



Department for  
**Infrastructure**

An Roinn

**Bonneagair**

Department for

**Infrastructure**

[www.infrastructure-ni.gov.uk](http://www.infrastructure-ni.gov.uk)

# ANNUAL REPORT + ACCOUNTS

01/04/2022

- 31/03/2023



# **Department for Infrastructure**

## **ANNUAL REPORT AND ACCOUNTS 2022-23 For the year ended 31 March 2023**

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## DEPARTMENT FOR INFRASTRUCTURE

### Annual Report and Accounts for the year ended 31 March 2023

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# PERFORMANCE REPORT

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## OVERVIEW

The purpose of this overview is to present a clear picture of the Department for Infrastructure's activities, functions and performance during the year. It sets out the key risks to the achievement of Departmental objectives, and provides information for users to form an understanding of the organisation and its performance.

## ACCOUNTING OFFICER'S STATEMENT

I am pleased to present the Department for Infrastructure's (DfI) Annual Report and Accounts for the year ended 31 March 2023.

Since joining the Department in April 2022, I have been struck by how DfI delivers essential services for all of our citizens. These public services are so embedded in the fabric of daily life that they can easily be, and often are, taken for granted. The work we do keeps our communities moving. It sets sustainable and environmentally sensitive foundations in place which are key enablers when it comes to planning for future generations and growing our economy.

Having responded to the COVID pandemic, when protecting public services was very much at the forefront, we entered the 2022-23 financial year in a context of political instability. The Executive was no longer meeting following the resignation of the First Minister in February 2022. Under the arrangements at the time, Minister Nichola Mallon MLA continued to lead the Department until the election on the 5 May 2022. On the 16 May 2022, John O'Dowd MLA took office as Minister for Infrastructure until his tenure, together with that of other Ministers, ended on the 27 October 2022.

In addition to the lack of Ministers in the second half of the financial year, the uncertainty of the budget process created further challenges.

For many years, DfI has operated within a constrained resource budget, with the opening baseline insufficient to meet minimal service levels or properly manage the public assets for which we are responsible. We have historically relied on in-year easements from other Departments to fund the delivery of services. In 2022-23, the lack of an Executive or agreed budget meant that in-year monitoring exercises did not take place and no funding was made available during the course of the year to meet the Department's running costs in the way that would usually be relied on. Unprecedented increases in energy and inflation prices also significantly exacerbated the 'regular' in year pressures we faced, leaving the Department in a uniquely difficult position as it sought to meet statutory responsibilities and protect, as far as possible, frontline services.

The Secretary of State set a budget on the 25 November 2022. Although the resource budget was an increase compared to 2021-22, it fell short of what was required to deliver public services due to the pressures we faced, mainly due to energy price rise and inflation. This required some very difficult decisions to be taken, including requiring our public transport provider to use its reserves rather than providing it with the level of funding needed to run the public transport system, which

was something that could only be done as a one-off. In light of this and with continued high inflation and energy costs, the financial outlook remains bleak.

While the backdrop has been challenging, as Accounting Officer, my priority remains the delivery of the Department's essential services on which the public depend.

In November 2022, the Department was re-organised to focus on our three main areas of responsibility: water; transport; and planning.

As part of that work, we developed a [Strategic Framework](#) which provides a high-level overview of the Department and outlines the context in which we work to protect £32 bn of public assets for which we have responsibility for. As well as articulating the state of water, transport and planning services, we have outlined what is required for Northern Ireland to have fit for purpose infrastructure that will help to improve people's quality of life, reduce our impact on the planet by living sustainability and decarbonising key services, and build prosperity by driving inclusive productivity.

Although 2022-23 has seen significant challenges for the Department it is also important that we recognise the significant progress that has been made this year across a range of issues despite the difficult context.

We have agreed street lighting contracts in a number of council areas which will see the Department continue to reduce electricity consumption through the use of energy efficient LED street lighting units, delivered support for Councils on development and launched the Department's new approach to verge management as part of our commitment to protect nature and biodiversity as much as we can.

Significant improvements have also been made to the public transport network to encourage a modal shift away from the car to more sustainable transport. Funding for a further 100 zero emission buses and associated EV charging infrastructure was announced at a cost of £88million. Construction work continued on the flagship Belfast Transport Hub – Grand Central Station and the rollout of all of the 21 new railway carriages was completed. These initiatives will help to attract more people to use public transport and together with the blue/green infrastructure fund to support the transformation of our communities.

Although these initiatives are welcome, passenger numbers of Translink services are still below pre pandemic levels. Translink has also suffered from the energy and inflation costs which has put significant financial pressures on the company. These pressures have been managed this year through use of the reserves of the Company however going forward the Department will need to continue to work with Translink's Board and with Department of Finance colleagues to try to secure sufficient funding amid wider competing needs as we seek to deliver better outcomes for our citizens.



To help improve the movement of people and goods, the Department also continued to invest in maintaining and developing the road network. This includes significant work on structural maintenance. Construction of A6 Dungiven to Drumahoe dualling scheme was completed and was awaiting a final safety audit before it officially opened in early April. A new Environmental Statement Addendum and associated documentation for the A5 was put out for public consultation and closed on 3 March 2023. A reconvened Public Inquiry into the scheme will take place in May 2023.

In October 2022 the Department published a draft Road Safety Strategy which has a renewed focus on making our roads safer and reducing the number of people killed or seriously injured. We also completed tranche 2 of the 20mph speed limits outside of 103 schools and have begun the rollout of a pilot scheme to light the Comber Greenway for walkers and cyclists and extending active people's travel options as a result.

This financial year was the second year of a new six-year price control period for NI Water (NIW). As the biggest single user of electricity in Northern Ireland, the impact of the rise in energy costs has also had significant financial implications for NIW and will continue to present significant funding challenges for the future. To help to address these long-term energy challenges and to reduce its carbon emissions NIW has been exploring the development of a new Wind Farm and engaging with key stakeholders on proposals which could see it using its reservoirs as a potential source of hydro power and developing its use of electrolysers. Work has also continued on the implementation of the Living with Water Plan.

During the year we continued to see the impact of climate change on our weather with extreme temperatures and rainfall. July 2022 was the driest in 22 years with just over 50% of normal rainfall and a peak temperature of +30 degrees while the Northwest suffered from flooding after 70mm of rain fell in 5 hours in the same month. The temperature then dipped to -9 degrees in Katesbridge in December 2022, a near 40-degree swing from the summer months. During these times and on other occasions, both NI Water and our own staff continued to work on the ground in challenging circumstances to respond to weather related emergencies, clear roads and prevent flooding where possible.

The Department has continued to plan for the long-term impact of climate change and has invested in infrastructure including the completion of the £6.3m Shimna River flood elevation scheme and the £2.8m flood alleviation scheme on Glenbrook River Belfast, while also continuing to implement the £17m Belfast Tidal Project to protect Belfast City centre from flooding. These plans and schemes will help to protect homes and businesses from the devastation of flooding, which can be a distressing and frightening experience for those affected. Following the introduction of the Climate Change Act (NI) 2022 the Department has also continued to work collaboratively to develop a Climate Action Plan including a Transport Sectoral Plan.

On 5 December 2022 a new planning portal became operational. This enables users to submit and review applications online, reporting breaches of planning control and submitting requests for regional planning applications. Additionally, by putting online and paperless submissions at the

heart of the business model it becomes more accessible for customers as well as supporting sustainable development across Northern Ireland.

Like all large-scale IT systems there have been a number of initial issues that we have been working to quickly resolve. This includes engaging stakeholders and the supplier to resolve any outstanding issues and implement updates to further improve system performance for users.

During the year an ambitious planning improvement programme was also launched to secure improvements to the effectiveness and efficiency of the planning system. As part of this the Department established an interim Regional Planning Commission to provide advice and guidance on the wider improvement programme, addressing recommendations set out in the Public Accounts Committee and NIAO reports on planning in Northern Ireland and building on existing work including the Review of the Implementation of the Planning Act.

As well as this the Department continued to progress changes to the planning system. In October 2022 a consultation was launched on new and revised permitted development rights to make it easier and quicker for homeowners to install low carbon heat pumps and for retailers to install reverse vending machines aimed at promoting higher levels of recycling. In November 2022 proposals to amend The Planning (General Development Procedure) Order (NI) 2015 to introduce validation checklists for planning applications submitted to councils and the Department was also launched for consultation.

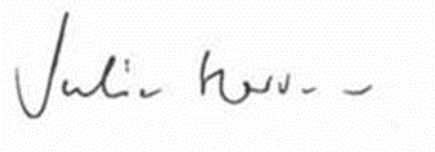
In addition, aware the planning system must be more financially sustainable the Department brought forward work to apply an inflationary uplift of approximately 12.3% overall across all planning fee categories for planning applications submitted from 6 April 2023.

The Department has achieved a lot in very challenging circumstances during the year, however this has only happened due to the commitment and dedication of the people who work in it day to day. This year we introduced new Workstyle Agreements which enable some of the team to work either in the office or a mixture of the office and at home. This helps us to play our part in reducing our need to travel and therefore reducing our carbon emissions by using online technology and supporting a better work life balance. Many of our roles, however are operational in nature, which means work happens outside of offices and outside of office hours, often in difficult and challenging conditions. It is important to acknowledge that these colleagues deliver front line services which cannot by their nature be done from home so appropriate risk assessments and safe ways of working remained in place as always, to protect people doing their day-to-day work.

I am very aware of the challenges that remain in the recruitment and retention of staff. We are operating in a highly competitive environment and with a budget settlement that did not allow us to fill many important roles. I am aware that there is real disappointment about the pay award. I, like the Head of the Civil Service, wish we could bring forward both a budget and an associated pay award that is a much better reflection of the important work that is done.

I want to end by thanking each and every person within the Department as well as our delivery partners who, through very difficult and trying circumstances, continue to deliver essential public

services in water, transport and planning. Together we have a clear understanding of the issues that we need to address and how we will go about doing so. I know that we will continue to work together to serve the people of Northern Ireland in the year ahead.

A handwritten signature in black ink, appearing to read "Julie Harrison", is centered within a light gray, textured rectangular box.

Julie Harrison  
Accounting Officer

29 June 2023

## **NON-EXECUTIVE BOARD MEMBERS' REPORT**

The 2022-23 Financial Year was an extremely challenging year for the Department. The NI Executive did not meet over the period and from late October 2022 the Department has had to function without the direction and control of a Minister.

Since December 2022 the decision making by the Department has been in line with the Northern Ireland (Executive Formation and Exercise of Functions) Act 2022 and associated Guidance from the Secretary of State for NI. All these decisions have been recorded and reviewed by the Board.

The current political impasse, combined with budgetary pressures, the sustained rise in inflation and energy prices, staff vacancies and industrial action has resulted in a very difficult operating environment for the Department in the delivery of its core services.

The Department has, however, effectively responded to these significant challenges and we, as Non-Executive Board Members (NEBMs) continue to have every confidence in the Board's operation and resilience, and the commitment of both the DfI Senior Leadership Team and wider staff, in delivering the essential public services delivered by the Department and its Arm's Length Bodies.

### **Governance**

The volatile economic environment has presented the Department with very significant budgetary challenges, which were exacerbated through the global rise in energy costs and impact of inflation.

Extreme pressure on the budgets for NI Water and Translink required difficult decisions to balance budgets, including a one-off decision to use Translink's reserves to help maintain services. Additionally, in a revenue raising measure the Department took the decision to increase Translink fares, to ensure the continued delivery of public services. Looking forward the Department will need to continue to manage budgets very proactively and take further steps to mitigate against rising costs and decisions to reduce expenditure and raise revenue.

In the ever-changing context in which the Department operates, the Corporate Risk Register has been subject to ongoing review and scrutiny at Board meetings to ensure the effective identification and mitigation of existing and emerging risks.

Many of the risks are budget related including in areas such as recruitment and retention of staff, investing in maintaining and developing the road network, and developing a Climate Action Plan as required under the Climate Change Act (NI) 2022.

In the reporting period, the Department has refreshed the organisational structure to focus on the three main areas of responsibility: Water, Transport and Planning and progressed development of a new Strategic Framework designed to ensure that essential public services continue to be provided.

During the year the Departmental Audit and Risk Assurance Committee (DARAC) and Major Project Committee (MPC) worked closely with the Departmental Board to scrutinise the work of the Department.

The DARAC continued to support the Board in its responsibilities for issues of risk control and governance, reviewing the comprehensiveness, reliability and integrity of assurances in meeting the Board's and Principal Accounting Officer's assurance needs. This included review and reporting to the Board on Internal Audit activity, NI Audit Office reports, NI Water and NITHC Audit Committee business, Fraud and Whistleblowing updates and progress on the implementation of recommendations.

The DfI Corporate Risk Register remained a key area of focus and scrutiny at committee meetings and a deep dive was performed into the corporate risk in relation to Reservoirs. Scrutiny also included ensuring alignment of corporate risks with mid and end-year Assurance Statements.

The Major Projects Committee continued to consider and provide assurance to the Accounting Officer and the Board on the oversight of the management of major projects within the Department and its arm's length bodies. During the year Senior Reporting Officer (SRO) reports were updated and scrutinised at each Committee meeting and deep dives were completed on specific projects including the Belfast Transport Hub, Translink Future Ticketing System and the Living With Water Programme. A review of the format and reporting of the committee is planned to be undertaken in 2023-24 which will consider how best to enhance its overall effectiveness.

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

## **PURPOSE AND ACTIVITIES**

Through its focus on planning, water and transport, the Department for Infrastructure seeks to maintain and develop sustainable infrastructure that supports our economy, improves the quality of life for all and helps to tackle the climate emergency.

