme operated by NOW Pensions.

North/South Language body - operates a defined benefit pension scheme which is funded annually on a "pay as you go" basis from monies available to it. The scheme is administered by an external administrator.

More details on the individual NDPB's pensions and actuarial assumptions can be found in their individual annual report and accounts.

22 Retirement Benefit Obligations (continued)

Analysis of total pension liability recognised in the Consolidated Statement of Financial Position

	2022-23 £'000 Total
Opening Fair Value of Employer Assets	496,640
Employer Contributions	8,071
Members Contributions	2,467
Unfunded Benefits Paid	(537)
Benefits Paid from Plan	(14,706)
Other Operating Income and Interest Income of Assets	1,457
Other Finance Income	10,917
Actuarial Movement	(63,682)
North South Language Body Deferred Pension Funding	
Balance	(4,126)
Closing Fair Value of Employer Assets	436,501
Opening Defined Benefit Obligation	(578,936)
Current Service Cost	(17,111)
Members Contributions	(2,467)
Unfunded Benefits Paid	537
Benefits Paid from Plan	14,902
Past Service Cost	(19)
Interest Expense	(2,362)
Finance Expense	(13,246)
Actuarial Movement	170,187
North South Language Body other movement	(549)
Closing Defined Benefit Obligation	(429,064)
Net Asset	7,437

22 Retirement Benefit Obligations (continued)

	2021-22 £'000 Total
Opening Fair Value of Employer Assets	454,157
Employer Contributions	8,036
Members Contributions	2,338
Unfunded Benefits Paid	(312)
Expected return on plan assets	-
Benefits Paid from Plan	(13,159)
Other Operating Income	961
Other Finance Income	8,364
Actuarial movement	23,831
North South Language Body Deferred Pension Funding	
Balance	12,424
Closing Fair Value of Employer Assets	496,640
Opening Defined Benefit Obligation	(587,842)
Current Service Cost	(17,155)
Members Contributions	(2,338)
Unfunded Benefits Paid	312
Benefits Paid from Plan	13,371
Past Service Cost	-
Interest Expense	(1,895)
Finance Expense	(10,573)
Actuarial movement	26,758
North South Language Body other movement	426
Closing Defined Benefit Obligation	(578,936)
Net Liability	(82,296)
Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure	
	2022-23 £'000 Total
Operating Cost Expense/(Income)	9,188
Finance Expense/(Income)	2,329
Actuarial (Gain)/Loss	(106,505)
North South Language Body adjustment to deferred pension funding	5,255
Pension expense recognised in CSoCNE	(89,733)
	2021-22 £'000 Total
Operating Cost Expense/(Income)	9,306
Finance Expense/(Income)	2,209
Actuarial (Gain)/Loss	(50,589)
North South Language Body adjustment to deferred pension funding	168
Pension expense recognised in CSoCNE	(38,906)

23 Related-party transactions

The Department for Communities sponsors those bodies listed in Note 26. All these bodies are regarded as related parties with which the Department has had material transactions during the year.

In addition, the Department has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Department for Work and Pensions GB and the Northern Ireland Housing Executive.

No Minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year.

24 Payment Accuracy

This note provides detail on the area of Payment Accuracy (benefit fraud and error), and the relevant estimated amounts of overpayments and underpayments across all Department for Communities benefits and Housing Benefit.

Department for Communities ('the Department')

Social Security legislation lays out the basis on which the Department calculates and pays benefits. However, the complexity of the benefit systems and inherent risks associated with the award and payment of benefits can result in inaccurate payments being made in a proportion of the awards made. The Department has well developed mechanisms in place to tackle incorrectness and measure results. The focus is on the prevention, detection, and correction of fraud and error, with investigation and prosecution where appropriate. Further information on the range and detail of the Department's counter fraud and error activities is set out in Part B - Strategy to Reduce Fraud and Error.

During the calendar year 2022 the Department continued its regular monitoring and measurement of the levels of fraud and error. The figures are calculated on a rolling annual basis and the figures do not vary significantly between quarters. The calendar year figures are processed and produced by March of the following year, to facilitate production and publication of the Department's accounts. This calendar year approach to measurement has been in place for many years. Essentially this involves two main activities:

(i) Financial Accuracy Monitoring

(ii) Benefit Reviews

An estimate of total fraud and error is derived by combining the results from Financial Accuracy Monitoring, which provides a measure of Official Error, with results from the Benefit Reviews which provide a measure of Customer Fraud and Customer Error.

The tables in this section show estimates for Customer Fraud, Customer Error and Official Error in terms of overpayments and underpayments. For clarity tables have also been included within the 2022 Payment Accuracy note to show the totals of estimated overpayments and underpayments for the previous calendar year.

Notes to the Tables for Official Error, Customer Error and Customer Fraud

Roundings: In tables throughout the report figures may have been calculated to more decimal places than shown and have been rounded for presentational purposes. This means where a breakdown of a total is given the rounded individual parts may not sum to the rounded total.

Confidence Intervals around the statistical estimates provided in the tables. The Department reviews a sample of claims; this is a sampling approach as it would be impractical to assess every case, and therefore requires a level of statistical certainty to underpin the estimates. This level of certainty is quantified with **confidence intervals** or tolerances within which the central estimates are produced. These give the range in which the Department has a **confidence level** of 95%. This means the Department can be 95% certain the true value lies between each of the estimates presented. The results still maintain a 95% confidence level. Each of the following tables shows the central monetary value of error (MVE) and the MVE as a percentage of expenditure. The associated 'range' or 'lower' and 'upper' confidence intervals are also provided. The figures also account for additional uncertainty that has been introduced into the overall estimates by the introduction of data from previous years.

While central estimates can be summed across each individual benefit to produce a "total" central estimate, the same cannot be done with confidence intervals. Due to the statistical methodology used, the upper and lower confidence limits presented in the tables in this report will not sum to the confidence limits around the "total" estimates.

Estimating Unreviewed Benefits

During 2022, the Department measured fraud and error within the following benefits:

- Universal Credit
- Housing Benefit – Tenants (NIHE)
- Housing Benefit – Owner Occupier (LPS)
- Carers Allowance
- Employment Support Allowance
- State Pension Credit
- State Pension
- Personal Independence Payments (Financial Accuracy only. No Benefit Review completed in 2022)

For other benefits which are no longer measured, estimates have been calculated using the results of historical exercises.

For benefits which have never been measured, proxy measures are assigned using current or historical estimates for other benefits.

Table 1 shows the unreviewed benefits and the benefits used to provide an estimate for these benefits. These are known as Proxy Benefits as they provide an approximate estimate for the unreviewed benefits.

Table 2 shows the individual elements of the Other Expenditure element and the benefits used to provide an estimate for these elements. The Proxy Benefits used are in line with the Department for Work and Pensions (DWP).

Table 1: Unreviewed Benefits and Their Proxy Measures

Benefit	Financial Accuracy Period/Proxy	Benefit Review Period/Proxy
Attendance Allowance	Jan 14 – Dec 14	DLA (2008) Proxy
Widows Benefit	Jan 12 – Dec 12	JSA (2019) Proxy
Bereavement Benefit	Jan 14 – Dec 14	JSA (2019) Proxy
Maternity Allowance	Jan 14 – Dec 14	ESA (2022) Proxy
Industrial Injuries Disablement Benefit	Jan 14 – Dec 14	DLA (2008) Proxy
Christmas Bonus (Contributory)	Overall Results ²	Overall Results ²

Table 2: Other Expenditure Elements and Their Proxy Measures

Other Expenditure Item	Financial Accuracy Proxy	Benefit Review Proxy
Christmas Bonus (Non-contributory)	Overall Results ²	Overall Results ²
Retirement Pension (Non-contributory)	State Pension (2022)	State Pension (2022)
Job Grant	JSA (2019)	JSA (2019)
Severe Disablement Allowance	ESA (2022)	ESA (2022)
Winter Fuel Payments	State Pension (2022)	State Pension (2022)
Cold Weather Payments	JSA (2019)	JSA (2019)

²The “overall” proxy measure is based on a combination of all benefits, excluding Housing Benefit and Social Fund.

Table 3: Social Fund Fraud and Error Proxies (Benefit Review)

Social Fund expenditure encompasses Budgeting Loans, Funeral Payments and Maternity Grants and the underlying customer group for these benefits is quite varied and diverse, and not exclusively, or even primarily, working age jobseekers. To provide a better reflection of fraud and error rates within Social Fund expenditure, the Department therefore uses different proxies for the different customer groups and this breakdown is shown in Table 3.

Table 3: Proxy Measures per Customer Group

Customer Group	Proxy Measure	Benefit Review Period
Pensioners	SPC	Jan 22 – Dec 22
Unemployed	JSA	Jan 19 – Dec 19
Disabled	DLA	Jan 08 – Dec 08
Lone Parent	IS	Jan 12 – Dec 12
Others	Overall*	Jan 22 – Dec 22

Social Security Benefits

Official Error: The official error estimates for Employment Support Allowance, State Pension Credit, State Pension, Carer's Allowance, Personal Independence Payments, and Universal Credit in 2022 are based on the results of the Department's Financial Accuracy Exercises completed in 2022. These are the same benefits reviewed for Official Error in 2021.

Estimates for unreviewed benefits are derived from proxy exercises as detailed in the tables above.

Customer Error and Customer Fraud: Customer Fraud and Customer Error are measured by a Benefit Review Exercise. In 2022, Benefit Reviews were carried out on Employment Support Allowance, State Pension Credit, State Pension, Carer's Allowance, and Universal Credit. These are the same benefits subject to Benefit Review as in 2021 with the addition of State Pension, reviewed for the first time since 2009.

Estimates for benefits not subject to Benefit Review in 2022 are derived from proxy exercise as detailed in the tables above.

Benefit Expenditure: In summary the expenditure stated for 2022 includes expenditure on 18 benefits, a total of £6,832million, plus an amount of £135.1million on other benefit expenditure in year. Total annual expenditure is £6,968million.

Within the overall benefit expenditure totals in the tables below other benefit expenditure for the calendar year 2022 includes Retirement Pension £5.8million, Severe Disablement Allowance £3.5million, Winter Fuel Payments £121.7million, Christmas Bonus (Non-contributory) £1.9million, and Cold Weather Payments £2.2million.

Accounting Adjustments: The expenditure for Incapacity Benefit is £0, but separate accounting adjustments related to the benefit has resulted in an expenditure figure in the Tables below. The expenditure figure reflects the annual adjustments required to account for Incapacity Benefit debt balances including the Fair Value accounting adjustments for this debt.

Deemed Errors: A deemed error arises for a number of reasons, including where a check has been left outstanding awaiting retrieval of a missing case paper or requiring further information / evidence / documentation from the customer or the business unit. At times benefit branches may have to gather renewed evidence as the original documentation is no longer held. In some cases however it is impractical or disproportionate to gather or restore sufficient levels of evidence required to satisfy the check – for example where original papers are dating back some years, or where new system requirements or information retention rules mean papers are no longer kept. Rather than assuming as incorrect and potentially overstating the level of error, and equally to assume as correct and potentially understating the level of error, the Department has excluded such cases from the figures (reporting year 2019 onwards) to ensure the estimates are as accurate as possible with the removal of uncertainty.

Housing Benefit

1. For Tenants

2. For owner occupiers

1. Housing Benefit – for tenants: is administered by the Northern Ireland Housing

Executive on behalf of the Department. From 2009 Housing Benefit monitoring and review processes are consistent with the measurement approach adopted for all other social security benefits. The Financial Accuracy Exercise measures Official Error and Benefit Review measures Customer Fraud and Customer Error. The results provide estimates of fraud and error in Housing Benefit for tenants. The 2022 benefit expenditure on Housing Benefit for tenants was £474.8million.