## **WHO WE ARE**

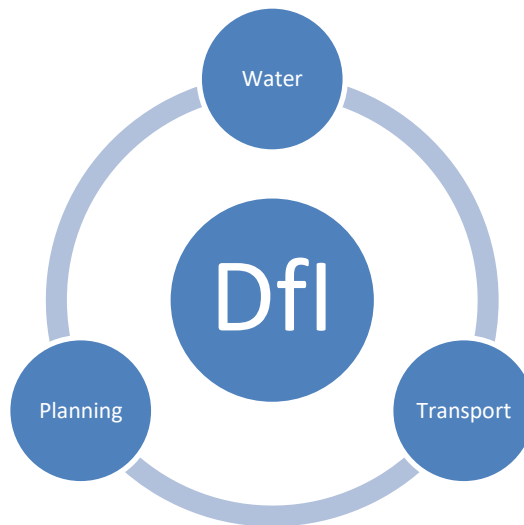
The Department was established in May 2016, bringing together a range of functions from the former Department of Agriculture, the former Department for Culture, Arts and Leisure, the former Department of the Environment, the former Office of the First and Deputy First Ministers and the former Department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

## WHAT WE DO

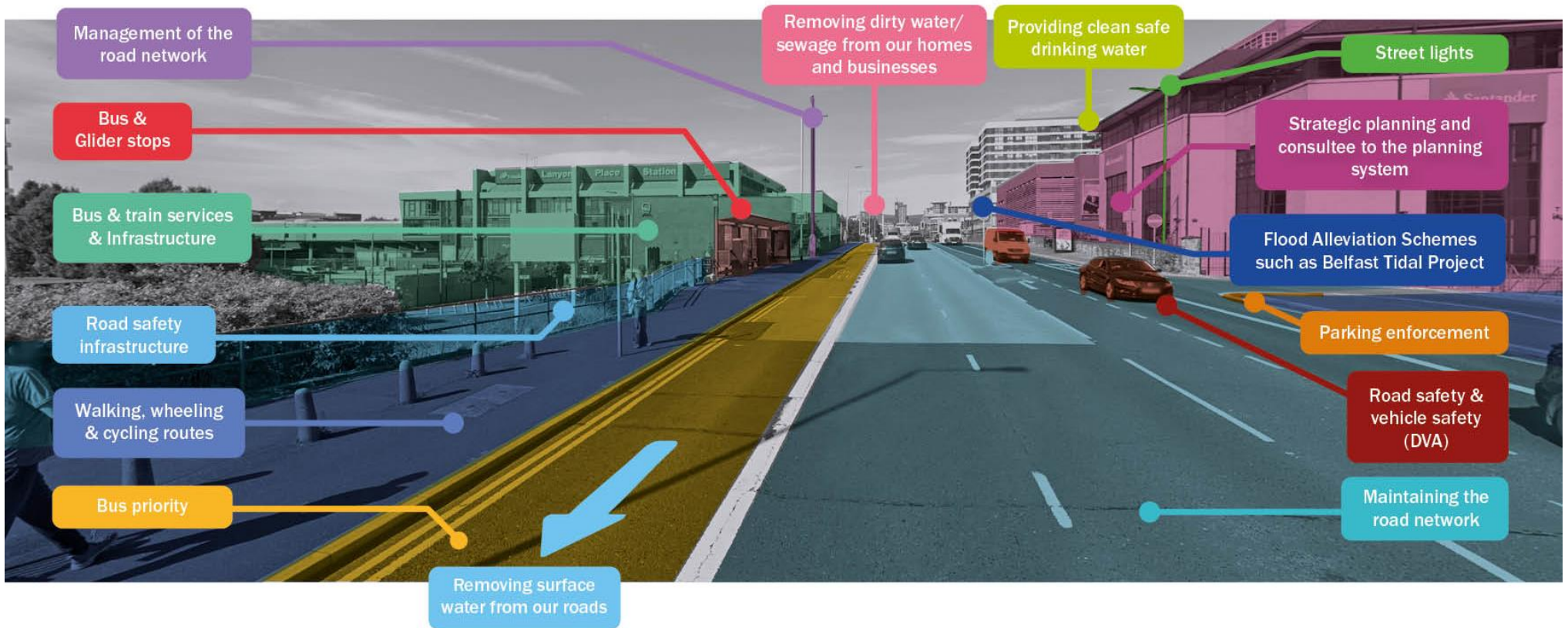
From 1 April 2022 to 5 May 2022 the Department was under the direction and control of the Minister for Infrastructure, Nichola Mallon. Following the May 2022 election the Department was then placed under the direction and control of John O’Dowd MLA, until the 27 October 2022. From 28<sup>th</sup> October the Department has not had a Minister in post. During this time the Secretary of State brought forward the Northern Ireland (Executive Formation etc) Act 2022 which gave Senior Civil Servants in Northern Ireland Departments the authority to make decisions in a limited number of areas.

The Department for Infrastructure is responsible for the maintenance, development and planning of critical infrastructure in Northern Ireland. Through its focus on water, transport and planning, the Department is seeking to manage and protect over £32 bn of public assets that improve **people’s** quality of life, reduce our impact on the **planet** by living sustainability and decarbonising key services, and building **prosperity** by driving inclusive productivity.

The Department has a vast and wide-ranging remit. Its responsibilities are grouped into three key delivery areas: Water; Transport; and Planning.



Examples of some of our Responsibilities:



The responsibilities of the Department are wide ranging and impact each of us, every day.

## Water

Having access to good water and wastewater infrastructure is essential for our citizens across Northern Ireland who need a reliable supply of clean and safe drinking water and to be able to live and work in areas where flood risk is appropriately managed.

We need to ensure that any water we use is moved, stored and treated sustainably and returned safely to the environment so that our planet's wildlife habitats and ecosystems can flourish.

Our economy needs water and wastewater infrastructure to increase prosperity, so that manufacturing, farming, tourism and recreation can operate and grow and that our homes, schools, hospitals and businesses can function properly and sustainably.

The Department is responsible for water, wastewater and drainage policy across Northern Ireland as well as the sponsorship of Northern Ireland Water (NIW).

NIW is an arm's length body (ALB) of the Department and a Government Company under the Companies Act 2006 with the Department as sole shareholder. NIW is the statutory water and sewerage undertaker for Northern Ireland.

Delivery of safe, clean drinking water underpins the public health and economy of Northern Ireland. It costs around £680m each year to deliver these water services in Northern Ireland. NIW provides 605m litres of drinking water every day to 900k households and businesses and recycles wastewater from homes and businesses before safely returning it to the rivers and sea. NIW is committed to a more sustainable approach to wastewater treatment and has deployed a number of innovative approaches such as lower energy technologies and nature-based solutions.

The Department is also responsible for the management of flood risk which includes the maintenance of our river and sea defences, construction of flood alleviation schemes, informing development decisions and developing flood maps. Approximately 5% (45,000) of properties here are in areas at risk from flooding, which is set to increase by 33% to 59,800 when 2080 climate change projections are taken into consideration. The Department is accelerating investment in our flood risk management infrastructure and expertise to, amongst other requirements, bring approximately 95 km of failing flood defence assets up to required standards whilst also developing new flood alleviation schemes.

As the lead government department for the strategic co-ordination of the emergency response to severe weather events; including flooding, emergency planning and processes are developed in conjunction with our multi-agency partners.

The Department also sponsors Waterways Ireland, one of six North-South Implementation Bodies, to promote the recreational and navigational use of our waterways. Waterways Ireland is responsible for the management, maintenance, development and restoration of inland navigable waterways primarily for recreational purposes.



## Transport

The Department is responsible for the oversight and facilitation of surface transport in Northern Ireland. The main tools available for the delivery of the Department's transport vision are the development of Transport Policy, the management of the Road Network Asset (including the promotion of road safety) and providing funding and sponsorship of Translink which delivers the public transport network.

The Department is developing a new Regional Transport Strategy (RTS) which will set out the Department's new vision for our transport system in Northern Ireland, placing climate change and connecting people at its heart. The RTS will signal the future direction of transport, provide the context in which decisions, within and beyond government, will be made and set out the strategic framework for future transport investment decisions. It will recognise the different needs of our cities, towns, remote and rural areas and consider why we travel and how those trips are made.

The RTS will form the basis for the first Transport Sectoral Plan required by the Climate Change Act (NI) 2022 which is one of the primary drivers of the strategy. Delivering a net-zero transport sector will require policies and delivery interventions focusing on reducing journeys, delivering modal shift and switching to zero carbon fuels.

We are responsible for the management and maintenance of our road network asset, which is worth over £30bn and includes over 26,000km of roads; 9,700km of footways; 5,800 bridges; 290,000 streetlights.

The Department also sponsors the NI Transport Holding Company (NITHC) which is the parent company of Northern Ireland's only publicly owned bus and rail company, Translink. We are responsible for ensuring the delivery of the Strangford ferry and the management of the Rathlin ferry. The Department also has responsibility for some aspects of the governance of Trust Ports and the development of airports.

The Department has a number of key responsibilities to ensure that everyone has access to safe and accessible travel. For this to happen we have a statutory responsibility to promote good road safety, reduce road fatalities and people being injured on our roads.

Another key part of this is done through the Department's only agency - the Driver and Vehicle Agency (DVA) which contributes to road safety, law enforcement and a cleaner environment by promoting compliance of drivers, vehicles and transport operators through testing, licensing, enforcement and education. The DVA has its own business plan which can be accessed via the Departments website.

## Planning

Planning helps to shape how Northern Ireland looks and functions, both now and for future generations. The Department's role is to guide the planning system, and it works with partners in local government and the wider community to create healthy-living places. This enables us to live, work and play in inclusive, well-planned communities, whilst ensuring that our planet is protected and that any development taking place is modern and sustainable and allows us to create jobs and grow our economy.

We are responsible for the strategic direction and production of regional policy for land use planning. We also develop planning legislation and process a small number of regionally significant planning applications and those applications which may be 'called in', along with having a statutory consultee role for roads and rivers to provide specialist advice in relation to the consideration of planning applications by councils.

The Department works together with the councils in managing the two tier planning system and has a statutory consultee and an oversight role in the preparation of Local Development Plans (LDPs) which set out councils' long-term visions, objectives and growth over the plan period. The Department, with local government and stakeholders, is also taking forward an ambitious Planning Improvement Programme. An interim Regional Planning Commission has been established to provide advice and support, and the programme for change and improvement focuses on a breadth of work areas including legislation, policy, practice, resourcing and governance.

We also have a regeneration role with Crumlin Road Gaol, Belfast and have ownership of lands at the former St Lucia Barracks, Omagh

## OUR PEOPLE

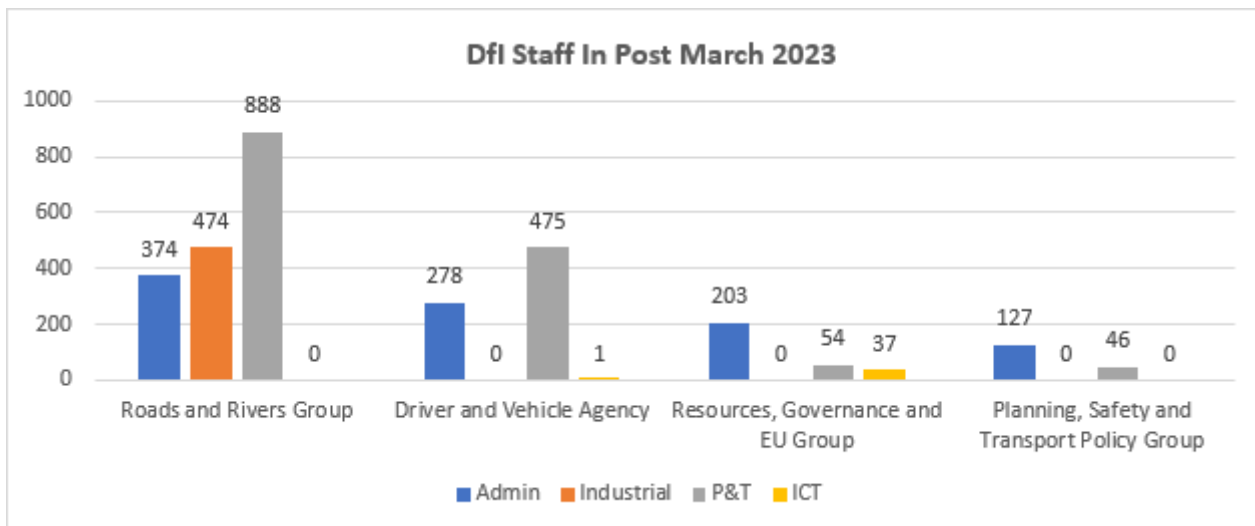
We deliver our challenging work programme through teams of dedicated and committed people located throughout the region. Our work spans from policy and administration to industrial, technical, and engineering roles, and we work in partnership with our sponsor bodies, private contractors, other departments and local government.

Our industrial, technical and engineering staff play a vital role in designing, building, maintaining and repairing roads, bridges and streetlights. They also work to address flood risks, manage water courses, and ensure effective licensing and enforcement. Many of our staff work anti-social hours in very difficult conditions, when necessary, to ensure public safety and deal with emergencies.

Our policy and administrative staff implement existing policies for the benefit of the public. The DVA, an agency of the Department, administers theory and practical driving tests, vehicle tests and issues driving licenses. The Department also administers the Blue Badge scheme.