It is estimated there was a total amount of approximately £12.0million overpaid through fraud and error in Housing Benefit for tenants for the year 2022. This represents approximately 2.5% of the related expenditure for the calendar year, of which £9.5million (2.0%) is Customer Fraud, £1.2million (0.3%) is Customer Error and £1.3million (0.3%) is Official Error. The overall percentage has decreased from 3.3% in 2021 to 2.5% in 2022.

2022 Official Error estimates for Housing Benefit for tenants are based on the results of Financial Accuracy Exercise in 2022. Customer Error and Customer Fraud estimates for Housing Benefit for tenants are based on the results of Benefit Review in 2022.

2. Housing Benefit – for owner occupiers: by legislation this benefit is administered by the Department of Finance (DoF).

Operationally, this function is carried out by the Land & Property Services, part of the DoF. Housing Benefit for owner occupiers has been included in the Resource Accounts of the Department from 2006-07. The 2022 benefit expenditure on Housing Benefit for owner occupiers was £30.3million.

It is estimated there was a total amount of approximately £3.5million overpaid through fraud and error in Housing Benefit for owner occupiers for the year 2022. This represents approximately 11.5% of the related expenditure for the financial year, of which £2.1million (6.8%) is Customer Fraud, £0.8million (2.5%) is Customer Error and £0.6million (2.1%) is Official Error. The overall percentage has increased from 10.0% in 2021 to 11.5% in 2022.

2022 Official Error estimates for Housing Benefit for owner occupiers are based on the results of Financial Accuracy Exercise in 2022. Customer Error and Customer Fraud estimates for Housing Benefit for owner occupiers are based on the results of Benefit Review in 2022.

Total Departmental Benefit Expenditure (all social security benefits including Housing Benefit)

Total Departmental benefit expenditure has increased from £7,133 million in 2021, to £7,473 million in 2022.

A: Overpayments

Benefit Overpayments

The table below shows the Department's total estimates of benefit overpayments for the last 2 years, 2022 and 2021 (all social security benefits including Housing Benefit).

Estimates of benefit overpayments for 2022 and 2021

2022	Expenditure £	Monetary Value of Error £	Lower Confidence Interval £	Upper Confidence Interval £	Monetary Value of Error as % Of expenditure	Lower Confidence Interval	Upper Confidence Interval
Official Error	7,472,637,596	24,662,027	18,175,144	32,619,293	0.3%	0.2%	0.4%
Customer Error	7,472,637,596	29,958,815	24,122,251	36,772,889	0.4%	0.3%	0.5%
Customer Fraud	7,472,637,596	119,430,029	97,532,395	143,422,761	1.6%	1.3%	1.9%
Total Overpayments¹	7,472,637,596	174,050,870	150,478,609	200,231,033	2.3%	2.0%	2.7%

2021	Expenditure £	Monetary Value of Error £	Lower Confidence Interval £	Upper Confidence Interval £	Monetary Value of Error as % Of expenditure	Lower Confidence Interval	Upper Confidence Interval
Official Error	7,133,497,762	37,121,598	27,818,656	48,103,946	0.5%	0.4%	0.7%
Customer Error	7,133,497,762	36,046,352	28,267,440	45,462,464	0.5%	0.4%	0.6%
Customer Fraud	7,133,497,762	138,359,040	113,865,310	164,657,900	1.9%	1.6%	2.3%
Total Overpayments¹	7,133,497,762	211,526,991	184,195,707	241,542,072	3.0%	2.6%	3.4%

¹ Confidence intervals for each individual benefit are calculated using a bootstrapping technique. The confidence interval for the overall figure is calculated using the sum of squares method of combining the confidence intervals from all the individual samples. The central estimates sum because they are an estimate of a true value. If we knew this true value for each benefit, it is logical that summing it over all individual benefits would equal the overall total. The confidence intervals are a measure of uncertainty around these values. When we combine the individual benefits, a new interval needs to be created around this summed estimate. Summing the old confidence limits does not work because it focuses on the absolute value of the limits rather than the uncertainty around the central estimates that they represent. The sum of squares method is a way of combining this uncertainty across samples.

The Department estimates approximately £174.1million overpaid through fraud and error in social security benefits (including Housing Benefit) for 2022. This represents approximately 2.3% of the total benefit expenditure, including housing benefit, for 2022, of which £119.4million (1.6%) is Customer Fraud, £30.0million (0.4%) is Customer Error and £24.7million (0.3%) is Official Error.

The comparative estimate for 2021 is approximately £211.5million was overpaid through fraud and error in social security benefits (including Housing Benefit). This represents approximately 3.0% of the total benefit expenditure, including housing benefit, for 2021, of which £138.4 million (1.9%) is Customer Fraud, £36.0 million (0.5%) is Customer Error and £37.1 million (0.5%) is Official Error.

Social Security Benefits (Excluding Housing Benefit): From the total £174.1million overpayments, the 2022 estimate for overpayment through fraud and error which is attributable to social security benefits (excluding Housing Benefit) is £158.6m. This

represents approximately 2.3% of the total social security benefit expenditure for 2022, of which £107.9million (1.5%) is Customer Fraud, £28.0million (0.4%) is Customer Error and £22.8million (0.3%) is Official Error. In summary, loss in 2022 decreased from 2.9% of expenditure to 2.3%.

A detailed breakdown of the total overpayment amount for 2022 of £174.1million, which includes Housing Benefit, is disclosed in the following tables. The tables are produced to depict the individual totals arising from the three main elements of benefit overpayments, i.e. Official Error, Customer Error and Customer Fraud. In addition, tables are also included at Part C that disclose the estimated amount of underpayments that have arisen from both Official and Customer Error in 2022.

Official Error - Overpayments

Official Error occurs where benefit awards are miscalculated as a result of an official not applying the benefit specific rules correctly or not taking into account all the circumstances applicable to an individual. The table below sets out the estimate of Official Error in 2022.

Estimates of Official Error overpayments across all benefits in 2022

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Interval (£)	Upper Confidence Interval (£)	Monetary Value of Error (%)	Lower Confidence Interval (%)	Upper Confidence Interval (%)
Disability Living Allowance	401,608,704	525,449	-	2,258,060	0.1%	0.0%	0.6%
Employment and Support Allowance	785,572,163	2,869,379	726,449	5,753,000	0.4%	0.1%	0.7%
Income Support	68,562,396	415,764	-	1,207,422	0.6%	0.0%	1.8%
Jobseeker's Allowance	26,640,431	273,235	-	681,757	1.0%	0.0%	2.6%
State Pension	2,687,718,372	2,703,643	1,143,529	4,732,095	0.1%	0.0%	0.2%
Pension Credit	228,771,360	1,084,732	319,778	2,096,157	0.5%	0.1%	0.9%
Attendance Allowance	220,402,504	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	12,456,074	38,560	-	174,675	0.3%	0.0%	1.4%
Carer's Allowance	181,455,871	-	-	969,387	0.0%	0.0%	0.5%
Industrial Injuries Disablement Benefit	29,586,453	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,486,629	-	-	-	0.0%	0.0%	0.0%
Social Fund	34,779,295	206,642	17,269	455,121	0.6%	0.0%	1.3%
Widow's Benefit	543,740	1,387	-	4,386	0.3%	0.0%	0.8%
Personal Independence Payments	1,146,821,526	2,213,995	505,820	4,508,430	0.2%	0.0%	0.4%
Universal Credit	992,494,651	12,246,745	6,889,160	18,306,814	1.2%	0.7%	1.8%
Other Expenditure (Non-NIF)	135,104,759	169,674	21,262	362,062	0.1%	0.0%	0.3%
Christmas Bonus (Contributory Only)	3,583,183	11,799	8,429	15,891	0.3%	0.2%	0.4%
Incapacity Benefit	(19,169)	-	-	-	-	-	-
Social Security Benefits	6,967,568,943	22,761,004	-	-	0.3%	-	-
Housing Benefit Tenants (NIHE)	474,778,355	1,254,385	206,180	2,961,077	0.3%	0.0%	0.6%
Housing Benefit Owner Occupier (LPS)	30,290,298	646,637	357,920	979,771	2.1%	1.2%	3.2%
Total ¹	7,472,637,596	24,662,027	18,175,144	32,619,293	0.3%	0.2%	0.4%

¹ See Note 1

Customer Error - Overpayments

Customer error occurs where there has been a failure by the customer to notify a reportable change that affects the benefit in payment but there is no suspicion of fraud / fraudulent intent. The table below sets out the estimate of Customer Error overpayments in 2022.

Estimates of customer error overpayments across all benefits in 2022

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Interval (£)	Upper Confidence Interval (£)	Monetary Value of Error (%)	Lower Confidence Interval (%)	Upper Confidence Interval (%)
Disability Living Allowance	401,608,704	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	785,572,163	5,236,452	2,530,975	8,558,011	0.7%	0.3%	1.1%
Income Support	68,562,396	300,725	-	735,060	0.4%	0.0%	1.1%
Jobseeker's Allowance	26,640,431	24,342	-	98,832	0.1%	0.0%	0.4%
State Pension	2,687,718,372	-	-	-	0.0%	0.0%	0.0%
Pension Credit	228,771,360	8,602,387	6,240,629	11,387,619	3.8%	2.7%	5.0%
Attendance Allowance	220,402,504	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	12,456,074	11,381	-	63,625	0.1%	0.0%	0.5%
Carer's Allowance	181,455,871	6,006,743	3,351,202	8,718,805	3.3%	1.8%	4.8%
Industrial Injuries Disablement Benefit	29,586,453	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,486,629	76,567	-	173,703	0.7%	0.0%	1.5%
Social Fund	34,779,295	106,557	-	547,886	0.3%	0.0%	1.6%
Widow's Benefit	543,740	497	-	2,777	0.1%	0.0%	0.5%
Personal Independence Payments	1,146,821,526	-	-	-	0.0%	0.0%	0.0%
Universal Credit	992,494,651	7,546,634	3,901,827	11,897,731	0.8%	0.4%	1.2%
Other Expenditure (Non-NIF)	135,104,759	33,290	8,057	64,737	0.0%	0.0%	0.0%
Christmas Bonus (Contributory Only)	3,583,183	14,665	11,618	18,214	0.4%	0.3%	0.5%
Incapacity Benefit	(19,169)	-	-	-	-	-	-
Social Security Benefits	6,967,568,943	27,960,240	-	-	0.4%	-	-

Housing Benefit Tenants (NIHE)	474,778,355	1,227,233	485,487	2,126,175	0.3%	0.1%	0.4%
Housing Benefit Owner Occupier (LPS)	30,290,298	771,340	442,603	1,150,518	2.5%	1.5%	3.8%
Total ¹	7,472,637,596	29,958,815	24,122,251	36,772,889	0.4%	0.3%	0.5%

¹ See Note 1

Customer Fraud – overpayments

Customer Fraud occurs where the basic conditions of entitlement have not been met, where the customer could reasonably be expected to be aware of the effect on entitlement to benefit and the customer has deliberately not reported relevant information. The table below sets out the estimate of Customer Fraud in 2022.

Estimates of customer fraud overpayments across all benefits in 2022

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Interval (£)	Upper Confidence Interval (£)	Monetary Value of Error (%)	Lower Confidence Interval (%)	Upper Confidence Interval (%)
Disability Living Allowance	401,608,704	-	-	-	0.0%	0.0%	0.6%
Employment and Support Allowance	785,572,163	7,925,764	3,785,777	12,997,973	1.0%	0.5%	1.7%
Income Support	68,562,396	499,428	-	1,238,993	0.7%	0.0%	1.8%
Jobseeker's Allowance	26,640,431	1,222,394	292,985	2,292,218	4.6%	1.1%	8.6%
State Pension	2,687,718,372	-	-	-	0.0%	0.0%	0.0%
Pension Credit	228,771,360	7,601,453	4,819,335	10,725,944	3.3%	2.1%	4.7%
Attendance Allowance	220,402,504	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	12,456,074	571,546	-	1,321,861	4.6%	0.0%	10.6%
Carer's Allowance	181,455,871	3,023,684	1,334,295	5,051,078	1.7%	0.7%	2.8%
Industrial Injuries Disablement Benefit	29,586,453	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,486,629	115,890	-	264,222	1.0%	0.0%	2.3%
Social Fund	34,779,295	517,180	-	1,270,166	1.5%	0.0%	3.7%
Widow's Benefit	543,740	24,949	-	57,703	4.6%	0.0%	10.6%
Personal Independence Payments	1,146,821,526	-	-	-	0.0%	0.0%	0.0%
Universal Credit	992,494,651	86,137,045	65,385,885	108,660,085	8.7%	6.6%	10.9%
Other Expenditure (Non-NIF)	135,104,759	164,948	45,057	303,827	0.1%	0.0%	0.2%
Christmas Bonus (Contributory Only)	3,583,183	56,496	45,184	68,855	1.6%	1.3%	1.9%
Incapacity Benefit	(19,169)	-	-	-	-	-	-
Social Security Benefits	6,967,568,943	107,860,777	-	-	1.5%	-	-
Housing Benefit Tenants (NIHE)	474,778,355	9,516,758	5,187,137	14,570,608	2.0%	1.1%	3.1%
Housing Benefit Owner Occupier (LPS)	30,290,298	2,052,493	1,501,556	2,651,224	6.8%	5.0%	8.8%
Total ¹	7,472,637,596	119,430,029	97,532,395	143,422,761	1.6%	1.3%	1.9%

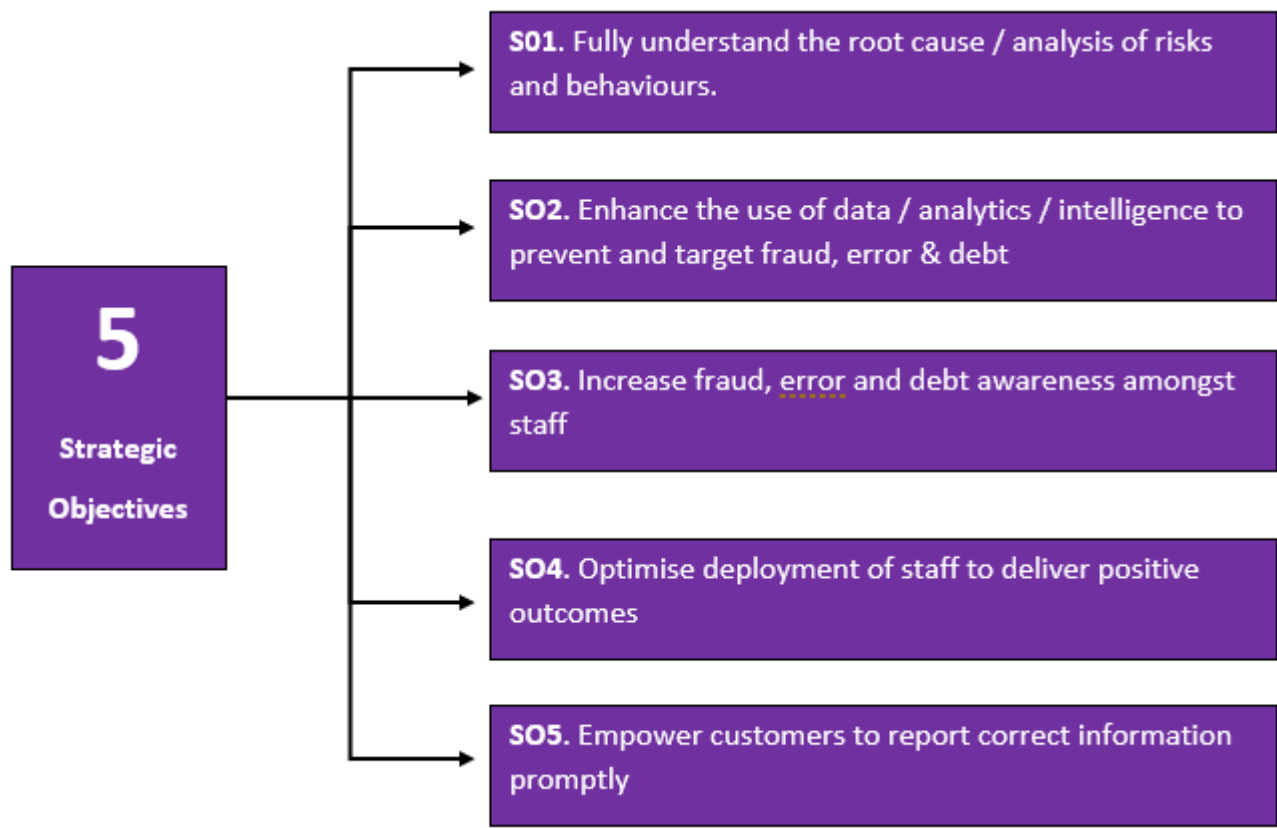
¹ See Note 1

B: Strategy to Reduce Social Security Benefit Fraud and Error

The Department for Communities administers an annual benefit expenditure of almost £7.5billion and while the vast majority of these payments are correct, a small percentage are subject to fraud and error, leading to benefit over and underpayments for customers and putting pressure on the public purse. The Department's Benefit Security Division takes the lead in driving activity to minimise fraud and error. The Benefit Fraud, Error and Debt Strategy 2021 – 2024 outlines at a high level the work undertaken to achieve this. The Strategy recognises what we currently do well whilst remaining aware of areas in which we need to respond in a rapidly changing environment.

After three years of rising loss, the tide has started to turn as total overpayments now stand at 2.3% of total expenditure, or £174.1million in monetary terms. The biggest influence for this Strategy is the move from legacy benefits to Universal Credit which is influenced by a number of factors including customer behaviour. The vast majority of Universal Credit claimants will self-serve online, offering opportunities to make the customer journey easier and deploy analytical methods to identify system vulnerabilities and remove the potential for some fraud and error. This is important as technical capabilities for data sharing and analytics are evolving quickly, both ours and those who seek to defraud us.

The Strategy sets out five objectives designed to minimise loss to the public purse. Our aim is to prevent fraud and error from occurring where we can and, if we are unable to, detect it early and take corrective action. Throughout the lifespan of this Strategy we will achieve this aim through the delivery of the five strategic objectives.



Work to review and refresh the Strategy in preparation for a new three year term from April 2024, will commence in late 2023.

Benefit Security Division

Bringing together all Counter Fraud & Error activities, the Department's Benefit Security Division was established in April 2018. The structure was aimed at creating a cohesive organisation to focus on emerging risks such as digital benefits.

Benefit Security Board

The Department's counter-fraud activities are overseen by the Benefit Security Board. This Board's membership comprises a wide selection of internal stakeholders and guides the Department's priorities to address the areas of highest risk. Ultimately responsible to the Departmental Management Board, they share the wider Departmental aim of providing assurance of effective counter fraud and error activities. Mitigating the losses from fraud and error is one of the Department's key priorities.

Official Error Activities

For 2022, overall financial accuracy excluding Housing Benefit was 99.3%. Benefit Security Division's Error Reduction Division allocates funds to the Department's Error Reduction Teams located in the regions and central benefits dedicated to performing checking on cases which, through statistical analysis are considered to be at the greatest risk of error. This work aims to reduce staff error and ensure strong levels of accuracy. Funding is allocated on the basis of risk and takes into consideration the monetary value of error in each benefit alongside factors such as the deployment of resources and priorities within the Department.

Improving financial accuracy is as much about detecting and correcting underpayments as it is about overpayments. Addressing overpayments and underpayments is key to error reduction activity. During 2022-23, this amounted to over 23,000 actions, leading to the adjustment of benefit in 4,158 cases, with a total monetary value of almost £20.7million.

Benefit Security Division's Standards Assurance Unit (SAU) measure and report the levels of fraud and error in benefits to influence the direction to be undertaken to combat fraud and error.

The Department is committed to the reduction of staff error and has a wide range of control mechanisms built into benefit administration to ensure high levels of financial accuracy. These mechanisms include extensive training and consolidation; the application of benchmark standards for staff; a programme of regular checks and controls to prevent potential incorrectness; and the measurement and reporting on Department performance within this area.

Customer Fraud and Error

Using information from diverse sources, Benefit Security Division identifies and focuses on areas of greatest risk. Cases are managed through a number of risk-based approaches –

case intervention, customer compliance, and criminal fraud investigation, to detect and correct fraud and error and apply penalties where appropriate to deter further abuse.

Criminal Investigation: During 2022-23, 1,925 fraud investigations were undertaken leading to 77 penalties, formal cautions, or convictions. In 2022-23 the monetary value of adjustments arising from the discovery of fraud was estimated to be £9.1million.

Customer Compliance: Interviews have continued to generate very positive outcomes in the correction and prevention of customer error. During 2022-23, Customer Compliance Officers within Benefit Security Division carried out 3,361 Compliance Interviews resulting in changes in 42% of cases and led to £12.4million in benefit adjustments. This in turn freed up investigators to focus on high risk fraud cases and to maximise results from criminal investigations.

Case Intervention Centres aim to remove error from the benefits system by carrying out targeted checks on Universal Credit and Employment Support Allowance cases, using HMRC real time earnings and high-risk scans.

Case Cleansing Centres activity in 2022-23 led to monetary value of adjustments totalling £8.1million, examining just over 17,000 cases. This includes work carried out by the NI Housing Executive and State Pension Credit; they use HMRC real time earnings data to target Housing Benefit and State Pension Credit respectively.

Financial Investigation Unit: For higher value fraud convictions, Benefit Security Division's Financial Investigation Unit (FIU) use powers granted under the Proceeds of Crime Act 2002 to recover monies. The table below presents the results of the FIU for 1 April 2022 to 31 March 2023.

	2022-23 £'000's
Confiscation order recoveries	76
Voluntary payments	23
Total recovery	99

Real Time Information Initiatives

The Department directs resources towards the Real Time Information matching systems that utilise real time HM Revenue & Customs information in respect of earnings and non-state pension income. This referral source is a vital tool in the Department's drive for continual improvement in the levels of customer fraud and error.

Verify Earnings and Pensions (VEP) is used within State Pension Credit and Housing Benefit. This provides the Department with the ability to detect undeclared earnings or non-state pension income at the point of claim and ensure the claim is correct before it is put into payment. This process is well embedded into the business to help reducing the amount of fraud and error entering the benefit system.

Future Benefit Security Division Initiatives

The Department continues to explore new initiatives to strengthen counter fraud and error activities and maintain readiness for future risks. These include:

- **Universal Credit** – The caseload for Universal Credit increased significantly during the pandemic and will continue to increase as customers move to Universal Credit. The system design and operational policies and processes continue to be reviewed to design out or reduce the risks of fraud and error. We are working closely with DWP to identify and report back on emerging fraud and error risks, to inform changes to close IT system gaps.