We work in conjunction across government to support shifts to more sustainable forms of transport, and to increase the efficiency of our key economic corridors.

**Breakdown of DfI Staff by Group as of 31<sup>st</sup> March 2023**

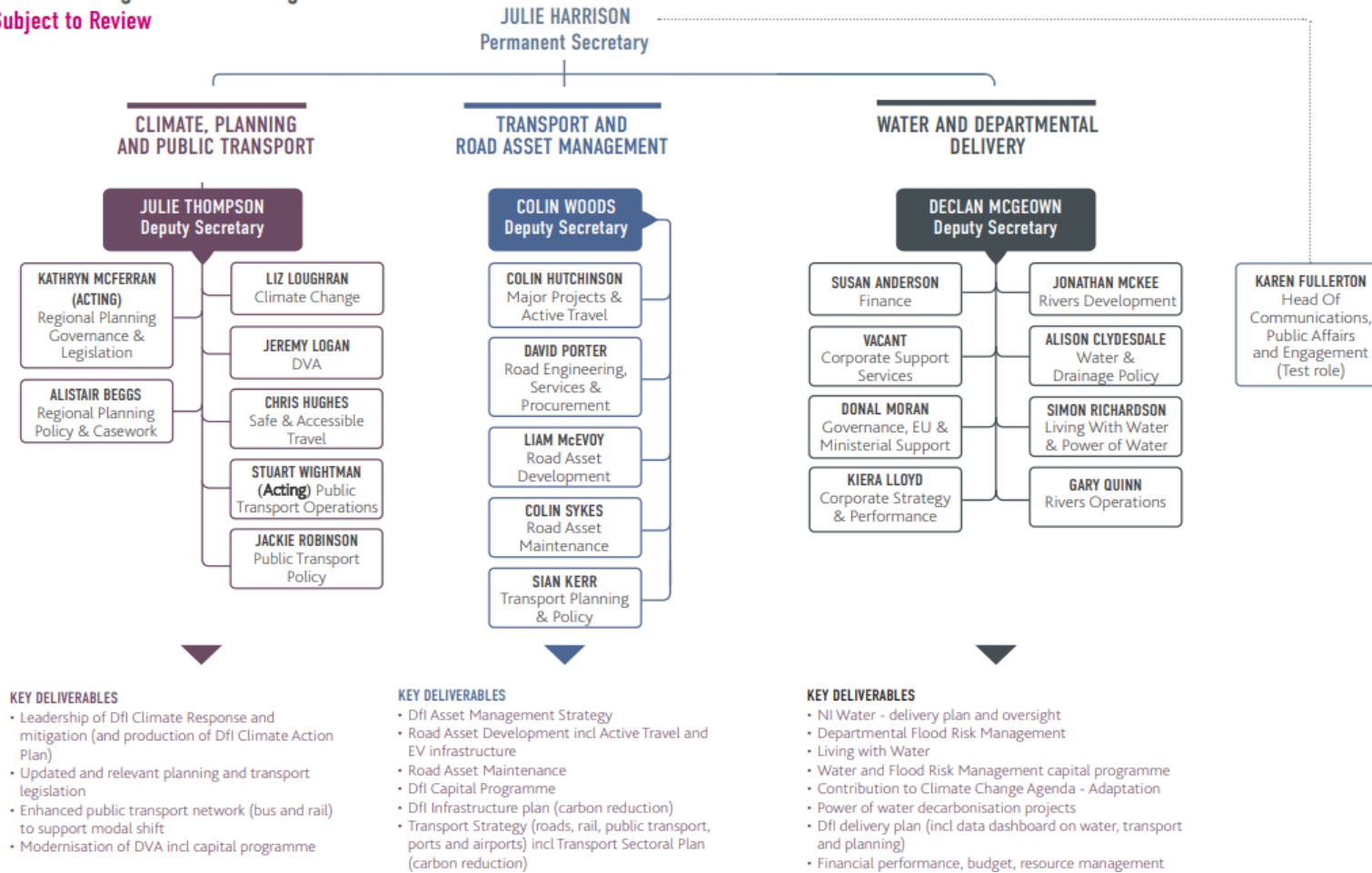


Administrative Staff	982
Industrial Staff	474
Professional and Technical Staff	1,463
ICT Staff	38
<b>Total headcount</b>	<b>2,957</b>

Please note this table represents the Departmental group breakdown before reorganisation in November 2022.

### Senior Management Team Organisation Chart

Subject to Review



Senior Management Team as of 22 May 2023

## KEY ISSUES AND RISKS

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

CHALLENGE	ASSOCIATED ISSUES
Resourcing & People Management	<ul style="list-style-type: none"> <li>• There has continued to be significant challenges matching the ambitions for delivery that we have with the funding and availability of staff to deliver on these ambitions.</li> <li>• Vacancy management issues continue to result in increased workloads for existing staff and impact upon our ability to achieve business objectives.</li> <li>• Staffing issues have been further compounded by industrial action.</li> <li>• A hybrid working policy with the option to work remotely available where operationally feasible was implemented. For those unable work from home, appropriate risk assessments and safe ways of working remained in place.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>• The budget for 2022-23 was not set until November 2022, leading to uncertainty for the Department in committing expenditure in the early part of the year.</li> <li>• The shortfall in the resource allocation meant some difficult decisions had to be taken, including:               <ul style="list-style-type: none"> <li>○ Translink using its reserves to meet pressures.</li> <li>○ Reducing further discretionary spending within the Department;</li> <li>○ NI Water taking action to reduce its controllable spend.</li> </ul> </li> <li>• The rise in both energy costs and inflation continued to substantially impact upon the Department and its ALBs.</li> </ul>
Safeguarding our Infrastructure	<ul style="list-style-type: none"> <li>• We continue to operate in a very difficult public expenditure context with inadequate funding of our infrastructure. This issue has been exacerbated by rising energy costs and inflation.</li> <li>• Inadequate funding leads to underinvestment in maintaining our asset base.</li> <li>• There are constraints on new housing and economic development due to wastewater treatment works being at capacity.</li> <li>• Funding for our road network is insufficient to maintain the current state of repair.</li> </ul>

CHALLENGE	ASSOCIATED ISSUES
	<ul style="list-style-type: none"> <li>• Our public transport network also requires substantial investment to maintain existing services.</li> </ul>
Technology and data Security	<ul style="list-style-type: none"> <li>• Technology continues to be key to delivering public services, more accessibility and enabling staff to work more flexibly through the implementation of New Ways of Working.</li> </ul>
Climate Change	<ul style="list-style-type: none"> <li>• Transport remains the second highest contributor to greenhouse gases.</li> <li>• Additional investment is required to meet the requirements of the Climate Change (Northern Ireland) Act 2022, develop sustainable drainage systems and protect infrastructure against flooding.</li> <li>• Additional investment is needed to encourage people out of their cars and onto alternative forms of transport, together with a move to more sustainable fuels for our cars and buses.</li> <li>• The Department will be required to further develop policies and proposals to be included in the Executive Climate Action Plan required by the Climate Change (Northern Ireland) Act 2022.</li> <li>• Additional investment is needed to develop potential decarbonisation opportunities from NI Water’s public sector asset base.</li> </ul>
Reservoirs	<ul style="list-style-type: none"> <li>• The absence of full commencement of the Reservoirs Act means that the Department does not have the legislative framework to manage reservoir safety in Northern Ireland and the associated public safety risk.</li> </ul>

PERFORMANCE SUMMARY



FLOOD ALLEVIATION

**£23.98m**

3 Flood Alleviation Schemes completed within Newcastle, Newry and Belfast which provide enhanced flood protection to 596 properties



PUBLISHED AN ACTION PLAN FOR ELECTRIC VEHICLE INFRASTRUCTURE



COMPLETED DELIVERY OF 21 NEW RAILWAY CARRIAGES

WHICH HAVE BEEN PUT INTO OPERATION AND PROVIDE 1,600 ADDITIONAL SEATS



**£65million**

ORDER PLACED FOR

100 zero emission battery electric buses for the bus network

**£39m**

FUNDED CONCESSIONARY FARE JOURNEYS

Includes figures for school children and reduced adult fares

**£4.7m**

FOR DEMAND RESPONSIVE Community Transport and Shopmobility Schemes

PART-TIME 20MPH SPEED LIMITS INTRODUCED OUTSIDE 103 SCHOOLS

LAUNCHED **£750,000**

Living Places and Spaces Fund to help create more sustainable and resilient community spaces



NEW ONLINE

PLANNING PORTAL OPERATIONAL

FINALISED THE DEVELOPMENT of the draft new Road Safety Strategy and Action Plan

CONTINUED TO MANAGE AND PROTECT

**£32bn** of public assets



**15,000**  
received emails  
in the Department's main  
correspondence mailbox

RESPONDED TO

**425**

FOI Requests

**119**

citizens provided  
their personal data  
upon request

REPAIRED

**999m**

OF CULVERTS

**3.158km**

OF FLUVIAL FLOOD  
DEFENCES



CELEBRATED

**50th**

Anniversary of Road Safety  
Teaching Calendar



**1,115,563**  
vehicle tests  
conducted  
(full & retests)



**68,539**  
driving tests  
conducted  
(full & retests)

**261,701**  
driving licences

MAINTAINED

**299**

Rural open watercourses

**LAUNCHED**  
a new approach to  
verge management to  
protect the  
environment

PROCESSED

**fifty-three  
thousand  
six  
hundred  
and ninety  
six**

Blue Badge  
Applications



PROGRESSED  
**THREE  
FLAGSHIP  
SCHEMES  
BELFAST  
TRANSPORT HUB  
A5 & A6**

**91**



**NOTIFICATIONS  
WERE PROCESSED  
IN RELATION TO  
COUNCIL PLANNING  
APPLICATIONS**



## Budget Position 2022-23

The Department was allocated an opening budget of £521.2m (an increase of £100.5m (24%) from 2021-22) in Resource and £796.7m in Capital (an increase of £74.2m from 2021-22), through the 2022-23 Budget announcement by the Secretary of State on 27 November 2022.

### Resource

The Department faced significant resource pressures in 2022-23, impacted by the unprecedented rise in energy and inflation; with the Department being disproportionately impacted as NI Water is the largest consumer of electricity in Northern Ireland.

The additional funding provided in the resource budget, an increase of £100.5m, when compared to the 2021-22 baseline, provided some mitigation towards the increase in energy prices and rising inflation. However, some difficult decisions had to be taken to allow the Department's essential services to continue. The most significant of which was Translink maintaining the public transport network by drawing on its reserves.

In addition, the Department took steps to improve Translink's sustainability, which resulted in the fare increase implemented in March 2023.

The Department, in taking these difficult decisions, and managing energy on a needs basis, given the volatility in prices, was able to deliver its services at current levels, within the budget provided.

### Capital

The Capital Budget allocated to the Department in 2022-23, the largest of any Department here to date, has allowed the continuation of investment to deliver its priorities.

It has enabled NI Water to meet regulatory and environmental obligations and delivery of the Living With Water Belfast Plan, including:

- maintaining 23 Water and Wastewater Treatment Works and 1,029 Wastewater Treatment Works;
- improvements to Wastewater Treatment works;
- improving sewerage infrastructure, for which NI Water's network extends to some 16,000km in length;
- rehabilitating over 145km of Watermains; and
- investment in green energy saving projects.

There has been further progression of projects within the public transport network, including Belfast Transport Hub and decarbonisation of the network.

Expenditure of £127.5m (comprising £111m capital and £16.5m Resource) on structural maintenance delivered around 470 lane km of road resurfacing and 5.6 million square metres of surface dressing.

The Department replaced c3,800 street lighting columns and associated cabling and retrofitted c30,000 sodium streetlights with energy efficient LED units. A total of c33,800 LED units were installed, at a cost of approximately £8.5m.

It allowed for the continued development of a number of strategic road transport projects, including publishing an Environmental Statement Addendum for the A5 Western Transport Corridor project, continuing construction work on the A6 Drumahoe to Dungiven project, publishing the preferred route for BRT2, completing the Placemaking and Active Travel Review for York Street Interchange and developing contract documents for A1 Junctions Phase 2, A32 Cornamuck and A4 Enniskillen Southern Bypass.

The Department funded schemes from the Blue Green fund with a value of over £13m. Councils are taking forward 14 greenway schemes.

### **Forward Look Financial Position**

The Department is facing an extremely challenging budget position in 2023-24, with the resource budget provided by the Secretary of State on 27 April 2023, being some £167m less than the Department's requirements. Therefore, it is inevitable that there will have to be substantial reductions in the core public services the Department provides.

In capital, the Department has been allocated £792.4m (which is £146m less than would have been required) which will enable some key schemes to progress, for example the Belfast Transport Hub; A5; rail and bus safety works; and some structural maintenance of our road network. It will not however facilitate the level of investment required to properly maintain our infrastructure assets and could delay the progress for some schemes.

### **Programme for Government**

The Northern Ireland Act 1998 and the Belfast (Good Friday) Agreement require the Executive to seek to agree a programme of work. There is no prescribed form or function that such a programme must take and the contents and purpose of any Programme for Government (PfG) is a decision for an Executive to take.

The previous Executive aimed to bring forward an Outcomes-based PfG focusing on achieving outcomes of societal wellbeing and delivering real and positive change in people's lives. To achieve this a PfG draft Outcomes framework was developed, which builds on the Outcomes-based approach that has defined NICS business planning across the public sector since 2016. The draft Outcomes Framework contains nine strategic Outcomes which, taken together, aim to set a clear direction of travel for the NI Executive and provide a vision for the future of all citizens.

The Outcomes based PfG was delayed during the course of the last mandate due to the COVID-19 pandemic. Any incoming Executive will want to seek to agree its agenda for Government and revise and update the draft PfG.

### **Departmental Business Plan 2022-23**

The Department developed a Business Plan for the year 2022-23 which is split into two sections, Section 1 outlined the essential services which DfI provides to citizens and businesses. This accounts for the vast majority of work which is undertaken by the Department; while Section 2 outlined the additional plans and initiatives which the Department will undertake to contribute to the wider strategic context.

The Business plan was launched in autumn 2022 and was used to shape the work of the Department for the year. It is available on the Departments website at:

[https://www.infrastructure-ni.gov.uk/sites/default/files/publications/infrastructure/dfi-business-plan-2022-23-final\\_1.PDF](https://www.infrastructure-ni.gov.uk/sites/default/files/publications/infrastructure/dfi-business-plan-2022-23-final_1.PDF)

The business plan was aligned to the Draft Programme for Government outcomes with each of the 34 actions helping to fulfil a number of these outcomes within the draft PfG framework. DfI also identified five objectives for the work which was to be undertaken during the year, these included:

- Objective 1: Fulfilling our statutory duties;
- Objective 2: Connecting People and Communities;
- Objective 3: Addressing regional imbalance and growing the all island economy;
- Objective 4: Tackling the Climate Emergency; and
- Objective 5: COVID 19 - Green Recovery.

Monitoring reports were undertaken on the business plan, for all quarters and the End Year Monitoring. Of the 34 actions contained within the 2022-23 Business Plan, 16 were delivered in full and within the agreed timescales, 17 were either partially delivered within the timescales or were delivered late, and 1 was not delivered.

The full end-year performance report is available on the Department's website at:

<https://www.infrastructure-ni.gov.uk/publications/department-infrastructure-end-year-report-business-plan-actions-2022-23>

Some of the highlights include:

Action	Status as of 31 <sup>st</sup> March 2023
Implement a new Planning IT System in conjunction with Councils, in November 2022.	New Portal went live on 5 December 2022
Finalise the development of the draft new Road Safety Strategy and Action Plan and draft monitoring arrangements by January 2023.	A draft Road Safety Strategy for Northern Ireland to 2030, including a high-level Action Plan for 2022-23 was published on 24 October 2022. It is intended that the Strategy will need to be formally endorsed by the Executive on its return.
Complete tranche 2 programme of part-time 20mph speed limits outside 103 schools by the end of March 2023.	Signs operational in each of the Departments four area based Roads Divisions across NI.
Complete stakeholder consultation and development of new roads procurement strategy, and publish it by March 2023.	The Procurement Strategy has been developed and the report was completed by 31 March 2023.
Consult on a new Strategic Asset Management Plan for the Road Network.	Internal consultation now closed and responses being analysed within the Department.
Commence a review of the statutory base of our Roads functions to identify and consider options for improvement.	Review of legislation commenced
Support NI Water through the delivery of Price Control 21 (PC21) across Northern Ireland to deliver essential water and waste water services by providing policy advice and governance oversight throughout 2022-23.	Partnership Agreement in place since November 22.  Monthly governance meetings and twice yearly shareholder meetings in place.
Develop the Department’s input to the Climate Action Plan (CAP) in liaison with DAERA, other government departments and relevant stakeholders within deadlines as set out in the Climate Change Act (Northern Ireland) 2022. This will include the development of Infrastructure and Transport Sectoral Plans that meet the objectives of the Climate Act by December 2023.	DfI CAP contribution/interventions refined and resubmitted to Department of Agriculture, Environment and Rural Affairs (DAERA) for further consideration in line with deadlines. The Department will continue to liaise with DAERA to finalise ahead of any spring consultation on CAP.

Action	Status as of 31 <sup>st</sup> March 2023
<p>Develop the Department’s input to the Executive’s draft Green Growth Strategy and its supporting strategies including the Executive’s Energy Strategy, in liaison with the lead Department and relevant stakeholders. This will include the development of an EV Infrastructure Action Plan by October 2022.</p>	<p>The Department has provided input throughout the development of the Green Growth Strategy. The strategy is now in its final draft stage.</p> <p>The Department continues to engage and collaborate with other government departments on the supporting strategies including the Energy Strategy which has been published by the Department for Economy (DfE) on behalf of the Executive.</p> <p>Following publication of the Energy Strategy, an Electric Vehicle (EV) Infrastructure Task-Force was established to consider EV Infrastructure requirements and it published its action plan in November 2022.</p>
<p>Progress decarbonisation projects with our delivery partners in NI Water and Translink with business cases completed for key projects by March 2023.</p>	<p>Strategic Outline Case for NI Water Wind Farm approved by DfI and DoF in January 2023.</p>
<p>Develop a DfI Performance Dashboard with Key Performance Indicators for Planning, Water and Transport by March 2023.</p>	<p>A suite of headline performance metrics to help monitor the Department’s performance in the three delivery areas has been developed.</p>
<p>Support the Department’s response to requests from the UK COVID-19 Inquiry.</p>	<p>The Department received a draft Request for Evidence under Rule 9 of the Inquiry Rules 2006 on 24 January 2023. A draft corporate statement and relevant documents, including a chronology, was issued to the Inquiry team on 1st March 2023. The Department is currently awaiting a response from the Inquiry which is expected shortly.</p>

Waterways Ireland is jointly sponsored by the Department for Infrastructure (DfI) and the Department of Housing, Local Government and Heritage (DHLGH). It prepares a high level three-year Corporate Plan and an annual Business Plan. The Plan must have the approval of both Sponsor Ministers, Finance Ministers and the North South Ministerial Council. Waterways Ireland accounts operate on a calendar year with the most recent [Corporate Plan covering 2020-2022](#) inclusive.

The Body employs over 300 permanent staff, located in offices and depots close to inland waterways. A number of seasonal staff are also employed over the spring and summer period.

Waterways Ireland has a statutory function to manage, maintain, develop and restore specified inland navigable waterways, principally for recreational purposes and is the navigation authority for over 1,000 km of navigable inland waterways.

## **Flagship Projects**

### **A6**

Following the opening of the A6 Randalstown to Castledawson dual carriageway in May 2021, the Department has continued to progress the construction of the A6 Derry to Dungiven Phase 1 dualling scheme. This scheme, between Drumahoe and Dungiven, is very well-advanced with the mainline construction works substantially complete and the new dual carriageway scheduled to open to traffic in early April 2023.

Together these schemes, which represent an investment of over £440m, will greatly improve the connectivity of the North West, reduce journey times, boost journey time reliability and improve road safety for all road users. The construction of these schemes has secured many jobs in the local construction industry.

### **A5**

The A5 Western Transport Corridor project, on completion, will provide 85km of new high standard dual carriageway between New Buildings and the border just south of Aughnacloy. Like the A6, it will also greatly enhance the connectivity of the North West, reduce journey times, boost journey time reliability and improve road safety for all road users.

Following the adjournment of the public inquiry on the A5 Western Transport Corridor in early 2020, the Department received the Planning Appeals Commission's (PAC) Interim Report in September 2020. In March 2021, having considered the Interim Report and having taken legal advice the Department published the report and announced its decision to comply with the two key recommendations contained within it. This led to the development of a new Environmental Statement Addendum and series of supplementary documents that were published for consultation during 2022 and early 2023. The Public Inquiry was reconvened on 15 May and finished on 2 June 2023. At the end of the Public Inquiry proceedings on 2 Jun, the PAC indicated that DfI would have the final report by the end of 2023.

## **Other Strategic Road Schemes**

The Department has continued to advance a number of other strategic road schemes – York Street Interchange, Newry Southern Relief Road, A4 Enniskillen Southern Bypass, A1 Junctions Phase 2, A29 Cookstown Bypass and A32 Cornamuck.

## **Belfast Transport Hub -Grand Central Station and Weavers Cross Regeneration Project**

The Belfast Transport Hub is a transport-led regeneration project planned to be a key driver of economic growth and prosperity for Belfast and Northern Ireland. The first element of the project relates to the development of the new integrated Belfast Grand Central Station which is intended to respond to significant projected growth in passenger numbers at Great Victoria Street through the creation of a new multi modal transport interchange for the city, replacing the current bus and rail provision at both Great Victoria Street rail station and the Europa Bus Centre

The busway bridge, which is the last remaining element of the enabling works, is ongoing and due for completion as planned in Summer 2023. Work on the new main station building, which commenced in February 2022, is also continuing as scheduled. The new station will provide greater capacity with an increase to 26 bus stands, eight railway platforms, enhanced walking and cycling connectivity, greater comfort and accessibility encouraging greener, active travel for a healthier, smarter city. The Weavers Cross development which will be delivered as part of the project, will facilitate the regeneration of c. 8 acres of brownfield land surrounding the new Hub in Belfast city centre with the main development plots becoming available by c. April 2025.

## **Funding of the Public Transport Network**

The Transport Act (Northern Ireland) 2011 requires the Department to enter into a Public Service Agreement with NITHC/Translink for the delivery of the majority of public transport services here. The Department funded Translink with £88.5m of revenue support (including concessionary fare reimbursement of £38.5m) as well as £251.7m in capital support in the delivery of our public transport network. Through the Public Service Agreement the Department includes a commitment that funding should be maintained at such a level to ensure that the public service obligation activities performed by Translink enable it to maintain its financial viability over the life of the Corporate Plan. In light of this, the Department remains Translink's primary source of capital funding and one of its main sources of revenue income.

The level of annual subsidy provided to Translink to provide the public transport network has led to the organisation sustaining significant losses and depleting its cash reserves following a difficult budget settlement in 2015-16. While the Department has been able to secure Translink's funding position through in year bids, there is still a gap in funding to deliver the network in a normal financial year which will need to be addressed. This continues to be further exacerbated by the ongoing impact of COVID-19 which includes a change in travel patterns and, as such, means that Translink's fare income is not yet at pre-Covid levels. Recognising the statutory requirements placed on it, the Department continues to work to secure the funding allocations needed to preserve and build on our public transport network.

## City and Growth Deals

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

As part of the Belfast Region City Deal, the Department continued the development of Newry Southern Relief Road, Lagan Pedestrian and Cycle Bridge and Belfast Rapid Transit 2.

Newry Southern Relief Road – a decision in February 2023, under the Northern Ireland (Executive Formation etc) Act, to proceed with a fixed bridge over the Newry Ship Canal has facilitated progression of the Environmental Impact Assessment and the draft Orders in advance of publication for statutory consultation.

Lagan Pedestrian and Cycle Bridge – work continued developing the preliminary design and preparation of the contract documents in readiness for procurement. The target for award of contract is early 2024.

Belfast Rapid Transit 2 – the preferred route was announced in October 2022; along the Antrim Road in the north and the Ormeau and Saintfield Roads in the south, extending to Glengormley and Carryduff respectively. The announcement also noted that the existing G2 City Centre to Titanic Quarter Glider service will be extended to connect with Queen’s University and the City Hospital.

The Department has also been working closely with Derry City and Strabane City Deal partners on the development of the Strabane Town Centre Regeneration projects and the Derry Riverfront project, contained in the Heads of Terms, signed off in February 2021. In addition, officials have been engaging with Mid-South West Growth Deal partners and Causeway Coast and Glens on the transport projects they are considering as part of their deals.

## Living with Water Programme

Living with Water in Belfast: An Integrated Plan for Drainage and Wastewater Management in Greater Belfast which was published in November 2021 and endorsed by the Executive aims to deliver a long-term approach to drainage and wastewater management that will protect from flooding, provide a cleaner and greener environment, and ensure that Belfast is open for business and investment. The Plan includes upgrades to the sewerage systems, drainage networks, treatment works and where feasible blue/green infrastructure such as rivers and green spaces. NI Water had estimated that around £1.2bn of investment will be needed in the wastewater and drainage infrastructure to implement the 12-year Belfast Plan with a further £200m of investment needed on other drainage infrastructure including rivers, roads and green spaces during that time. Work to develop a similar plan for drainage and wastewater management for Derry/Londonderry through the Living with Water Programme is underway, and the draft Plan is scheduled for public consultation in Spring 2024.



## Maintenance of Infrastructure Assets

The Department is responsible for the upkeep of existing infrastructure valued in excess of £30bn. This includes over 26,000km of roads, 9,700km footways, 5,800 bridges, 290,000 street lights as well as approximately 426 km of raised flood defence embankments and flood walls, 26km of coastal defences, and 12 control structures, the Department maintains an extensive below ground drainage network of over 364km of culverts. In addition, it is responsible for managing and maintaining 136 hydrometric stations used to measure and record water levels.

Each asset requires regular, routine, maintenance. Ongoing investment, on an annual basis, is required if the lifespan of our assets is to be maximised. However, it has not always been possible to fund the level of maintenance required. Addressing the backlog of maintenance and avoiding further degradation will require increased investment. We need to be able to maintain our existing infrastructure before we expand it.

This would lead to assets that deteriorate more quickly and would result in more costly and complex interventions in the future. Put simply, it is better value to maintain the asset well and in a timely fashion. The failure to properly maintain the roads asset is a strategic risk to our future prosperity, safety and well-being.

## Financial Review

### Variances between Outturn and Estimate

A detailed analysis of Outturn against Estimate by function can be found in the Statement of Outturn against Assembly Supply (SOAS) within the Accountability Report. The table below summarises Outturn against Estimate and links directly to the SOAS, a key accountability statement which is audited.