- **Intervention Activity** – A Universal Credit Intervention team is in place to carry out high volumes of case reviews. The team carries out targeted activity to identify and correct cases on known and emerging fraud & error risks using data matching scans. In addition, existing Case Intervention teams will continue to undertake high volumes of end to end reviews on legacy benefits identified through Her Majesty's Revenue & Customs Real Time Information System. This activity detects low risk customer error and corrects at the earliest opportunity and plays a key role in supporting the legacy benefit move to Universal Credit and help to ensure claim accuracy from the outset.
- **Counter Fraud and Error Management System** – As the current IT software used to manage all Customer Fraud & Error activity comes to the end of its lifespan, Benefit Security Division will work closely with DWP to ensure the replacement system meets the needs of the business going forward. The Counter Fraud and Error Management System will allow the intelligent routing of cases to the appropriate work strand.
- **National Insurance Number (NINO) Transformation** – We are aware of the significant contribution a strong gateway has in terms of fraud prevention. We continue to work with DWP and Home Office to transform NINO allocation.
- **Optimum Use of Resources** – Align resources to risk with a greater shift to early claim interventions and prevent activity. This will bring less reliance on public referrals and lengthy investigations by using more data insight led activity.
- **Data Analytics** – Use data matching to identify high risk cases and uncover fraud and error that may have previously been undetected. Use analytical tools to identify patterns and trends and allocate resources to tackle accordingly.

C: Underpayments

Benefit Underpayments

The table below shows the Department's total estimates of benefit underpayments for the last two years, 2022 and 2021 (all social security benefits including Housing Benefit).

Overall, the figure for estimated amounts of underpayments is £54.1million, or 0.7% of expenditure in 2022 compared to £52.9million (0.7%) in 2021.

Estimates of underpayments across all benefits for 2022 and 2021

2022	Expenditure £	Monetary Value of Error £	Lower Confidence Interval £	Upper Confidence Interval £	Monetary Value of Error as % of expenditure	Lower Confidence Interval	Upper Confidence Interval
Official Error	7,472,637,596	29,965,539	22,220,181	39,856,909	0.4%	0.3%	0.5%
Customer Error	7,472,637,596	23,434,870	15,891,103	34,427,012	0.3%	0.2%	0.5%
Customer Fraud	7,472,637,596	681,022	-	2,090,927	0.0%	0.0%	0.0%
Total Underpayments¹	7,472,637,596	54,081,430	43,248,020	68,935,865	0.7%	0.6%	0.9%

2021	Expenditure £	Monetary Value of Error £	Lower Confidence Interval £	Upper Confidence Interval £	Monetary Value of Error as % of expenditure	Lower Confidence Interval	Upper Confidence Interval
Official Error	7,133,497,762	27,088,371	20,273,975	36,114,783	0.4%	0.3%	0.5%
Customer Error	7,133,497,762	25,781,183	14,676,645	42,396,195	0.4%	0.2%	0.6%
Customer Fraud	7,133,497,762	-	-	-	-	-	-
Total Underpayments¹	7,133,497,762	52,869,555	39,840,865	71,778,143	0.7%	0.6%	1.0%

¹ See Note 1

The Department monitors and estimates the level of underpayments arising from Official and Customer Error. Identifying those cases not receiving their full entitlement and correcting benefit payments is an integral part of the Department’s strategy.

Official Error – Underpayments

The table below sets out the estimate of benefit underpayments due to Official Error in 2022.

Estimates of official error underpayments across all benefits in 2022

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Interval (£)	Upper Confidence Interval (£)	Monetary Value of Error (%)	Lower Confidence Interval (%)	Upper Confidence Interval (%)
Disability Living Allowance	401,608,704	163,620	-	832,333	0.0%	0.0%	0.2%
Employment and Support Allowance	785,572,163	5,221,581	1,234,752	10,451,561	0.7%	0.2%	1.3%
Income Support	68,562,396	147,558	-	564,575	0.2%	0.0%	0.8%
Jobseeker's Allowance	26,640,431	309,369	-	789,723	1.2%	0.0%	3.0%
State Pension	2,687,718,372	6,558,844	2,432,807	11,714,219	0.2%	0.1%	0.4%
Pension Credit	228,771,360	2,155,391	324,855	4,740,597	0.9%	0.1%	2.1%
Attendance Allowance	220,402,504	435,793	-	2,245,641	0.2%	0.0%	1.0%
Bereavement Benefit	12,456,074	42,363	-	179,781	0.3%	0.0%	1.4%
Carer's Allowance	181,455,871	-	-	-	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	29,586,453	61,746	-	338,251	0.2%	0.0%	1.1%
Maternity Allowance	11,486,629	22,109	-	90,964	0.2%	0.0%	0.8%
Social Fund	34,779,295	77,913	-	374,509	0.2%	0.0%	1.1%
Widow's Benefit	543,740	9,832	-	33,147	1.8%	0.0%	6.1%
Personal Independence Payments	1,146,821,526	7,476,338	3,579,388	12,154,329	0.7%	0.3%	1.1%
Universal Credit	992,494,651	6,055,412	3,399,788	9,293,835	0.6%	0.3%	0.9%
Other Expenditure (Non-NIF)	135,104,759	367,889	-	841,401	0.3%	0.0%	0.6%
Christmas Bonus (Contributory Only)	3,583,183	15,115	11,043	20,315	0.4%	0.3%	0.6%
Incapacity Benefit	(19,169)	-	-	-	-	-	-
Social Security Benefits	6,967,568,943	29,120,873	-	-	0.4%	-	-
Housing Benefit Tenants (NIHE)	474,778,355	706,153	257,949	1,246,765	0.1%	0.1%	0.3%
Housing Benefit Owner Occupier (LPS)	30,290,298	138,513	25,651	286,488	0.5%	0.1%	0.9%
Total ¹	7,472,637,596	29,965,539	22,220,181	39,856,909	0.4%	0.3%	0.5%

¹ See Note 1

Customer Error - Underpayments

The table below sets out the estimate of benefit underpayments due to Customer Error in 2022.

Estimates of customer error underpayments across all benefits in 2022

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Interval (£)	Upper Confidence Interval (£)	Monetary Value of Error (%)	Lower Confidence Interval (%)	Upper Confidence Interval (%)
Disability Living Allowance	401,608,704	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	785,572,163	5,699,992	2,549,965	9,459,775	0.7%	0.3%	1.2%
Income Support	68,562,396	49,103	-	253,117	0.1%	0.0%	0.4%
Jobseeker's Allowance	26,640,431	109,640	-	389,106	0.4%	0.0%	1.5%
State Pension	2,687,718,372	2,059,222	-	6,284,124	0.1%	0.0%	0.2%
Pension Credit	228,771,360	3,920,829	1,717,325	6,655,723	1.7%	0.8%	2.9%
Attendance Allowance	220,402,504	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	12,456,074	51,263	-	247,265	0.4%	0.0%	2.0%
Carer's Allowance	181,455,871	-	-	-	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	29,586,453	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,486,629	83,345	-	193,296	0.7%	0.0%	1.7%
Social Fund	34,779,295	74,568	19,365	470,428	0.2%	0.1%	1.4%
Widow's Benefit	543,740	2,238	-	10,794	0.4%	0.0%	2.0%
Personal Independence Payments	1,146,821,526	2,474,183	-	10,305,641	0.2%	0.0%	0.9%
Universal Credit	992,494,651	7,353,782	3,803,611	11,630,578	0.7%	0.4%	1.2%
Other Expenditure (Non-NIF)	135,104,759	138,397	-	524,518	0.1%	0.0%	0.4%
Christmas Bonus (Contributory Only)	3,583,183	11,499	7,546	17,259	0.3%	0.2%	0.5%
Incapacity Benefit	(19,169)	-	-	-	-	-	-
Social Security Benefits	6,967,568,943	22,028,062	-	-	0.3%	-	-

Housing Benefit Tenants (NIHE)	474,778,355	1,368,965	540,462	2,490,796	0.3%	0.1%	0.5%
Housing Benefit Owner Occupier (LPS)	30,290,298	37,843	2,513	104,443	0.1%	0.0%	0.3%
Total ¹	7,472,637,596	23,434,870	15,891,103	34,427,012	0.3%	0.2%	0.5%

¹ See Note 1

A case of Customer Fraud underpayment was found in the Universal Credit sample and the results have been included in the summary tables above but are not shown in a separate table. Fraud underpayments can be recorded on Living Together cases, where the claimant commits fraud because they do not declare their partner has moved in with them. Although this causes an underpayment for the individual, the circumstances of the partner (for example, their income) can cause overpayments for the claim as a whole, which results in an overall overpayment.

D: Disability Living Allowance (DLA) - 'Change in Customers' Circumstances' cases

The 2006 DLA Benefit Review identified cases where the change in customers' needs had been so gradual that it would have been unreasonable to expect the customer to know at which point their entitlement to DLA might have changed. These cases do not result in a recoverable overpayment as the Department cannot quantify or define when the customer's change occurred. Under the specific terms of benefit legislation (to establish a recoverable overpayment) it is necessary for the Department to prove that entitlement to DLA is incorrect. Cases in this sub-category are therefore technically and legally correct but are reassessed after review activity. (For further clarification on this issue see regulation 7(2)(c)(ii) of the Social Security and Child Support (Decisions and Appeals) Regulations (Northern Ireland) 1999 (S.R. 1999 No. 162); regulation 7(2)(c)(ii) was substituted by regulation 2(5) of S.R. 1999 No. 267).

The difference between what claimants in these 'change in customers' circumstances' cases are receiving in excess of DLA entitlement and what they would potentially receive if their

benefit was reassessed was estimated to be around £38.0 million, 5.7% of DLA expenditure in 2008. Since there was no DLA Benefit Review in 2022, the 2022 estimate for DLA 'change in customer circumstances' overpayments is estimated by applying the 2008 percentage. The 2022 estimate is £22.8million, 5.7% of expenditure. These figures are not included in the total figures in the respective tables above.

The difference between what claimants in the DLA 'change in customers' circumstances' cases are receiving below their DLA entitlement and what they would potentially have been due to receive if their benefit was reassessed was estimated to be £19.4 million, 2.9% of expenditure in 2008. Since there was no DLA Benefit Review in 2022, the 2022 estimate for DLA 'change in customers' circumstances' underpayments is estimated by applying the 2008 percentage. The 2022 estimate is £11.6million, 2.9% of expenditure. These figures are not included in the total figures in the respective tables above.

E: Personal Independence Payments (PIP) - 'Change in Customers' Circumstances' cases

A decision on the award of PIP made on the ground of a change of circumstances takes effect on the date on which the relevant change of circumstances occurs or is expected to occur. This does not apply, however where a customer could not reasonably be expected to know at which point their entitlement to PIP might have changed. These cases do not result in a recoverable overpayment as the Department cannot quantify or define when the customer's change occurred.

Under the specific terms of benefit legislation (to establish a recoverable overpayment) it is necessary for the Department to prove that entitlement to PIP is incorrect. Cases in this sub-category are therefore technically and legally correct but are reassessed after review activity. This is in line with the DWP approach and similar to the methodology previously used for DLA. Note that due to differences in legislation, a “gradual change in customer circumstances” underpayment can exist for Disability Living Allowance but cannot exist for Personal Independence Payment.

For further clarification on this issue see The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Decisions and Appeals) Regulations (Northern Ireland) 2016 (S.R. No 221) Schedule 1, Part 2.

Since there was no PIP Benefit Review in 2022, the difference between what claimants in these 'change in customers' circumstances' cases are receiving in excess of PIP entitlement and what they would potentially receive if their benefit was reassessed was estimated by applying the 2019 percentage. The 2022 estimate is £27.8million or 2.4% of expenditure. These figures are not included in the total figures in the respective tables above.

Most PIP awards are for fixed terms with a review point built in; this provides the Department with a regular opportunity to reassess a customer's circumstances and reduce the accumulation of over and under payments in these cases.