	Outturn (£000)	Estimate (£000)	Variance (£000)
Voted Resource	785,443	867,133	81,690
Voted Capital	643,895	669,633	25,738
Net Cash Requirement	1,325,497	1,417,677	92,180

#### Voted Resource

Outturn for the year was 9.4% (£81.7m) less than the Estimate for the year. This was primarily due to depreciation / impairment of the non-trunk road network being less than anticipated. Depreciation is based upon an annual assessment of the condition of the road network along with the capital expenditure on structural maintenance, this can create unpredictable fluctuations in the depreciation charge year on year.

Also, NI Water subsidy required was lower than anticipated by the Department.

#### Voted Capital

Outturn for the year was 3.8% (£25.7m) less than the Estimate for the year. This was primarily due to revaluation and release of capital provisions being lower than anticipated.

Also, loan notes to NI Water were lower than anticipated by the Department.

#### Net Cash Requirement

The Net Cash Requirement shows a variance of 6.5% (£92.2m) against the Estimate for the year. This was mainly due to the movement in working capital with creditors being more than anticipated resulting in less payments. This was also combined with the loans and subsidies to NI Water being lower than anticipated by the Department.

## 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); and
- 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 Secretary of State agreed a local Budget for 2022-23 that set DEL controls for Northern Ireland departments.

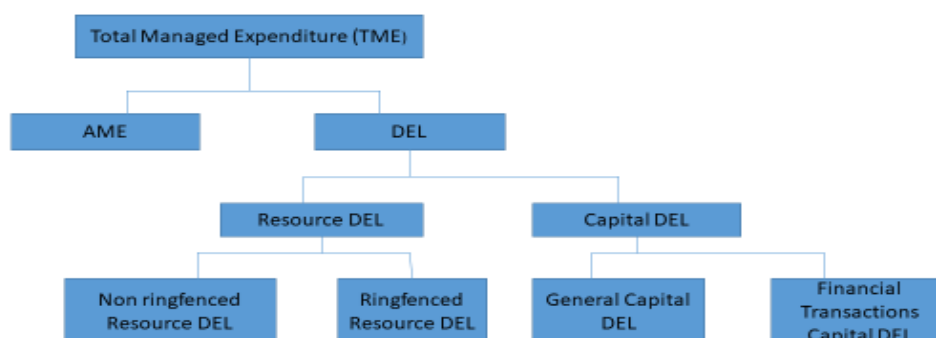
DEL budgets are classified into resource and capital.

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

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury.

[Consolidated budgeting guidance 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/103112/Consolidated_budgeting_guidance_2022_to_2023_-_GOV.UK.pdf)

## Budget Structure



## Budgetary Performance

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

	Final Plan 2022-23 £000	Outturn 2022-23 £000	Underspend / (Overspend) £000
<b>Resource DEL</b>	<b>650,119</b>	<b>645,017</b>	<b>5,102</b>
including			
Non-ringfenced	522,266	521,940	326
Ringfenced depreciation / impairment	127,853	123,077	4,776
<b>Capital DEL</b>	<b>797,023</b>	<b>796,423</b>	<b>600</b>
including			
General capital	797,023	796,423	600
<b>Total DEL</b>	<b>1,447,142</b>	<b>1,441,440</b>	<b>5,702</b>
<b>AME</b>	<b>190,658</b>	<b>139,953</b>	<b>50,705</b>
including			
AME Resource	189,497	148,747	40,750
AME Capital	1,161	(8,794)	9,955
<b>Total Managed Expenditure</b>	<b>1,637,800</b>	<b>1,581,393</b>	<b>56,407</b>

## Explanation of Variances

The £0.3m (0.06%) variance in Non-ring fenced Resource DEL relates in the main to income received that must be returned to the Consolidated Fund and cannot be used within the Department.

DEL ring-fenced depreciation/ impairment expenditure in the main relates to an underspend in depreciation for Departmental assets being less than forecasted following year end accounting processes.

## Capital Variances

The largest single element of the capital underspend of £0.6m is £0.4m which relates to capital schemes that have not progressed as planned.

## AME Variances

AME is expenditure which is outside DEL, reflects highly unpredictable or volatile expenditure. In DfI, AME budget cover is required for accounting entries such as provisions for uncertain liabilities and depreciation for the non-trunk road network. For 2022-23, the underspend mainly related to depreciation being less than estimated for the non-trunk road network.

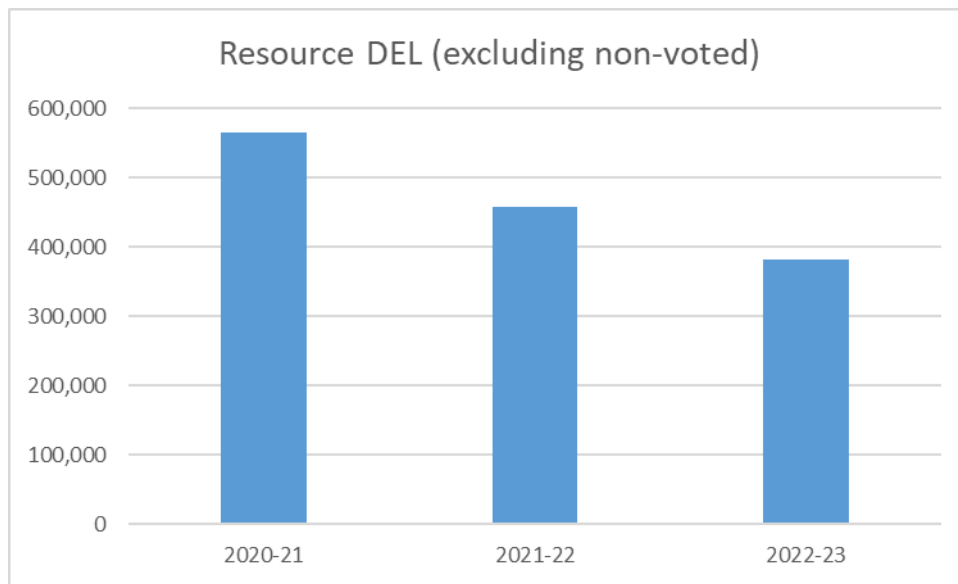
## Long Term Expenditure Trends

The following tables and visual illustrations reflect the Departmental spend in the Statement of Assembly Supply (SOAS1.1, page 89 and SOAS 1.2, page 92) excluding non-budget. Long term expenditure information has been restated to show the position had Review of Financial Processes been in place at that time.

	2022-23 £000	Restated 2021-22 £000	Restated 2020-21 £000
<b>Total Resource DEL</b>	<b>645,017</b>	<b>690,267</b>	<b>799,497</b>
<i>Of which:</i>			
Staff costs	93,993	91,288	93,402
Depreciation & impairment	31,352	31,882	25,430
Grants	103,397	185,048	304,255
Other	176,439	167,121	154,901
Income	(23,153)	(18,044)	(13,281)
Non-voted	262,989	232,972	234,790
<b>Total Resource AME</b>	<b>148,747</b>	<b>87,446</b>	<b>117,177</b>
<i>Of which:</i>			
Depreciation & impairment	132,502	4,576	103,610
Other	2,570	(4,880)	(5,597)
Non-voted	13,675	87,750	19,164
<b>Total Resource Budget</b>	<b>793,764</b>	<b>777,713</b>	<b>916,674</b>
<i>Of which:</i>			
Staff costs	93,993	91,288	93,402
Depreciation & impairment	163,854	36,458	129,040
Grants	103,397	185,048	304,255
Other	179,009	162,241	149,304
Income	(23,153)	(18,044)	(13,281)
Non-voted	276,664	320,722	253,954
<b>Total Capital DEL</b>	<b>796,423</b>	<b>752,734</b>	<b>585,615</b>
<i>Of which:</i>			
Capital grants (net of income)	253,240	232,874	145,131
Other	244,449	288,887	261,850
Non-voted	298,734	230,973	178,634
<b>Other Capital AME</b>	<b>(8,794)</b>	<b>(2,552)</b>	<b>506</b>
<b>Total Capital Budget</b>	<b>787,629</b>	<b>750,182</b>	<b>586,121</b>
<b>Total Departmental Spending</b>	<b>1,593,017</b>	<b>1,527,895</b>	<b>1,502,795</b>
<i>Of which:</i>			
<b>Total DEL</b>	<b>1,441,440</b>	<b>1,443,001</b>	<b>1,385,112</b>
<b>Total AME</b>	<b>139,953</b>	<b>84,894</b>	<b>117,683</b>

**Departmental Resource DEL (excluding non-voted) (£000)**

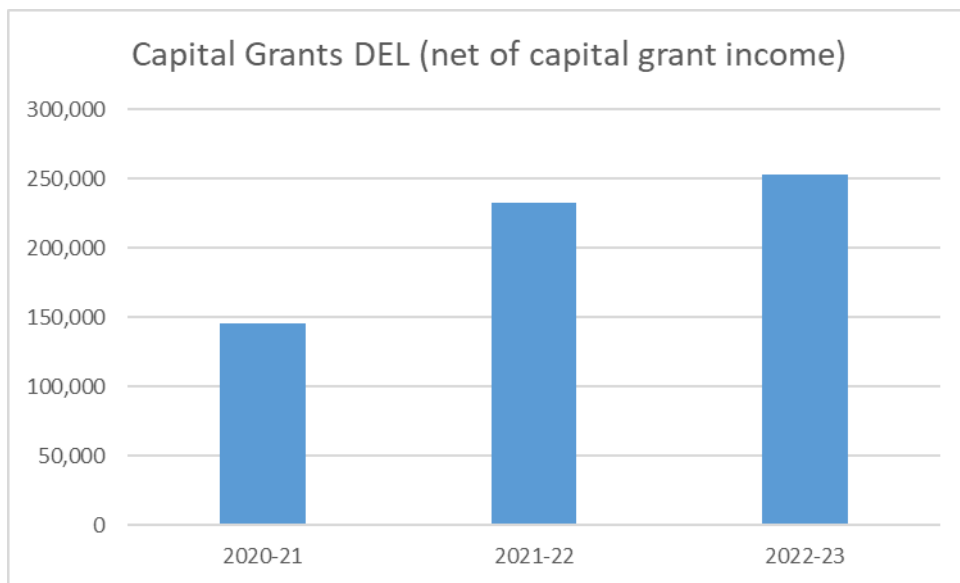
	2020-21 £000	2021-22 £000	2022-23 £000
Resource DEL (excluding non-voted)	564,707	457,295	382,028



Decrease in Public Service Obligation and Bus Route Subsidy grants to Translink due to budget restraints.

### Departmental Capital DEL grants (net of capital grant income)

	2020-21 £000	2021-22 £000	2022-23 £000
Departmental Capital DEL grants (net of capital grant income)	145,131	232,874	253,240

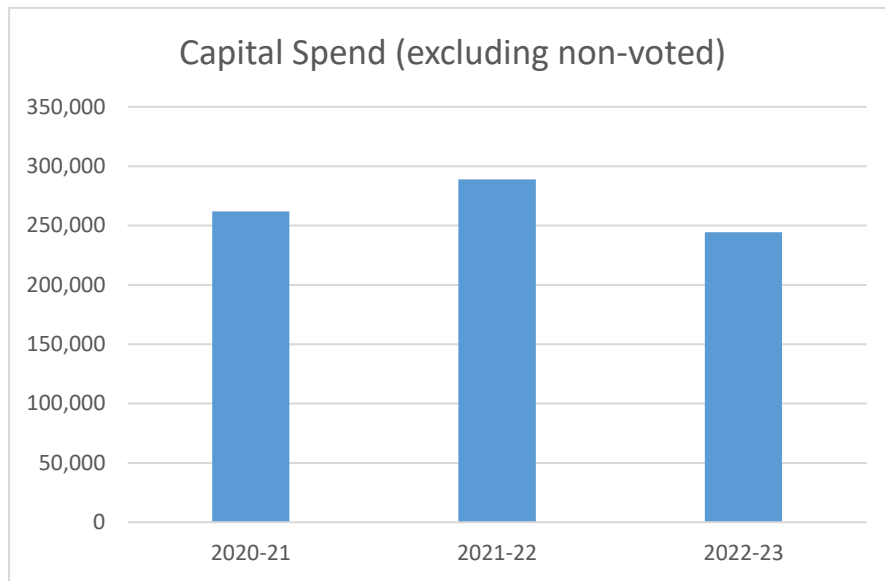


Increase in capital grants to Translink due to the intensified work on the programme for rail projects, most notably Lisburn Area Renewals, Lagan Junction to Yorkgate Track Renewals, Dark Arches – Whiteabbey Track Renewal and Cullybackey Area Signalling and Level Crossing Renewals.



**Departmental capital spend (excluding non-voted)**

	2020-21 £000	2021-22 £000	2022-23 £000
Departmental Capital spend (excluding non-voted)	261,850	288,887	244,449



Capital spend mainly consists of spend on structural maintenance for roads and also spend on Flagship and Road Improvement Schemes.

## Impact of COVID

Covid continues to have an impact on the day-to-day running of the Department during 2022-23. This is evident in the operation and performance of Translink. Translink passenger numbers continue to remain lower with the total passenger journeys carried by Translink now at 85-90% of pre-COVID levels following a period of sustained recovery. Due to the lost income from these passengers and the subsequent funding gap, alongside rising energy and inflation costs this gap has been managed through use of the reserves of the Company.

The Department has also setup a Covid Inquiry response team to respond to any requests from the UK Covid Inquiry. In 2022-23 the Department received one statutory request from the Inquiry on 25 January 2023. This request was responded to on 28 February 2023.