25 Third Party Assets

The Child Maintenance Service operates a Client Funds Account to control the receipt of child maintenance and fees from non-resident parents and parents with care. Child maintenance and fees are collected and paid over respectively to persons with care or to the Department (maintenance and fees). These are not Departmental assets and are not included in the Statement of Financial Position.

The Client Funds Account is attached to these accounts at Annex A.

The Department administers a Central Investment Fund for Charities into which Northern Ireland charities invest funds and a Charitable Donations and Bequests Fund. These are not departmental funds and are not consolidated within the departmental accounts. Dividends are paid twice yearly by the Department. The value of the Fund at 31 March 2023 was £57.7 million.

26 Entities within the departmental boundary

The entities within the boundary during 2022-23 were as follows:

Non-Departmental Public Bodies

Organisation	Acronym	Website
Armagh Observatory & Planetarium	AOP	www.armagh.space
Arts Council Northern Ireland – Exchequer	ACNI	www.artscouncil-ni.org
Charity Commission Northern Ireland	CCNI	www.charitycommissionni.org.uk
Commissioner for Older People Northern Ireland	COPNI	www.copni.org
Libraries Northern Ireland	LNI	www.librariesni.org.uk
Local Government Staff Commission	LGSC	www.lgsc.org.uk
National Museums Northern Ireland	NMNI	www.nationalmuseumsni.org
Northern Ireland Commissioner for Children & Young People	NICCY	www.niccy.org
Northern Ireland Housing Executive - Regional Services	NIHE	MyHousingExecutive (nihe.gov.uk)
Northern Ireland Local Government Officers' Superannuation Committee	NILGOSC	www.nilgosc.org.uk
Northern Ireland Museums Council	NIMC	www.nimc.co.uk
North South Language body	NS Language Body	www.northsouthministerialcouncil.org
Sport Northern Ireland – Exchequer	SNI	www.sportni.net
Ulster Supported Employment Ltd	USEL	www.usel.co.uk

26 Entities within the departmental boundary (continued)

Independent Statutory Bodies

Office of the Discretionary Support Commissioner

Advisory Non-Departmental Public Bodies

Historic Building Council

Historic Monuments Council (HMC)

Charities Advisory Committee

Ministerial Advisory Group on Architecture and Built Environment (MAG)

Other Entities

Local Government Boundaries Commissioner

Rent Assessment Panel

27 Events after the Reporting Period

There were no adjusting events between the end of the reporting period and the date the financial statements were authorised for issue.

The Accounting Officer authorised the issue of these financial statements on 5 July 2023.

Report of the Comptroller and Auditor General

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

Introduction

1. The Department for Communities (the Department) is responsible for housing, urban regeneration, community development, social security and child maintenance. The annual gross expenditure for the Department is £8.8 billion, of which approximately £7.5 billion is spent on benefits.
2. This Report reviews the results of my 2022-23 audit of the Department's accounts and sets out:
 - the reasons and context for my qualified regularity audit opinion in relation to the material level of estimated fraud and error in benefit expenditure; and
 - a high-level comparison of fraud and error rates with Great Britain.

Qualification of the Comptroller and Auditor General's audit opinion on the regularity of benefit expenditure (excluding State Pension)

3. **I have qualified my opinion on the regularity of the Department's financial statements due to the material level of estimated fraud and error in benefit expenditure**, except for expenditure on State Pension where the estimate is significantly lower.
4. I am required under the Government Resources and Accounts Act (Northern Ireland) 2001 to report my opinion as to whether the financial statements give a true and fair view and on the regularity of expenditure. That is, whether in all material respects, the expenditure has been applied to the purposes intended by the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them.
5. Legislation specifies the entitlement criteria for each benefit, and the method to be used to calculate the amount to be paid. Where fraud or error results in the payment

of a benefit to an individual who is not entitled to that benefit; or a benefit is paid at a rate that differs from the amount specified in legislation, the over or under payment does not conform to the Assembly's intention and is irregular.

6. In my opinion, the estimated value of overpayments and underpayments due to fraud and error in benefits, other than State Pension, remains material and the qualification of my audit opinion reflects this. The Department's accounts have been qualified for a number of years due to material levels of overpayments and underpayments in benefit expenditure. The nature and reasons for these levels of fraud and error vary every year.

Measuring fraud and error

7. Benefit payments are susceptible to intentional error by claimants (customer fraud) and, also to unintended error by claimants (customer error) and the Department (official error). The Department is reliant on claimants' accurate and timely notification of changes of circumstances and the complexity of benefits can cause confusion and genuine error, especially for those with means-tested entitlements.
8. The Department selects random samples from the total benefit caseload to test their financial accuracy and provide a measure of official error and conducts benefit reviews that provide a measure of customer fraud and error. The Department estimates total fraud and error, set out in Note 24 to the accounts, by combining the results from these reviews. The fraud and error figures that are quoted are statistically determined central estimates (or mid-points) within a range. I am satisfied that the scope of this range is not material. We have reviewed and tested the Department's methodology for estimating fraud and error.
9. To facilitate the timetable for the production of the accounts, the Department's testing of financial accuracy is reported on a rolling 12-month basis, not on a financial year basis. I am satisfied that this approach is reasonable and that the results produced are a reliable estimate of the total fraud and error in the benefits' system.

10. Note 24 to the Accounts sets out which benefits were measured for financial accuracy and subject to benefit review this year. The level of fraud and error for the remaining benefits has been estimated using either the results of previous financial accuracy or benefit review exercises or by proxy values.
11. I had noted in the past that benefit reviews, which estimate customer fraud and error, for both Disability Living Allowance (DLA) and State Pension had not been completed since 2008 and 2009 respectively. I welcome the fact that State Pension has now been included in the 2022 benefit review exercises. I also acknowledge that DLA for working-age claimants is continuing to reduce as it is replaced by Personal Independence Payments. However, the absence of complete up-to-date information on fraud and error rates in a large benefit creates a risk that the Department is not targeting its activities to reduce fraud and error effectively.
12. I noted last year that a number of pensioners had contacted the Department for Work and Pensions (DWP) in January 2020 to confirm the accuracy of their State Pension. In August 2020, DWP confirmed there was a significant issue and estimated that it had underpaid 134,000 pensioners over £1 billion, an average of £8,900 each. DWP's review of all possibly affected cases is ongoing and since July 2020 the Department has been working with it to identify claimants, potentially underpaid in Northern Ireland. So far, nearly 6,000 cases have been reviewed and £7.9 million in arrears has been paid out to NI claimants.

The estimated level of fraud and error in benefit expenditure

13. Fraud and error levels in State Pension benefit expenditure of £2.7 billion (2021-22: £2.6 billion) remain at an immaterial level, estimated at 0.1 per cent of expenditure for both over and underpayments. As a result, I continue to exclude State Pension expenditure from my qualified opinion on the accounts.
14. **Table 1** shows the overpayment and underpayment rates as a percentage of calendar year benefit expenditure since 2018. These are the total overpayment and underpayment rates which are included in note 24. They include State Pension

benefit over and underpayments and customer error and customer fraud underpayments, which C&AG has excluded from her qualified opinion. The overpayment rate has gone up over the last five years, going from 1.5 per cent in 2018 to reach 3 per cent last year before falling back to 2.3 per cent of total benefit expenditure in the current year. The percentage of underpayments due to official error has remained fairly static, over time.

Table 1: Trends in over and underpayments due to estimated fraud and error as a percentage of relevant benefit expenditure for the last 5 years

	2018	2019	2020	2021	2022
Overpayments due to:	£m	£m	£m	£m	£m
Calendar year spend	6,108.9	6,354.5	6,819.0	7,133.5	7,472.6
Customer Fraud	56.2	65.2	99.5	138.4	119.4
Customer Error	13.0	23.1	32.3	36.0	30.0
Official Error	23.1	36.1	36.0	37.1	24.7
Total overpayments	92.3	124.4	167.8	211.5	174.1
	%	%	%	%	%
Overpayments as a percentage of the benefit expenditure	1.5	2.0	2.5	3.0	2.3
Underpayments due to:					
	£m	£m	£m	£m	£m
Customer Fraud	nil	nil	nil	nil	0.7
Customer Error	17.8	21.4	23.2	25.8	23.4
Official Error	30.5	35.3	34.2	27.1	30.0
Total Underpayments					
	48.3	56.7	57.4	52.9	54.1
	%	%	%	%	%
Underpayments as a percentage of the benefit expenditure	0.8	0.9	0.8	0.7	0.7

Source: Department for Communities Resource Accounts 2018-19 – 2022-23

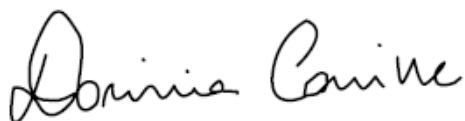
15. The level of fraud and error this year in overpayments is estimated by the Department to be £174.1million compared to £211.5million in 21-22, a drop of £37.4million. Of this:
- £12.4million related to a decrease in official error (0.2 percent of benefit expenditure).
 - £6.0million to a decrease in customer error (0.1 percent of benefit expenditure).
 - Customer fraud decreased by £19million (0.3% percent of benefit expenditure).
16. The Department told me that the decrease in the overpayment fraud and error is partly due to a reduction in Universal Credit (UC) overpayment official error of £2.9 million and customer fraud overpayments of £15.6 million. The decrease in the UC fraud overpayments is due to a combination of measures designed to reduce fraud and error such as system enhancements, verification of customer information and targeted checking. The level of underpayments in UC due to official error has risen slightly due to a small number of errors relating to additional payments for customers found to have limited capability for work. A UC Case Review pilot is currently underway and this will identify both overpayments and underpayments, helping to minimise debt and pay people their full entitlement.
17. The Department has highlighted, in note 24, a number of initiatives to reduce fraud and error in social security benefits, including UC, and I asked what its strategy is for reducing fraud and error and what the barriers are in achieving this. The Department told me that although the reduction in fraud and error is welcome, it recognises that ongoing effort is needed to maintain this reduction. It continues to enhance its understanding of the root causes of fraud and error within the benefit system with emphasis on detecting it early in the customer journey. It told me it has targeted plans in place to tackle those areas it has assessed as highest risk. The Department's Fraud, Error and Debt Strategy outlines the measures used to minimise loss by preventing fraud and error from occurring or detecting it as early as possible during the life of a claim. The Department's Benefit Security Division takes the lead in driving activity to minimise fraud and error and undertakes a range of counter fraud activities including criminal investigations for the most serious frauds. This work complements the risk-based activity carried out by individual benefit branches.

18. As a digital benefit, the fraud and error picture within UC remains challenging and is influenced by a number of factors for example, customer behaviour, both opportunistic and organised fraudulent activity. Ongoing system development and enhanced checking activity of UC claims will be some of the additional measures adopted to reduce fraud and error. Close engagement with DWP continues to ensure the Department is fully sighted on the longer-term strategy for Universal Credit fraud & error.
19. The Department emphasised that its ability to keep pace with the significant financial investment secured by the Department of Work and Pensions to increase capacity to tackle fraud and error and target risk is being hampered by the current budget pressures faced by the Department.

Estimated fraud and error in Northern Ireland and Great Britain – high level comparison

20. Looking at comparable figures in GB (taken from May 2023 DWP National Statistics), including State Pension, fraud and error rates remain lower in Northern Ireland. Overpayment error rates in GB have decreased from 4 per cent in 2021-22 to 3.6 per cent this year. In Northern Ireland, the corresponding overpayment error rate has decreased from 3 per cent to 2.3 per cent. Underpayment rates for official error have remained static at 0.4 per cent in Northern Ireland, between 2022 and 2023. This is slightly lower than GB's rate of 0.5 per cent.

21. Whilst I welcome the downward movement in the value of fraud and error this year, I will continue to keep the matter under consideration as the levels are still considerably higher than a few years ago.