## Impact and response to Energy Prices / Inflation

During 2022-23 the Department and its ALBs have continued to be impacted by a sustained and substantial rise in both energy costs and inflation due to ongoing COVID issues and the impact the current conflict in Ukraine has had on prices. This has had a substantial impact in particular with NI Water as Northern Ireland's largest electricity user. Its energy costs have been severely impacted increasing from £32.5m in 2020-21, £62.2m in 2021-22 to an estimated £82.7m in 2022-23.

The Department has also been impacted by rising costs due to the cost of materials increasing, as well as increasing energy costs which has impacted all infrastructure projects being undertaken. The impact of construction inflation and other new costs for the delivery of services, including for water and wastewater treatment and public transport, has created further challenge to the available budget. Core public services of essential road maintenance (potholes, gully emptying, road markings, etc), and public transport have been particularly impacted by funding reductions during 2022-23.

Translink has also not been immune to the increase in inflation and energy costs. Although this has been eased slightly with Translink hedging its fuel costs the rising costs and difficult budget for the year it was required to use its reserves. In his written statement of 24 November 2022, the Secretary of State for Northern Ireland stated that steps would need to be taken to improve Translink's sustainability through the uprating of public transport fares. A decision was subsequently taken under the Executive Formation Act to increase Public Transport fares by approximately 7% from 6 March 2023, these fares had been frozen for around 4 years before this.

Decisions were also taken during 2022-23 to increase planning fees by 12.3% from April 2023 and to increase on street parking charges in Belfast, Newry and Lisburn from 1 April 2023.

## Sustainability, environmental, social and community matters

In June 2022 Northern Ireland obtained its first climate legislation with the introduction of the [Climate Change Act \(Northern Ireland\) 2022](#). This sets a clear statutory target of net zero

emissions by 2050 and places a statutory duty on all Government departments to exercise their functions in a manner that is consistent with achieving that target as far as possible.

This legislation requires each Department to monitor and report on progress made in their area of responsibility and implement proposals and policies outlined in the Climate Action Plan. As part of this work DfI is leading on the production of a Transport Sectoral Plan. The Department is currently looking at how its policies can contribute to emission reduction in our carbon budgets as we chart the path to net zero by 2050 and also working to establish a baseline for this work.

The Department is also working with the Department of Agriculture, Environment and Rural Affairs (DAERA) in the development of a multi-decade Green Growth Strategy, its supporting strategies and associated Climate Action Plan. These collaborative strategies will help to ensure that we chart the right future pathway to net zero.

The requirements contained within the Climate Change Act are underpinned by a number of additional key strategic drivers which require actions that contribute to achieving Net Zero, a clean environment rich in biodiversity and promoting a sustainable economy. These drivers are similar to the drivers within [DfI Strategic Framework](#) which are based around providing the essential services we deliver for our people, through improving life opportunities; our planet through green growth; and prosperity by increasing employability and productivity.

As part of the commitment to the Environment in March 2023 the Department published its [Environmental Mission Statement](#) which outlines how DfI will put environmental considerations at the heart of decision making across the Department. This highlights how the Department is fully committed to challenging its existing practices and embracing new ways of working which will benefit and enhance the natural environment.

A good example of how the Department is investing in new technology to reduce our energy use and protect the environment is in street lighting. Since 2015, the Department has replaced approximately 186,400 sodium streetlights with energy efficient LED units, resulting in a 39% reduction in electricity consumption. This means that approximately 64% of all of our streetlights are now fitted with low energy LED units. It is the intention of the Department to convert the remaining sodium streetlights on its network to LED within the next 2 years, provided the necessary funding is made available. This will result in a reduction in electricity consumption, since 2015, of approximately 54%.

DfI has also undertaken a review of its policy on grass cutting and verge management, placing a greater emphasis on environmental protection and enhancement. The [revised policy](#) which was launched in October 2022 proposes cutting less grass where safe to do so, to increase the environmental value of road verges through promoting rewilding and hence optimising the available biodiversity resource. The policy endeavours to further increase the number of 'Don't Mow Let it Grow' sites and biodiversity enhancement projects on the NI road network and to promote pollinator friendly management of our soft estate. The Department will also identify areas of land on the network for the creation of wildflower meadows or tree planting with the aim of improving biodiversity.

As part of the new working arrangements post COVID the NI Civil Service implemented a hybrid working policy called New Ways of Working. DfI fully supports this new policy which began its implementation during 2022-23. The New Ways of Working has already reduced the need to travel for many office based employees of the Department, both reducing their carbon footprint and also allow them to have a better work life balance. This, alongside the introduction of new and enhanced online services, has also greatly reduced the amount of paper both generated and disposed of in the office with officials now encouraged to operate a paperless office.

The Executive had agreed to work towards a ban on single-use plastic items by October 2021. The Department remains fully committed to this goal and is working towards the elimination of single use plastics in addition to engaging with the Interdepartmental Working Group to deliver this across the NICS estate.

The Department continued to implement its Digital strategy during the year. This included promoting innovation and the use of new technology to enhance and make the Department more efficient. Current innovative projects include the use of sensors to determine optimum maintenance of road assets, monitor changes in flood risk management infrastructure, the use of drones for bridge inspections and remote sensors to monitor bridge condition. These technologies will optimise maintenance, reduce or target manual inspections and make DfI's business more energy efficient.

The Department has also continued to implement digital technology to cut the level of carbon that DfI emits in delivering its operations and services. The Department has already cut paper communications, automating many of its public facing services such as the introduction of the [Planning Portal](#) and use of [NI Direct](#) to report defects on the roads. Further analytics tools have been developed in areas such as route optimisation in road gritting and managing traffic flows.

As well as reducing the need to commute to an office the Department has also taken advantage of using video conferencing technology such as Microsoft Teams to hold online meetings and discouraged the need to travel to meetings in person. This not only reduced the carbon footprint but also reduced the cost of travel which would normally be reimbursed. The use of this technology has also dramatically reduced the need for air travel, in 2022-23, when compared to 2017-18, the Department reduced its use of air travel for official business by some 48.2%.

The Department has 27 depots across the country which provide Roads Maintenance and River Management services including winter gritting, gully emptying, pothole repair, grass cutting and river maintenance. The Department has recently initiated a project which will baseline the current carbon and emissions attributable to each site and will investigate the viability of alternative energy. The project will also deliver a proposal for a medium to long term (5 to 15 year) million-pound programme of viable solutions for the reduction of carbon and emissions attributable to the Departmental estate.

Implementation of the Living with Water Plan is continuing to develop catchment delivery plans which will transform how we manage stormwater and wastewater in Belfast. This plan represents a £1.4 billion 12 year investment package which will help protect people and business from

flooding, provide a cleaner and greener environment and ensure that Belfast is open for business and investment.

The Departments ALB's are also committed to achieving Net Zero and are working to implement new ways of undertaking their services. For instance, the Department has assisted NI Water in the first steps in their [Power of Water](#). This project, provides an ambitious proposal in how NI Water could be a catalyst for decarbonising energy supply, for example by supporting the installation of solar farms, and through the early adoption of electrolysis. The Department is working collaboratively with DoF, DfE, and DAERA to progress initiatives that will assist in reducing NI Water's dependency on fossil fuel energy sources and help reach net carbon zero goals.

Translink are also committed to the decarbonising of the entire public transport fleet by 2040, subject to available funding and 2022-23 saw a further order placed for 100 EV buses at a cost of £65m. 2023 will see 38 zero emission buses go into service in the Foyle Metro area making it one of the first cities in the UK and Ireland to have a fully zero-emission bus fleet. Overall Translink currently has 94 zero emissions vehicles in service out of their 1400 strong fleet with more due to arrive this year.

The Department is also committed to the greening of its fleet throughout Roads and Rivers including the adoption of electric vehicles, where practicable, in line with the commitment to cease the production of ICE cars and vans from 2030. It is currently trialling a number of zero emissions vans to determine their practicability in the operation of its functions. The Department also purchased an Electric Vehicle in 2021 for Ministerial usage which continues to be used where appropriate.

Sustainability is a key factor of the Departments procurement process with social value included to produce the best outcomes for the Department and wider society with the change this policy will affect. In assessing of the Department estate it continues to examine the best use and maximising the usage of existing properties before engaging in the construction of new properties.

As we have emerged from the pandemic opportunities for staff volunteering in the community have restarted with volunteering days organised in Newry and Foyle Hospices and the National Trust in 2022-23. The Department continued to host webinars, online awareness seminars and online training sessions on a wide range of issues, including: physical health (incl. specific cancers, migraine, heart health and HIV awareness), mental health, active travel, climate change, JAM card, financial wellbeing and online security. These were provided in collaboration with a range of charities including the Samaritans, NOW Group, Inspire and the Charity for Civil Servants.

It should be noted that whilst the Department, as a corporate entity, did not make any charitable donations during the year, individual staff and business area arranged various charity events which resulted in charitable donations.



Julie Harrison  
Accounting Officer

29 June 2023

# ACCOUNTABILITY REPORT

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## **CORPORATE GOVERNANCE REPORT**

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

## **DIRECTORS' REPORT**

Details of the Ministers who held the post of Minister for Infrastructure during the reporting year are included on page 55, and an organisational chart of the Department's senior management team is included in the Performance Report, on page 17.

### **Departmental Accounting Boundary**

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

Waterways Ireland has been consolidated within the Departmental accounting boundary for 2022-23. Details of the governance structure and oversight arrangements in respect of Waterways Ireland are provided at Appendix A.

### **Entities outside the Departmental Boundary**

The following bodies are outside the Departmental resource accounting boundary:

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

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

### **Departmental Reporting Cycle**

The Departmental Business Plan sets out the Department's vision, objectives and key targets. The Department also produces a Main Estimate each year which sets out its detailed spending plans that underpin the resource, capital and cash provision sought by the Department. The Estimate is structured on an objective and function basis. The Statement of Outturn against Assembly Supply provides a Summary of Resource Outturn for the financial year and compares Outturn with Estimate.

## Financial Instruments

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

## Personal Data Related Incidents

The Department had no breaches of personal data reportable to the Information Commissioner's Office in 2022-23.

## Prompt Payment of Suppliers

In 2022-23, the Department, including its Agency (DVA), paid 97% of invoices for goods or services within 30 days or by contract terms (compared to 97.9% in 2021-22). 93.7% were paid within 10 days (compared to 94.7% in 2021-22). Further details are available on the Department of Finance website.

## Health and Safety

The Department is committed to adhering to all current Health and Safety at Work legislation to enable staff and others connected with our undertakings, the benefits of a safe working environment. The Departmental Health and Safety Policy Statement is reviewed annually and when necessary it, and the supporting Policy Statements for each of the three Grade 3 commands, are updated to reflect our approach to Health and Safety and the legislative requirements. The Departmental Board is made aware of significant matters pertinent to these obligations by the Health and Safety Champion. In 2022-23 the Board authorised the establishment of a Health and Safety sub-committee of the Board comprising all Deputy Secretaries, to support the Champion in this particular work. The Terms of Reference for this sub-committee has been drafted and the first formal meeting will be arranged in 2023-24.

The existing Departmental Health and Safety Committee will continue to operate and ensure that appropriate Health and Safety Management Systems are in place and that these are consistently applied across the Department. This Committee continues to embrace a participatory style of health and safety leadership in response to many challenges, not least the significant pressures on budgets and the high level of staff vacancies being managed within the Department. In this area, we adopt an agile approach to policy development which includes engagement with staff, Trade Unions, external policy experts such as the Public Health Agency and the Health and Safety Executive for Northern Ireland.



## Complaints

The Department is committed to providing a high quality service to the public and, as such, welcomes all feedback, both positive and negative, which is used to assist with the improvement of our services. In 2022-23, 59 formal complaints were received and processed under the Department's complaints procedure (compared to 78 in 2021-22).

The Department operates a two-stage complaints process which is overseen centrally. The complaints procedure is kept up-to-date and in line with guidance from the NI Public Services Ombudsman's Office (NIPSO). The Complaints Procedure is available on our Internet site ([DfI complaints procedure | Department for Infrastructure - infrastructure-ni.gov.uk](https://www.infrastructure-ni.gov.uk)). A central complaints register for the Department is maintained, which contains details of complaints received and lessons learned. The information gathered is then used to produce an annual report on complaints handling for the Departmental Board. This report includes details of performance against complaints targets and examples of any lessons learned and any policies or procedures which have been amended as a result of dealing with complaints throughout the year. The Department continues to learn, on an ongoing basis, from the complaints it receives and considers any lessons learnt to improve its procedures and the services that it delivers where possible. The Department has a Customer Charter in place which sets the standards for service delivery and for responding to correspondence.

In addition to the Department's own complaints procedures, the Department received 18 complaints in 2022-23 about the handling of requests for information. These complaints, known as internal reviews, were processed in line with the requirements of the Freedom of Information Act 2000 and Environmental Information Regulations 2004, which require public authorities to process internal reviews within 20 and 40 working days respectively. The outcome of each internal review is reported to Senior Management in the weekly Freedom of Information report.

## Raising a Concern

The NICS launched its new Raising a Concern Policy Framework in January 2023. A new central Raising Concerns team has been set up within the Department and a raising concerns Designated Officer has been appointed. The Designated Officer will be responsible for overseeing the handling of concerns, including maintaining a record, and reporting to the Departmental Audit and Risk Assurance Committee (DARAC) on a regular basis. Revised departmental guidance for fraud and whistleblowing will be developed by the new team and issued in due course.

A total of 43 whistleblowing/wrongdoing cases were reported to/detected by the Department during 2022-23. Following investigation, 36 of these cases were found to be attempted, suspected or actual fraud and were notified to the Northern Ireland Audit Office (NIAO). 4 cases were unfounded and closed, while investigations are ongoing into the 3 remaining cases. Details of these cases were reported to DARAC throughout the year.

## **Auditors**

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

The audit of the financial statements for 2022-23 resulted in a notional audit fee of £124,000 and is included in the administration costs in the Statement of Comprehensive Net Expenditure.

## **Contingent Liabilities**

In addition to the contingent liabilities disclosed under International Accounting Standard (IAS) 37 in note 19, there are remote contingent liabilities disclosed in other Assembly Accountability Disclosures.

## **Going Concern**

In common with other government Departments it is considered appropriate to adopt a 'going concern' basis for the preparation of the financial statements as the Department is supply financed, and draws its funding from the Consolidated Fund. Therefore there is no liquidity risk in respect of the liabilities due in future years.

## **Events after the reporting period**

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

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (Northern Ireland) 2001 (GRANNI). The Department of Finance has directed the Department for Infrastructure 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 (inclusive of its executive agencies) and its sponsored non-departmental (and other arm's length) public bodies designated by order made under the GRANNI by Statutory Instrument 2022 no 256 (together known as the 'departmental group', consisting of the department and sponsored bodies listed at note 23 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 for the departmental group for the financial year.

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

- a. observe the Accounts Direction issued by the Department of Finance, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- b. ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- c. 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;
- d. 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;
- e. prepare the accounts on a going-concern basis; and
- f. 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 the Accounting Officer for the Department for Infrastructure.

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 an Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the department or non departmental (or other arms's length) 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 NIAO are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## GOVERNANCE STATEMENT

### Introduction

As Principal Accounting Officer, I have personal responsibility for maintaining effective governance that supports the achievement of the Department for Infrastructure's policies, aims and objectives, while safeguarding public funds and Departmental assets. This governance statement sets out how I have discharged those responsibilities during 2022-23, including in relation to both corporate governance and risk management.

### Our Governance Framework

The Department has in place a Corporate Governance Framework that is available on our website at: <http://nics.intranet.nigov.net/infrastructure/documents/corporate-governance-framework-2022>. This reflects the key principles in '[Corporate governance in central government departments: Code of good practice NI \(2013\)](#)' and sets out details of the Department's corporate governance arrangements.

The key organisational structures which support the delivery of our outcomes and performance measures include the Departmental Board and its committees. Management assurance is a vital element in the internal control framework. It helps me, as Accounting Officer, supported by the Board, to identify potential areas of concern and focus resources to remedy these. The Department's Deputy Secretaries complete twice-yearly assurance statements. I also receive mid and end-year Assurance Statements from the Accounting Officers for DVA, NI Water, NITHC and Waterways Ireland.

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

### The Departmental Board

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

The Departmental Board supports me by contributing to the corporate management of the Department within the strategic policy and resources framework set by the Minister for Infrastructure and the Executive. The Board operates as a collective forum, to manage the Department.

The Board is not the principal policy making body within the Department, as policy is determined by the Minister. However, the Board may discuss policy in the context of monitoring implementation, strategic planning and operational management. In the policy area, the Board operates in an advisory and consultative capacity, offering guidance when sought.

The Board relies on data from a number of sources to inform its work. These include:

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

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

The Board has two sub-committees: the Departmental Audit and Risk Assurance Committee; and the Major Projects Committee. The Board has approved a further sub – committee in respect of Health and Safety and this will be formally established in 2023-24.

The two Non-Executive Board Members are Moya Johnston and Professor Frank Kirkland who offer constructive challenge across the Department's business ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency. Their appointments are for a period of three years, from January 2022. Moya chairs the Audit Committee while Frank chairs the Major Projects Committee.

During 2022-23 the Departmental Board continued its participation in the Boardroom Apprentice Scheme. Peter Corscadden joined the Board as a non voting member in September 2022 for a 12 month period.

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

Name of Board Member	Position	Board Meetings in 2022-23 (Total of 4)
Julie Harrison	Accounting Officer and Chair of Departmental Board	4/4
Declan McGeown	Deputy Secretary Water and Departmental Delivery	4/4
Julie Thompson	Deputy Secretary Climate, Planning and Public Transport	4/4
Colin Woods	Deputy Secretary Transport and Road Asset management	4/4
Sian Kerr	Director of Strategy and Performance <i>*Left Board in September 2022</i>	2/2
Donal Moran	Director of Governance, EU and Ministerial Support <i>*Joined Board in December 2022</i>	2/2
Susan Anderson	Finance Director	4/4
Frank Kirkland	Non-Executive Board Member and Chair of Major Projects Committee	3/4
Moya Johnston	Non-Executive Board Member and Chair of DARAC	3/4

The Department manages perceived or actual conflicts of interest in line with its 'Conflicts of Interest' policy. A register of interests is maintained for the members of the Departmental Board. The Register of Interests is available [here](#). In line with the current Declaration of Interests policy for special advisers, there is a requirement to declare any relevant interests or provide confirmation that no relevant interests exist. Returns for DfI have been considered and there are no relevant interests to be published. The last Register of Interests was published by DoF in March 2022, and is available at [Register of Ministers' and Special Advisers' Interests \(finance-ni.gov.uk\)](#).

### Departmental Board Performance and Effectiveness

The Departmental Board conducted meetings in hybrid format during 2022-23. This allowed members to attend in person at Clarence Court but also included the option to attend remotely via video conference.

In accordance with the Board Operating Framework, the annual Board Effectiveness Review was conducted in Autumn 2022. The Review was conducted internally and involved Board Members completing an evaluation questionnaire with the results being collated and presented for discussion by the Board. The outcome of the Review was that the Board provides rounded and diverse perspectives and is operationally effective in providing oversight of the work of the Department with good governance arrangements in place.

### **Committees of the Departmental Board**

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

During the year, DARAC work included review of Internal Audit activity, NI Audit Office reports, NI Water and NITHC Audit Committee business, Fraud and Whistleblowing and progress on the implementation of both Internal Audit recommendations and recommendations from the public accounts committee through the Accountability Grid system. The Committee received routine updates on fraud and whistle-blowing cases; NI Water and NITHC Audit Committee business; updates from Waterways Ireland; NI Audit Office audits (both financial and value for money) and the implementation of Gifts and Hospitality and Conflicts of Interest Guidance. A formal report in writing was provided to the Departmental Board and Accounting Officer after each meeting.

The DARAC continued to focus on review of the DfI Corporate Risk Register and during the year performed a deep dive into the Department's corporate risk on Reservoirs. The committee also scrutinised the risk scores of the corporate risks to ensure alignment with mid and end-year assurance statements.

In 2022-23, a total of 170 new cases of attempted, suspected or actual fraud relating to the Department and its ALBs were notified to the NIAO. Of these new cases, 36 related to the Department (including DVA), 119 to NI Water (relating primarily to water connection fraud), 15 to Translink and none for Waterways Ireland. As at 31 March 2023, 169 cases remained open with 22 relating to the Department, 142 to NI Water (all relating to water connection fraud), and 5 to Translink.

The Comptroller and auditor General (C&AG) for Northern Ireland has been given statutory powers to conduct data matching exercises for the purposes of prevention and detection of fraud, and in October 2022, the National Fraud Initiative (NFI) exercise for 2022-24 was commissioned. Participation in the NFI exercise provides assurance that controls within the Department and its ALBs are effective in detecting fraud and duplicate payments. Investigations of potential matches are well underway with no instances of fraud identified to date.



Whistleblowing/wrongdoing statistics for 2022-23 can be found above under ‘Raising a Concern’.

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

During the year the Major Projects Committee focused on those projects which fell within the definition of a major project as defined within the terms of reference of the Committee. Senior Reporting Officer (SRO) reports were updated and scrutinised at each Committee meeting. A review of the format and reporting of the committee is due to be undertaken in 2023-24. This review will consider how best to enhance its overall effectiveness.

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

Audit & Risk Assurance Committee			
Name of Committee Member	Attendance in 2022-23 (Total of 5)	Name of Committee Member	Attendance in 2022-23 (Total of 5)
Moya Johnston (Chair)	5/5	David Polley (DfC) <i>*Left DARAC in November 2022</i>	4/4
Frank Kirkland	4/5	Lisa Rocks (DoJ)	5/5
Jason Foy (DAERA) <i>*Joined DARAC in February 2023</i>	1/1		

Major Projects Committee			
Name of Committee Member	Attendance in 2022-23 (Total of 3)	Name of Committee Member	Attendance in 2022-23 (Total of 3)
Frank Kirkland (Chair)	3/3	Declan McGeown	3/3
Moya Johnston	3/3	Colin Woods	2/3
Susan Anderson	3/3	Julie Thompson	3/3

### Ministerial Directions

As part of my Governance Statement, I am required to provide details of any Ministerial Directions. During the financial year, I neither sought or received any Ministerial Directions.

### Decision making in the Absence of Ministers

The 2022-23 reporting year commenced with Nichola Mallon MLA in post as Minister for Infrastructure. On 5 May 2022 the Assembly was dissolved for Assembly elections and, following that election, John O'Dowd MLA took up office as Minister for Infrastructure on 16 May 2022. Minister O'Dowd's period in post ended on 27 October 2022.

As a consequence of the continued absence of an Executive, the Department has been operating without the direction and control of a Minister since 28 October 2022. On 6 December 2022 the UK Government introduced the [Northern Ireland \(Executive Formation etc\) Act 2022](#) and published associated [Guidance from the Secretary of State for NI](#). The Act gives senior Departmental officials the power to take a limited range of specific decisions. The Department has introduced specific processes to be followed when taking decisions under the Act.

As required under the Secretary of State's Guidance, the Department reports its decisions under the Act to the Executive Office, and ultimately to the Northern Ireland Office and the Secretary of State. The Department's decisions under the Act, along with those taken by the other Northern Ireland government departments, are [published online on a monthly basis by TEO](#).

### Budget Position and Authority

The Northern Ireland Budget Act 2023 was passed by Parliament and received Royal Assent on 8 February 2023 which 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.

**Risks and Challenges**

The Department’s Risk Policy and Framework for Risk Management was updated in May 2021 and details the Department’s approach to risk management, including: risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management. This approach allows risks to be identified and managed at all levels and to be escalated as appropriate.

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

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

During 2022-23 the Department also continued to engage with The Executive Office as part of a process to finalise a Northern Ireland Civil Contingencies Risk Register.

The Corporate Risks contained within the Corporate Risk Register actively monitored and managed by the Departmental Board throughout 2022-23 include the following:

Risk Area	Brief description
<b>People - Health and Safety</b>	<ul style="list-style-type: none"> <li>• Risk of not complying with the relevant Health and Safety requirements or guidance results in our workforce, visitors, contractors and the general public not being kept safe.</li> </ul>
<b>People - Capacity and Capability</b>	<ul style="list-style-type: none"> <li>• Risk that our workforce does not have the capacity and / or capability to deliver services, including statutory duties and Ministerial priorities as set out in the Departmental Business Plan.</li> <li>• Vacancy management issues leading to difficulty in filling posts, particularly for specialist grades.</li> <li>• Risk around New Ways of Working.</li> </ul>

Risk Area	Brief description
<b>Cyber</b>	<ul style="list-style-type: none"> <li>• Risk our workforce is not able to access IT network or applications due to cyber-attack.</li> </ul>
<b>Technology and data Security</b>	<ul style="list-style-type: none"> <li>• Risk of loss of personal data by DfI.</li> <li>• Risks relating to the switch off of the Public Switched Telephone Network (PSTN) in December 2025.</li> </ul>
<b>Financial - Budget</b>	<ul style="list-style-type: none"> <li>• Risk that our 2022-23 capital and resource budgets are not managed effectively.</li> <li>• Risk of insufficient funding to meet the Department's legal and contractual obligations to fund the public transport network impacting on the going concern status of Translink.</li> <li>• Risk of insufficient funding for NI Water to safely deliver water and wastewater services impacting on its going concern status.</li> </ul>
<b>Strategic Asset Management</b>	<ul style="list-style-type: none"> <li>• Budget pressures lead to sub-optimal asset maintenance regimes.</li> <li>• Risk that delivery of key infrastructure projects is delayed or cannot proceed.</li> <li>• Risk of serious asset failure.</li> </ul>
<b>Operational – Reservoirs</b>	<ul style="list-style-type: none"> <li>• The absence of full commencement of the Reservoirs Act means that the Department does not have the legislative framework to manage reservoir safety in Northern Ireland and the associated public safety risk.</li> </ul>
<b>Operational – Emergency Response</b>	<ul style="list-style-type: none"> <li>• Risk of failing to respond adequately to emergency events leading to loss of life, damage to property or critical infrastructure and to consequential financial loss and reputational damage.</li> </ul>
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>• Risk of lack of progress in developing proposals in infrastructure and transport in line with deadlines for a Climate Action Plan and sectoral plans as set out in the NI Climate Change Act 2022 leading to adverse impact on the overall NICS GHG emission reduction targets</li> </ul>
<b>Increase in Energy Costs / Cost of Living</b>	<ul style="list-style-type: none"> <li>• Risk of failure to live within budget/financial planning scenarios specifically due to unprecedented volatility in energy and fuel prices.</li> </ul>

### New and Particularly Challenging Risks and Issues

As part of my governance and risk management arrangements, there were some risks that proved particularly challenging to manage during 2022-23. These are summarised below.

## Rise in Energy Costs / Inflation

The rise in both energy costs and inflation has continued to substantially impact upon the Department and its ALBs. In particular NI Water has been severely impacted as it is the largest user of electricity in Northern Ireland and Translink has also been impacted due to significant cost increases in fuel. The Department has also seen its costs rising due to the cost of materials increasing, as well as increasing energy costs. This risk is reflected within the Corporate Risk Register.