A handwritten signature in black ink, reading 'Dorinnia Carville'. The script is cursive and fluid, with the first name 'Dorinnia' starting with a large 'D' and the last name 'Carville' starting with a large 'C'.

Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 IEU
5 July 2023

ANNEX A

Child Maintenance Service (CMS) Client Funds Account 2022–23

Management Commentary

1.1 Major Reforms

The Child Maintenance Service (CMS) is part of the Department for Communities (the Department); the CMS promotes the financial responsibility parents have for their children, providing information and advice about the different child maintenance options available to parents and administers the Statutory Child Maintenance Scheme in NI.

The CMS is responsible for the management of Client Funds relating to the 2012 Statutory Child Maintenance Scheme operated by the CMS. This scheme supports children by collecting money from the paying parent (PP) and paying these funds to the receiving parent (RP). The 1993 and 2003 schemes (Legacy schemes) operated by the previous Child Support Agency were closed in March 2020 with any ongoing arrears only cases transferred to the CMS 2012 scheme.

The CMS is determined to maximise the number of effective maintenance arrangements for children who live apart from one or both of their parents. To do this it has a two-pronged approach: more support for separated families to work together and reach family-based arrangements; and for those that cannot, providing the 2012 statutory scheme, which can collect and pay money on behalf of parents. In addition, the Child Maintenance Choices service operates as the official 'gateway' to the statutory scheme and helps separated parents to make informed choices about their maintenance arrangements.

The 2012 scheme offers one simpler assessment type based on gross income and benefits in payment. The system retrieves this data automatically from HM Revenue and Customs (HMRC) and the Department's social security benefit systems to carry out the assessment calculations.

Within the 2012 statutory scheme, the CMS operate two service types: Direct Pay and Collect and Pay.

For the Direct Pay service, the CMS calculates the amount of child maintenance that a PP must pay, and the case is managed on the CMS system, but parents must agree between themselves how the money will be paid: the CMS provides the calculation, and no further use of the service is required. CMS review the maintenance calculation every year to ensure

the amount of maintenance assessed is correct. Direct Pay can be chosen by either parent with the other's agreement. Per the Direct Pay service parents organise payments between themselves based upon a CMS calculation and this can be a step towards a more collaborative relationship.

For the Collect and Pay service, the CMS calculates the amount of child maintenance, then collects the payment from the PP and pays it to the RP. Clients must pay fees for using the Collect and Pay Service. The PP must pay 20% on top of the maintenance amount due, whilst the RP has 4% deducted of the maintenance amount. The intention is that only those clients, who are unable to reach a family-based arrangement or where the paying parent has failed to pay using Direct Pay, utilise the Collect and Pay statutory service.

Receipts and Payments reported in these accounts relate only to Legacy arrears only cases and CMS 2012 Collect and Pay cases. Direct Pay Cases are not included as parents arrange payments themselves.

In 2018-19 NI CMS, in line with the approach adopted by the Great Britain (GB) Department for Work and Pensions (DWP) Child Maintenance Group (CMG), implemented the NI Compliance and Arrears Strategy.

The Strategy focused on appropriately treating historic arrears which had built up on the Child Support Agency (CSA) 1993 and 2003 Statutory Child Maintenance Schemes (also known as the Legacy schemes). Subject to specific criteria, arrears from Legacy cases were either restated or clients were offered the opportunity to make representations if they wished the CMS to attempt a final collection of their arrears.

The majority of the restatement and representation activity was completed by March 2020. Where appropriate, Legacy cases were closed or transferred to the CMS 2012 system through the representation process. This allowed all cases on the 1993 and 2003 statutory schemes to be closed and enabled the 1993/2003 IT systems to be decommissioned in November 2020. Receipts and payments for Legacy cases are processed through a single bank account used for both the Legacy cases hosted on CMS 2012 and the 2012 Scheme.

The NI Compliance and Arrears Strategy also aimed to minimise arrears accruing on the 2012 Statutory Child Maintenance Scheme and additional collection powers were introduced to maximise the chances of collection on the CMS 2012 Scheme.

The NI Compliance and Arrears Strategy regulations were passed by the NI Assembly on 01 June 2020.

Although the Legacy schemes are now closed and the systems decommissioned, cases are administered according to the scheme rules under which the case was originally assessed.

During the 2020-21 financial year a new GB CMG data and analytics service, Children Analytical Data Service (ChADS) was initiated. There was further development of the new system in the 2021-22 year and the DfC finance teams were involved with GB CMG in the testing of the transition of the existing finance reporting capability. This work was completed in the 2022-23 year and the ChADS finance system successfully went live in the Summer 2022.

Performance during 2022-23

Performance for the 2022-23 year is reported as per the CMS 2012 system. This includes data on receipts and payments relating to both the CMS 2012 Collect and Pay and the transitioned Legacy arrears cases. Direct Pay cases are not included in the receipts and payments amounts in the accounts.

The total caseload as at 31 March 2023, including Direct Pay, Collect and Pay and Legacy transitioned cases was 16,631 (2021-22: 15,897). At 31 March 2023 93.0% of case groups¹ were contributing towards their current liability (31 March 2022: 92.3%).

Parents using the 2012 scheme may elect to use either the Direct Pay or the Collect and Pay service. In total, the Department estimates that £25.279 million (2021-22: £23.570m) was paid between parents:

- £20.786 million through Direct Pay
- £4.493 million through Collect and Pay.

¹ All cases will have a PP and a RP, both of whom may have multiple cases. The collection of multiple cases belonging to a single PP is called a case group.

1.1.1 Direct Pay

A case is classed as Direct Pay when the maintenance calculation has been derived by CMS (after assessment of the case) and the paying parent pays maintenance direct to the receiving parent. Parents are incentivised, through fees on the Collect and Pay service, to choose Direct Pay. It is encouraging to see that, at March 2023, two out of three parents using the 2012 statutory scheme are already using this service and thus avoiding charges completely.

As at 31 March 2023, 66% (31 March 2022: 66%) of those parents due to pay their liability were using Direct Pay. Payments made through Direct Pay do not pass through the Client Funds Bank Account and are considered to be made in full and on time unless CMS is informed otherwise.

Where a payment is reported as missed, both clients are asked to provide evidence of the missed payment. Where it is deemed the paying parent is unlikely to pay, the case may be changed to Collect and Pay where enforcement tools are available to re-establish compliance and recover any outstanding arrears, including any arrears which accrued while the case was Direct Pay.

1.1.2 Receipts of child maintenance

During 2022-23, approximately 70.3k (2021-22: 70.6k) individual receipts were recorded. Total monies received (including collection charges) were £5.398 million (2021-22: £5.324 million) with 99% of receipts by volume received electronically.

1.1.3 Payments of child maintenance

During 2022-23, approximately 68.9k (2021-22: 68.2k) individual payments were made to receiving parents with a total value of £4.260 million (2021-22: £4.220 million). One hundred per cent of payments are made by funds transferred electronically to clients' bank accounts.

1.2 Outstanding Arrears of Child Maintenance

In addition to reporting the receipts and payments of maintenance monies, the Department is required to report on the value of outstanding child maintenance arrears, which totalled £12.519 million at 31 March 2023 (31 March 2022: £11.941 million). The outstanding child maintenance arrears balances are reported in Note 5 to the accounts and detail both the CMS 2012 arrears balances and the Legacy transitioned arrears.

1.3 Assessment Accuracy

The Legacy systems were closed down at the end of March 2020. For the last seven years it has not been possible to generate a statistically valid sample of cases to test and determine the assessment accuracy of these cases. The last Case Value Accuracy measurement for the Legacy Schemes was for the 2015-16 year and this was 96.2%.

The 2012 CMS scheme simplified the way the Department administers child maintenance. For example, it has significantly reduced the number of procedures and manual interventions involved in its administration and built direct digital interfaces with HMRC and the Department's benefit systems to establish parental income and calculate maintenance. Whilst some calculations will still require manual intervention, the changes to the 2012 scheme have increased the number of child maintenance calculations which can be carried out by an automated process requiring no manual intervention i.e. are fully automated calculations.

Since April 2019 NI CMS have assessed the accuracy of child maintenance assessments using the Monetary Value of Error (MVE) approach. This provides an overall accuracy assessment result incorporating both caseworker error, that is manual error, and the CMS 2012 fully automated transactions. The Department's Case Monitoring Team reviewed a sample of the CMS 2012 fully automated transactions and these cases were found to be fully accurate.

The MVE result for 2022-23 is 0.3% (2021-22: 0.5%).

Statement of Accounting Officer's responsibilities

Under the Government Resource and Accounts Act (NI) 2001, the Department of Finance has directed the Department for Communities to prepare a Statement of Client Funds Account for each financial year in the form and on the basis set out in the Accounts Direction. The Client Fund accounts must comprise a Receipts and Payments Account, a Statement of Cash Balances and must properly present the receipts and payments for the financial year and the balances held at the year-end.

The notes to the Client Funds Account must include a summary of the maintenance assessment balances at the beginning and the end of the year and movements thereon during the year. The summary must also disclose the extent to which any outstanding maintenance arrears are likely to be collected. In addition, the amount of the arrears must be categorised as to its collectability.

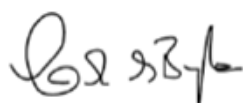
In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department of Finance, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- 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
- prepare the accounts on a going concern basis
- 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.

The Department of Finance has appointed the Permanent Secretary as Accounting Officer for the Department. The Accounting Officer for the Department for Communities is also the Accounting Officer for the Child Maintenance Service Client Funds. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the

public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department for Communities' assets, are set out in Managing Public Money Northern Ireland published by the Department of Finance.

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 the Child Maintenance Service auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

A handwritten signature in black ink, appearing to read 'Colum Boyle'.

COLUM BOYLE

ACCOUNTING OFFICER

3 JULY 2023

Governance Statement

Introduction

The Department has responsibility for the management of Client Funds relating to the 2012 Statutory Child Maintenance Scheme, which includes the flow of receipts from paying parents to receiving parents or persons with care of the children, payments to the Department, and the management of the accumulated maintenance arrears. The Department is required to publish a separate Client Funds Account, in accordance with the Department of Finance Accounts Direction under Section 11(2) of the Government and Resources and Accounts Act (Northern Ireland) 2001. The Department operates the Statutory Child Maintenance Scheme through the Child Maintenance Service.

The Permanent Secretary for the Department for Communities is also the Accounting Officer for the Child Maintenance Service Client Funds. The Permanent Secretary is the Department's most senior official and the Minister's principal advisor. Moira Doherty was appointed interim Permanent Secretary and Accounting Officer from 7 March 2022 following the retirement of the previous Permanent Secretary, Tracy Meharg. The new Permanent Secretary and Accounting Officer, Colum Boyle was appointed from 25 April 2022.

The Permanent Secretary chairs the Departmental Management Board which comprises senior officials in charge of each executive business area plus two non-executive board members. The Board assists the Permanent Secretary, as Accounting Officer, in meeting the governance requirements for the Department.

The governance arrangements set out in the Departmental Resource Account for the year ended 31 March 2023 relate to the CMS as part of the Department. This statement provides comment on issues which are specific to the CMS operating within the Department with specific reference to the significant control weaknesses relevant to the CMS.

Internal Audit Opinion

During 2022-23, no Internal Audit reviews were carried out on NI CMS.

Significant Governance and Internal Control Challenges

Accuracy of Maintenance Assessments

The level of complexity in carrying out maintenance assessments under the 1993 and 2003 Legacy schemes, together with inadequate computer systems, led to significant levels of error in the Legacy child maintenance assessment calculations. These issues have led to repeated audit qualifications from the Comptroller and Auditor General.

These incorrect assessments continue to have an impact on the accuracy of the current amounts collected and paid relating to the Legacy schemes, though the receipts and payments are now all facilitated through the CMS 2012 system.

The Comptroller and Auditor General (C&AG) considers the overall level of irregularity in Legacy receipts (Legacy receipts 2022-23: £0.349 million) and payments (Legacy payments 2022-23: £0.344 million) continues to be material and has qualified the regularity audit opinion again this year.

The 2012 CMS scheme simplified the way the Department administers child maintenance. Whilst some calculations for the 2012 Scheme still require manual intervention, the changes to the 2012 scheme have increased the number of child maintenance calculations which can be carried out by an automated process requiring no manual intervention i.e. are fully automated calculations.

From April 2019 the NI CMS assess the accuracy of child maintenance assessments using the Monetary Value of Error (MVE) approach. This provides an overall accuracy assessment result incorporating both caseworker error, that is manual error, and the CMS 2012 fully automated transactions. The MVE result for 2022-23 was 0.3% (2021-22: 0.5%). This is an estimated monetary amount of error for the CMS 2012 scheme of approximately £12,000 (2021-22: £21,000).

The level of estimated error in the CMS 2012 receipts (CMS 2012 receipts 2022-23: £3.990 million) and payments (CMS 2012 payments 2022-23: £3.916 million) of £12k is not considered to be materially irregular.

Outstanding Maintenance Arrears Balances

Due to the limitations of the CMS Child Support Computer Systems (CSCS and CS2) supporting the 1993 and 2003 schemes, the evidence available to support the accuracy and completeness of outstanding Legacy maintenance arrears balances was limited or unavailable. There was significant uncertainty over the accuracy and completeness of the Legacy arrears amounts and this resulted in repeated qualified audit opinions from the C&AG.

Over the last four financial years the Department completed considerable work on the CMS 2012 debt balances to help substantiate the balance of maintenance arrears on a case-by-case basis. For the 2022-23 financial year the Department has provided the necessary supporting documentation for the arrears arising under the CMS 2012 scheme.

The total outstanding maintenance arrears at March 2023 are currently £12.5 million, made up of £9.1 million from cases operating under the CMS 2012 scheme and £3.4 million transferred from the Legacy schemes. The level of legacy arrears has been steadily decreasing over the last six years and is currently just over a quarter of the total arrears balance.

For the 2022-23 year the Comptroller and Auditor General has only qualified her opinion on the financial statements in relation to the element of the arrears balance arising from the legacy schemes of £3.4 million.

Reimbursements to Clients

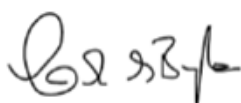
Where cases are subject to significant delay or maladministration, the Department can incur costs in the form of special payments for compensation for delay, maladministration

or financial loss, where appropriate. Such costs are reflected within the Accountability Report in the annual Department Resource Account. These payments totalled £0.003 million in 2022-23 (2021-22: £0.005 million).

Conclusion

The Department will continue to work with the DWP in GB on the continued development of the 2012 Child Maintenance system.

I am satisfied that the CMS has effective governance arrangements in place that I can rely on as Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively. Where significant issues have arisen, I am satisfied that the appropriate action is being taken to address the issues concerned.



COLUM BOYLE

ACCOUNTING OFFICER

3 JULY 2023

Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly

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

Qualified opinion on financial statements

I certify that I have audited the financial statements of the Child Maintenance Services Client Funds for the year ended 31 March 2023 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Receipts and Payments Account, Statement of Balances, Note 5 'Outstanding Maintenance Arrears' and the notes relating to receipts and payments, outstanding maintenance balances and other related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion, except for the possible effects of the matters described in the *Basis for qualified opinions* section of my certificate, the financial statements:

- properly present the receipts and payments of the Child Maintenance Services Client Funds for the year then ended and the balances and maintenance arrears as held at 31 March 2023; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Qualified opinion on regularity

In my opinion, except for the possible effects of the matters described in the *Basis for qualified opinions* section of my certificate, in all material respects, the receipts and payments 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 qualified opinions

I have qualified my opinion on the financial statements in respect of the legacy scheme element of the maintenance arrears, being £3.4 million. The Department does not maintain adequate accounting records for the Child Maintenance Service Client Funds to support the level of outstanding legacy scheme maintenance arrears. I have therefore not received all the information and explanations I require for my audit. I was also not able to confirm the accuracy and completeness of the legacy scheme maintenance assessments, which form the basis of the legacy maintenance arrears balance.

My opinion on regularity is qualified as the Department is required to calculate maintenance assessments for Child Maintenance Service Client Funds in accordance with the relevant legislation. My examination of legacy scheme maintenance assessments has identified cases that have been calculated incorrectly. Receipts have been obtained, and payments have been made, based on these incorrect assessments. In relation to maintenance assessments calculated under the legacy schemes it is not possible to quantify the overall irregularity in £349,000 of receipts and £344,000 of payments as a valid statistical sample cannot be generated to test their accuracy. I consider the irregularity for receipts and payments in the legacy schemes to be material.

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

My staff and I are independent of the Department for Communities (the Department) in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department'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 Child Maintenance Service Client Fund'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 Child Maintenance Service Client Funds is adopted in consideration of the requirements set out in the Government Financial 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 and my audit certificate and report. The Accounting Officer is responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I

conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the information given in the Management Commentary 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 Child Maintenance Service Client Funds and its environment obtained in the course of the audit, I have not identified material misstatements in the Management Commentary.

Due to the matters leading to my qualified opinions I report to you that, in my opinion:

- adequate accounting records have not been kept; and
- I have not received all of the information and explanations I require for my audit.

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

- the financial statements are not in agreement with the accounting records; 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 Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements and for being satisfied that they properly present the receipts and payments during the year;
- 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; and
- assessing the Department'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 the Child Maintenance Service Client Funds 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 Child Maintenance Service Client Funds 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, the Child Support (Northern Ireland) Order 1991 and The Child Support (Maintenance Assessments and Special Cases) Regulations (Northern Ireland) 1992;
- making enquires of management and those charged with governance on the Child Maintenance Service Client Funds' 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 the Child Maintenance Service Client Funds' 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 posting of unusual journals;
- 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;
- 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 reperforming a sample of

decisions tested by the Department in the CMS 2012 scheme to provide an estimate of the level of error;

- 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 receipts and payments 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.

My detailed observations are included in my report attached to these financial statements.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT8 6RB

5 July 2023

Financial Statements

CHILD MAINTENANCE SERVICE (CMS) CLIENT FUNDS ACCOUNT

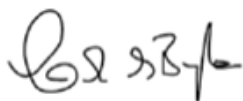
Receipts and Payments Account for the year ended 31 March 2023

		(Restated)	
		2022-23	2021-22
	Notes	£'000	£'000
Receipts			
2012 Scheme	2	3,990	3,858
Legacy Arrears receipts	2	349	468
Other receipts	2	1,059	998
Total Receipts		5,398	5,324
Less Payments to:			
2012 Scheme Receiving Parents	2	3,916	3,755
Legacy Arrears Receiving Parents	2	344	465
The Department (including fees)	2	1,139	989
Department for Work and Pensions (DWP)	2	10	5
Paying Parents	2	191	90
Total Payments		5,600	5,304
Net (Payments)/Receipts		(202)	20
Balance as at 1 April		332	312
Balance as at 31 March	3	130	332

Statement of Balances as at 31 March 2023

	Notes	2022-23 £'000	2021-22 £'000
Funds awaiting clearance	3	41	149
Cleared funds awaiting distribution	3	89	183
Balance on bank account		130	332

The notes on pages 271 to 279 form part of these accounts.



COLUM BOYLE
ACCOUNTING OFFICER
3 JULY 2023

NOTES TO THE ACCOUNT

1. Accounting Policies

- 1.1 This Receipts and Payments Account has been prepared on a cash basis and in the form directed by the Department of Finance.
- 1.2 The Client Funds Account properly presents the receipts and payments and cash balances of the CMS Client Funds. The Client Funds Account is required to be published along with the Department's Resource Accounts and includes a Statement of Accounting Officer's Responsibilities and a Governance Statement. The prior year figures for Paying Parent receipts and Receiving Parent payments have been restated to disclose separately the respective CMS 2012 and the Legacy amounts.
- 1.3 The notes to the CMS Client Fund's Account include a summary of the maintenance assessment balances at the beginning and end of the year and the movements thereon during the year both for the current year and the previous year. CMS is required to disclose the extent to which any outstanding maintenance arrears are likely to be collected with the total amount of arrears categorised as to its collectability.
- 1.4 The outstanding maintenance arrears note has been prepared on an accrual's basis.

2. Receipts and Payments

Receipts

- 2.1 Receipts from clients relate to child maintenance collected from Paying Parents, 2022-23 £4.339 million (2021-22: £4.326 million). This comprises of 2022-23 CMS 2012 receipts £3.990 million (2021-22: £3.858 million) and 2022-23 Legacy receipts of £0.349 million (2021-22: £0.468 million). Receipts of collection and enforcement charges, 2022-23 £1.022 million (2021-22: £0.977 million). Receipts also include drawdowns and receipts from the Department for the 2022-23 financial year, these

were £0.027 million (2021-22: £0.021 million), as well as other receipts of £0.010 million in 2022-23 (2021-22: £nil).

- 2.2 The receipts quoted in the Receipts and Payments Account differ from the receipts total shown in movements on outstanding maintenance arrears (see Notes 5.1 and 5.2). This is due principally to timing differences and the inclusion of non-maintenance receipts in the amounts shown in the Receipts and Payments Account.

Payments

- 2.3 Total payments to Receiving Parents per the CMS 2012 Scheme totaled £4.260 million in 2022-23 (2021-22: £4.220 million). This comprises of 2022-23 CMS 2012 payments £3.916 million (2021-22: £3.755 million) and 2022-23 Legacy payments of £0.344 million (2021-22: £0.465 million).
- 2.4 The payments to the Department of £1.139 million (2021-22: £0.989 million), include £1.110 million of collection and enforcement charges received from parents using the 2012 Collect and Pay Scheme (2021-22: £0.982 million).

Also included are payments of £0.004 million (2021-22: £0.005 million) that have been made in respect of funds received on 1993 and 2003 scheme cases where clients were in receipt of benefit at the time of the assessment, pre-October 2008. When funds are received which relate to periods when clients were in receipt of benefits these payments continue to be made to the Department.

Payments to the Department also include a sundry amount of £382 for DNA fees (2021-22: £645) and £0.025 million for other costs (2021-22 £0.002 million). The amount of Consolidated Fund Excess Receipts (CFERs) in the year was minimal, £181, (2021-22: £345).

- 2.5 Payments to the Department for Work and Pensions (DWP) of £0.010 million in the 2022-23 financial year relate to non-child maintenance transactions. Payments to DWP in the 2021-22 financial year of £0.005 million relate to maintenance transactions between the Department and the Child Maintenance Group in DWP/GB.

- 2.6 Refunds are made to Paying Parents under a number of different circumstances. In the year £0.191 million (2021-22: £0.090 million) relates to refunds on cases held on the 2012 Scheme.

3. Statement of Balances

- 3.1 The balances relating to funds awaiting clearance, 2022-23 £0.041 million (2021-22: £0.149 million) are amounts that CMS has received into its bank account but have not yet cleared through the bank's clearance processes.
- 3.2 The balances relating to cleared funds awaiting distribution, 2022-23 £0.089 million (2021-22: £0.183 million) are amounts that CMS have received into the Client Funds bank account but have not yet been paid out to Receiving Parents, the Department, the Department for Work and Pensions or Paying Parents.

4. Outstanding Maintenance Arrears at 31 March 2023

- 4.1 Under the Accounts Direction, issued by the Department of Finance, the Department is required to disclose the balances outstanding from Paying Parents at the year end, the movements in the balances outstanding between the beginning and end of the year and to categorise those balances by reference to their collectability.
- 4.2 As part of the NI Compliance and Arrears Strategy appropriate arrears only cases relating to the Legacy 1993 and 2003 schemes were transferred to the CMS 2012 system. The outstanding child maintenance arrears balances relating to these transitioned Legacy arrears cases are reported in Note 5 to the accounts.
- 4.3 Note 5 also includes the detail for the outstanding arrears balances relating to the CMS 2012 Collect and Pay Scheme.

Collectability of Outstanding Maintenance Arrears

- 4.4 In line with the Accounts Direction, CMS have estimated the collectability of outstanding maintenance arrears for 2022-23 and this information is included in Note 5.
- 4.5 The outstanding arrears for 2012 Scheme Collect and Pay cases are considered to be potentially collectable. This is based on an assessment of management information and data on the arrears, providing age of debt, payment analysis etc. In addition, the NI Compliance and Arrears Strategy introduced further reforms that seek to minimise arrears accruing on the 2012 Statutory Child Maintenance Scheme.
- 4.6 As at March 2020 all appropriate arrears only Legacy cases were transitioned to the CMS 2012 system. There have been no changes in the recovery processes for the transitioned Legacy cases in the 2022-23 financial year. Based on a review of the recovery performance and data for these arrears cases the arrears are considered to be potentially collectable.
- 4.7 On 10 December 2012, powers within the Child Maintenance Act (Northern Ireland) 2008 were introduced, which allowed for the writing off of some arrears in certain circumstances. These are circumstances when the Receiving Parent specifically requests us not to collect the arrears, or when collection is impossible because, for example the Paying Parent has died and the arrears cannot be recovered from the estate. There are several reasons why a Receiving Parent would ask for the arrears to be written off, for example, they may have reconciled with their former partner.
- 4.8 Provision has also been made for the Receiving Parent to accept part payment in full and final satisfaction of the outstanding arrears. These arrangements will be made on a case-by-case basis and, where CMS is considering use of these powers, the Receiving Parent will be required to provide their consent to the part-payment arrangement and the amount to be paid.
- 4.9 Per the NI CMS Compliance and Arrears Strategy and associated regulations the Department has taken forward restatement activity on the historic arrears which

have built up on the Child Support Agency (CSA) 1993 and 2003 statutory child maintenance schemes (also known as the Legacy schemes). The restatement amount is disclosed below and this is included within the Outstanding Maintenance Arrears (OMA) in Note 5 to the accounts.

4.10 Also included within the OMA note are the business as usual write-off amounts actioned under the pre-existing write-off arrangements. Comparative data for the previous financial year is also included.

4.11 In total £0.584 million has been restated or written off for the 2022-23 financial year and details of this are included below:

Restatement & Write-off Amounts 2022-23

	Restatement Amount £'000	Write-off Amount £'000	Total £'000
Legacy Arrears on 2012	239	56	295
CMS 2012	-	289	289
Total	239	345	584

Restatement & Write-off Amounts 2021-22

	Restatement Amount £'000	Write-off Amount £'000	Total £'000
Legacy Arrears on 2012	432	89	521
CMS 2012	-	298	298
Total	432	387	819

5. Outstanding Maintenance Arrears

5.1 Outstanding Maintenance Arrears at 31 March 2023

	Legacy Arrears hosted on 2012 Scheme £'000	2012 Scheme £'000	Total £'000
Opening balances as at 1 April 2022	4,135	7,806	11,941
Write Off (5.3iii)	(56)	(289)	(345)
Restatement (5.3iii)	(239)	-	(239)
Maintenance Charged in Year (5.3i)	-	6,215	6,215
Maintenance Adjustments (5.3ii)	(67)	(493)	(560)
Maintenance Received in Year (5.3iv)	(349)	(4,144)	(4,493)
Closing balances as at 31 March 2023	3,424	9,095	12,519
Collectability analysis			
Likely to be collected	3,424	9,095	12,519
Possibly uncollectable	-	-	-
Probably uncollectable	-	-	-
	3,424	9,095	12,519

5.2 Outstanding Maintenance Arrears as at 31 March 2022

	Legacy Arrears hosted on 2012 Scheme £'000	2012 Scheme £'000	Total £'000
Opening balances as at 1 April 2021	5,249	6,761	12,010
Write Off (5.3iii)	(89)	(298)	(387)
Restatement (5.3iii)	(432)	-	(432)
Maintenance Charged in Year (5.3i)	-	6,024	6,024
Maintenance Adjustments (5.3ii)	(126)	(561)	(687)
Maintenance Received in Year (5.3iv)	(467)	(4,120)	(4,587)
Closing balances as at 31 March 2022	4,135	7,806	11,941

Collectability analysis			
Likely to be collected	4,135	7,806	11,941
Possibly uncollectable	-	-	-
Probably uncollectable	-	-	-
	4,135	7,806	11,941

5.3 Movements in outstanding maintenance arrears

The following notes explain movements from the opening outstanding maintenance arrears balance to the closing balance:

- i. Maintenance charged in year relates to assessments made on Paying Parents during the year. The amount charged in 2022-23 was £6.215 million (2021-22: £6.024 million). The increase in Maintenance Charged for the 2012 Scheme reflects

the increase in 2012 Collect & Pay amounts charged in 2022-23, the activity remains consistent with 2021-22.

- ii. Maintenance adjustments comprises outstanding maintenance arrears transferred to and from the Child Maintenance Group in Great Britain, and adjustments arising from cancelled or terminated assessments; or where the liability has been reduced, for example, as a result of a direct payment between parties offset against the maintenance due. The maintenance adjustments in 2022-23 totalled £0.560 million (2021-22: £0.687 million). The decrease in this year's adjustment figure is reflective of the movement in arrears transferred between the NI and GB jurisdictions.
- iii. CMS has continued to make use of business as usual write off powers introduced as part of the Write off and Part Payment legislation. In addition, new restatement powers were introduced in December 2018 as part of the NI CMS Compliance and Arrears Strategy. The total amount written off and restated on the 2012 scheme in 2022-23 is £0.584 million (2021-22: £0.819 million). The Business as Usual write-offs have decreased in the year due to a reduction in write-off activity on both 2012 Scheme and transitioned Legacy cases. The Restatement value on transitioned Legacy cases has decreased although the volume of restated cases remains consistent with 2021-22.
- iv. Maintenance received during the year comprises amounts received from Paying Parents. When a receipt is subsequently allocated to a case by the child support computer system, the receipt becomes a constituent of the arrears balance for that case. The timing difference between receipt, assignment and allocation contributes to the difference between the value of the receipts in the Receipts and Payments Account and the receipt amounts in Note 5. The total value of receipts allocated to cases in 2022-23 was £4.493 million (2021-22: £4.587 million). Additionally, the Receipts and Payments Account includes payments of non-child maintenance not reported in Note 5. The receipt amounts in Note 5 include purely child maintenance receipts.

6.0 Events after the Reporting Period

There were no adjusting or non-adjusting events between the end of the reporting period and the date the financial statements were authorised for issue.

The Accounting Officer authorised these financial statements for issue on 5 July 2023.

Report of the Comptroller and Auditor General

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

Introduction

1. The Department for Communities (the Department's) Child Maintenance Service (CMS) is responsible for administering statutory child maintenance schemes in Northern Ireland and the management of client funds relating to these schemes.
2. This Report reviews the results of my 2022-23 audit of the Child Maintenance Service Client Funds Account.

Statutory Child Maintenance Schemes

3. The current statutory child maintenance scheme was introduced in 2012 (CMS 2012 scheme). Two earlier schemes introduced in 1993 and 2003 (legacy schemes) have now been closed and cases with "arrears only balances" have transferred to the 2012 scheme.

Receipts and payments

4. The CMS 2012 scheme is supported by a Department for Work and Pensions' IT system and obtains information on income directly from Her Majesty's Revenue and Customs' records and the Department's social security systems to carry out assessment calculations.
5. The Department is required to calculate maintenance assessments in accordance with relevant legislation. Where an error is made in a maintenance assessment both the receipt and associated payment are incorrect and therefore have not complied with the relevant legislation.
6. The IT systems supporting the earlier legacy schemes were unable to generate the information needed to prepare the Account or to accurately calculate maintenance assessments. The level of complexity in carrying out maintenance assessments

under the legacy schemes, together with inadequate computer systems, led to significant levels of error in historic child maintenance assessment calculations. These errors continue to impact on the legacy scheme amounts collected from parents who pay maintenance to CMS (paying parents) and those who receive payments from CMS (receiving parents). Accordingly, every year since the creation of the Northern Ireland Child Support Agency in April 1993, I have qualified my audit opinion on this Account in respect of these receipts and payments. Receipts this year, in the legacy scheme, are £349,000 (2021-22: £468,000) and associated payments are £344,000 (2021-22: £465,000).

7. I consider that the level of irregularity in receipts and payments under the legacy scheme to be material and I have qualified my regularity audit opinion on this.
8. CMS 2012 scheme receipts for 2022-23 are approximately £3,990,000 (2021-22: £3,858,000) and associated payments are approximately £3,916,000 (2021-22: £3,755,000).
9. The IT system underpinning the CMS 2012 scheme automatically determines the maintenance decision in 74 per cent (2021-22: 74 per cent) of cases. Where the decision is more complex, Department staff need to manually intervene. The Department's Case Monitoring Team (CMT) tested a statistically valid sample of both fully automated decisions and those requiring manual intervention. It estimated an error rate of 1.0 per cent (2021-22: 1.8 per cent) for decisions needing manual intervention, while fully automated cases were found to be 100 per cent accurate. This year the combined value of the estimated error is 0.30 per cent (2021-22: 0.52 per cent) of receipts under the CMS 2012 scheme which produces an estimated monetary value of error of approximately £12,000 (2021-22: £21,000). I am satisfied that this is a reasonable measure of the level of error in CMS 2012 receipts.
10. I do not consider the level of irregularity in receipts and payments under the CMS 2012 schemes to be material and I have not qualified my regularity audit opinion on this.

Level of maintenance arrears

11. The Department is required to disclose the amount owed by paying parents in respect of maintenance assessments. Where a paying parent does not make payments in accordance with the maintenance assessment and the Department is responsible for collecting those payments, any missed or shortfall in payment is recorded as a debt.
12. Where the Department has made incorrect maintenance assessments, any arrears accruing will also be at an incorrect rate and have led to misstatements in individual arrears supporting the outstanding legacy arrears balance.
13. The total arrears at 31 March 2023 represents the cumulative amount of arrears since child support arrangements were established in 1993. In line with legislation, the Department can only write-off arrears in very limited circumstances. The Department has told me that the level of legacy arrears is unlikely to reduce significantly in the short- term as some legacy recoveries are very low value. The total amount of unpaid maintenance assessments of £12.5 million (2021-22:£11.9 million) at 31 March 2023 is shown in note 5.1 to the accounts. This figure comprises legacy arrears of £3.4 million (2021-22: £4.1 million) and arrears from the CMS 2012 scheme of £9.1 million (2021-22: £7.8 million).

14. While the Department is able to provide me with the necessary supporting documentation for the arrears arising under the CMS 2012 scheme, it is unable to do so for those arising from legacy schemes. It is also unable to estimate the value of misstatements in legacy arrears as a result of inaccurate assessments. I have therefore qualified my opinion on the financial statements in relation to the element of the arrears balance arising from legacy schemes of £3.4 million.



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5 July 2023

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