## Budget

The Department for Infrastructure has, for many years, operated within a constrained resource budget, with the opening baseline insufficient to meet minimal service levels. In-year funding has therefore been relied on to deliver core services. This situation became very difficult, particularly over the last two financial years, when resource costs associated with maintaining public services in an operational department increased considerably as a result of unprecedented energy and inflation prices. The 2022-23 resource budget fell short of the Department's forecast requirements and therefore some difficult decisions had to be taken, which included Translink using its reserves to manage its pressures in-year, reducing further discretionary spending within the Department and NI Water having to take action to reduce its controllable spend. This extremely challenging position is continuing into 2023-24, as the opening resource budget provided is some £167m less than what is required and therefore even more difficult decisions will be required with impacts on front line services.

## Climate Change Legislation

The Climate Change Act (Northern Ireland) 2022 came into force in June 2022, setting a net zero target by 2050, with targets for 2030 and 2040 to be set by DAERA. The Department is leading on the Transport Sector and has provided DAERA with a list of draft policies and proposals designed to meet the requirements of the Act and inform an Executive Climate Action Plan (CAP). The legislation also requires the Department to put in place a transport sectoral plan and an infrastructure sectoral plan for combatting climate change and introduces new statutory responsibilities around how budgets should be used to deliver the net zero 2050 target set out in the legislation. This is a challenging piece of legislation the implications of which are still being worked through by DAERA and Departments. Significant cross - departmental collaboration will continue to be required over the coming months to put in place the mechanisms which will ensure compliance with the Act and support the delivery of the related Green Growth, Energy, Clean Air and Biodiversity Strategies.

## HR / Staff

Vacancy management was a key issue during 2022-23 as the Department experienced difficulty in the recruitment and retention of staff, particularly in specialist areas, resulting in significant staff pressures. The under-resourcing of staff and heavy workloads were further compounded by industrial action.

## Cyber Security

The increasingly sophisticated cyber-attack attempts on organisations and the challenges in keeping ICT networks secure and addressing new potential vulnerabilities necessitate the need to continually carry out cyber threat assessments, build cyber resilience and to ensure that robust incident response plans are in place. The Department worked with colleagues across the NICS to introduce service-wide communications plans, and continues to assess and mitigate the threats to its business from cyber attacks.

## Reservoir Safety

The absence of a complete legislative framework to deal with reservoir safety issues is a significant risk that continues to be managed. This risk is reflected in the risk register with short term actions being progressed to help ensure that the safety of controlled reservoirs continues to be closely monitored. In 2022-23 the Audit and Risk Committee undertook a 'deep dive' into the Department's Reservoirs risk.

## Out of Hours Allowances

As reported in 2020-21 and 2021-22, an issue emerged relating to the payment of out of hours allowances to some groups of operational staff who are required to deliver emergency and winter services which, by their nature, can be unpredictable. The issue related to payments that had been made over many years without documented approvals being in place. Work on the permanent solution, led by Transport & Road Asset Management in conjunction with NICS HR and TUS is ongoing.

## Procurement Enhancement Programme

In 2022-23 the Department advanced the Procurement Enhancement Programme (PEP) and the final strategy for roads maintenance and construction up to £5 million was published at the end of March 2023. The document is available at [Procurement Enhancement Programme - Final Procurement Strategy](#).

Going forward the Department will be using 11 'Framework' contracts to deliver road maintenance and improvement works up to £5 million. Each Framework will enable the awarding of Measured Term Contracts for lower value works, along with mini competitions for larger value works. The key benefits of the Procurement Strategy include:

- A more manageable procurement schedule.
- Easing the contract management burden through fewer maintenance contracts, using the ICC Term Contract Conditions.
- A continued focus on reducing procurement challenges through regular Framework opportunities and careful use of quality/price award criteria.

- The establishment of Framework communities to drive ‘value for money’ through collaboration. Continual improvement and improved productivity.
- Greater delivery resilience by allowing DfI Transport and Road Asset Management to access alternative Framework suppliers if a supplier fails to deliver.

### Effectiveness of Internal Control

A key element of internal control is the Assurance Statement process which provides biannual assurance statements as a basis for the authorisation of the annual Governance Statement. These statements are undertaken each year in April and October and brought to the relevant DARAC meeting for discussion. Assurance statements for the following Deputy Secretary groups within DfI also cover the ALBs that they sponsor (outlined below):

- Climate, Planning and Public Transport Group (includes DVA);
- Transport and Road Asset Management (includes Translink); and
- Water and Departmental Delivery Group (includes NI Water and Waterways Ireland).

Assurance statements have identified the following significant control issues :

- the absence of a complete legislative framework to deal with reservoir safety issues; and
- a staff complement within the Transport and Road Asset Management (TRAM) Group that challenges the ability of the Department to manage a range of operational risks to tolerable residual levels, and for which funding to increase the complement or deliver transformation work is currently not available. The limited capacity within the group means that full assurance on legislative compliance cannot be given and work is ongoing to ensure that the risk position does not deteriorate to unacceptable levels in future years.

Short term actions are being progressed to help ensure that the safety of controlled reservoirs continues to be closely monitored and, in addition to a range of urgent prioritisation measures, a Strategic Target Operating Model Programme is planned to ensure that the TRAM Group retains and can sustain the necessary capacity and capability to deliver essential public services and its statutory responsibilities. I am therefore reasonably assured on the overall effectiveness of internal control and the measures planned to mitigate the risk.

In 2022-23, Internal Audit issued five ‘limited’ opinion reports: Cyber-security (governance, risk management and training), Workforce Planning, Business Continuity, Air and Sea Ports Governance Arrangements, Knowledge Transfer. The department commenced implementation of a number of the recommendations during the year. Internal Audit also performed follow-ups and sought updates on five previous ‘limited’ opinions of which four remain limited due to staff resources or the requirement for legislation.

For 2022-23, Internal Audit has provided an overall 'satisfactory' audit opinion, in respect of the adequacy and effectiveness of the Department's framework of governance, risk management and control. The overall opinion on DfI's framework of governance, risk management and control is based mainly on the results of the internal audit activity carried out during 2022-23 and cumulative assurances derived from the internal audit activity during the previous three years. Account is also taken of the wider control framework in place throughout DfI and the Driver and Vehicle Agency (DVA).

The continued reliance placed by Internal Audit on the cumulative assurances is derived from DfI's wider control framework including the risk management process and the Deputy Secretaries assurance statements. Internal Audit's examination of the Deputy Secretaries year-end Assurance Statements concluded an element of residual risk associated with the continued reliance of cumulative assurances for some areas within the TRAM Group. Internal Audit noted that as a result of an overcommitted staff structure and lack of budget to fund transformation of functions the TRAM Group have determined that work is urgently required to review the Strategic Operating Model to ensure that the risk position does not deteriorate to an unacceptable level in future years and to retain the Group's ability to deliver the current levels of legislative compliance. A range of actions are planned to include delivery of the Strategic Target Operating Model Programme and in the short term a review of business critical posts and vacancies and the potential for temporary cessation of certain functions. Internal Audit has also noted the work underway to review the current response to a series of business critical risks to ensure that prompt action continues to be taken where necessary. To ensure Internal Audit's continued reliance on the previous cumulative assurances during 2023-24, it will engage with the Group to obtain updates on progress.

I also rely on the DoF Head of Internal Audit (HIA) to provide an annual inter-departmental assurance report for the services provided to DfI including Account NI, HR Connect and Digital shared services. The HIA has advised that each of the 2022-23 systems audits completed during the period received a satisfactory audit opinion.

## **DVA**

Internal Audit has provided an overall 'satisfactory' audit opinion in respect of the adequacy and effectiveness of the Agency's framework of governance, risk management and control. This opinion is based mainly on the results of the internal audit activity carried out during 2022-23 and cumulative assurances derived from the previous three years 2019-22.

The Public Accounts Committee (PAC) published its report on DVA 2019-20 in June 2021. The report contained three recommendations, two of which were completed during 2021-22. The third recommendation in respect of a review of the arrangements for the Agency including assessing effectiveness of customer service, was completed in 2022-23. The report concluded that the DVA should continue to operate as a Trading Fund. For licensing, customer service was assessed as satisfactory however at the time of the review it was noted that, for testing, the DVA is not providing the level of service that it aims to provide. It was acknowledged that DVA has taken significant measures to address capacity issues around testing services, however circumstances largely beyond its control have impacted its ability to meet targets set, and an internal follow up review on customer service will be carried out by the Department in the latter part of 2023-24.



The recommendation regarding the diesel smoke and catalytic converter test being fully EC compliant, as published in the PAC's report in 2009 on the PFI Contract for Northern Ireland's New Vehicle Testing Facilities, remains partially implemented. The new vehicle testing centre at Hydebank, Belfast is now due for completion in late summer 2023 and a further new vehicle test centre at Mallusk, due for completion in 2024, will include facilities to safely deliver fully compliant emissions testing.

Friends of the Earth has teamed up with the Public Interest Litigation Support and have been granted permission from the High Court to bring a legal challenge against the Department for failing to conduct a fully compliant diesel emissions test for diesel cars and light goods vehicles. The case is scheduled to proceed to a full hearing in September 2023.

## REMUNERATION AND STAFF 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 is due to be paid in 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](http://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 (this information is subject to audit)

Ministers	Salary £		Benefits in kind (to nearest £100)		Pension Benefits * (to nearest £1000)		Total (to nearest £1000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Minister Nicola Mallon MLA (01/04/2022 - 05/05/2022)	3,677	38,000	Nil	Nil	1	6	5	44
Minister John O'Dowd MLA (16/05/2022 - 27/10/2022)	17,059	N/A	Nil	N/A	3	N/A	20	N/A

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

### Remuneration and pension entitlements – Officials (this information is subject to audit)

Officials	Salary £'000		Benefits in kind (nearest £100)		Pension Benefits * (nearest £1000)		Total £'000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Julie Harrison Permanent Secretary (from 1/4/22)	120-125	N/A	Nil	N/A	49	42	170-175	N/A
Katrina Godfrey Permanent Secretary (until 19/4/22)	5-10 (full year equivalent 130-135)	130-135	Nil	Nil	4	72	10-15 (full year equivalent 130-135)	200-205
Julie Thompson Deputy Secretary – Climate, Planning & Public Transport	105-110	105-110	Nil	Nil	-2	25	105-110	130-135
Declan McGeown Deputy Secretary- Water & Departmental Delivery	95-100	85-90 (full year equivalent 95-100)	Nil	Nil	-1	97	95-100	180-185 (full year equivalent 190-195)
Colin Woods Deputy Secretary – Transport & Road Asset Management	95-100	10-15 (full year equivalent 95-100)	Nil	Nil	70	7	165-170	20-25 (full year equivalent 100-105)
Susan Anderson Departmental Director of Finance	75-80	75-80	Nil	Nil	3	61	75-80	135-140
Sian Kerr Director of Corporate Strategy & Performance (until 21/11/2022)	45-50 (full year equivalent 75-80)	75-80	Nil	Nil	15	64	60-65 (full year equivalent 90- 95)	140-145

Officials	Salary £'000		Benefits in kind (nearest £100)		Pension Benefits * (nearest £1000)		Total £'000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Donal Moran Director of Governance, EU & Ministerial Support (from 21/11/2022)	25-30 (full year equivalent 75-80)	N/A	Nil	N/A	-5	Nil	20-25 (full year equivalent 70- 75)	N/A
Moya Johnston Non-Executive Director (from 4/1/22)	5-10	0-5 (full year equivalent 5-10)	Nil	N/A	N/A	N/A	0-5 (full year equivalent 5-10)	0-5 (full year equivalent 5-10)
Frank Kirkland Non-Executive Director (from 4/1/22)	5-10	0-5 (full year equivalent 5-10)	Nil	N/A	N/A	N/A	0-5 (full year equivalent 5-10)	0-5 (full year equivalent 5-10)

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

## 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 for Infrastructure 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, during the financial year the Department for Infrastructure was under the direction and control of Minister Nicola Mallon MLA until 5 May 2022 and Minister John O'Dowd from 16 May 2022. Their 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

### 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 £120,000 - £125,000 (2021-22, £130,000 - £135,000). The relationship between the mid-point of this band and the remuneration of the organisation’s workforce is disclosed below. This calculation excludes staff on statutory payments as this may impact the disclosure given that temporary staff may be replacing them at a different cost.

2022-23	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total remuneration (£)	24,604	30,786	40,711
Pay ratio	5:1	4:1	3:1

2021-22	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total remuneration (£)	23,956	29,307	40,711
Pay ratio	5.5:1	4.5:1	3.3:1

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, 0 (2021-22, 0) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £19,000 to £121,000 (2021-22, £17,000 to £123,000).

## Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the salary and allowances of the highest paid director and of their employees as a whole.

The percentage changes in respect of the Department for Infrastructure 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	-0.23%	4.65%
Highest paid director's salary and allowances	-4.5%	6.82%

No performance pay or bonuses were payable to the highest paid director in these years.

**Pension Entitlements – Ministers (this information is subject to audit)**

Ministers	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
Minister Nichola Mallon	0 - 5	0 - 2.5	21	18	2
Minister John O'Dowd	0 - 5	0 - 2.5	89	84	-

**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 (1/50th or 1/40th) 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 department's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.



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

Officials	Accrued pension at pension age as at 31/3/23 (or leaving date) and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/23 or leaving date £'000	CETV at 31/3/22 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (nearest £100)
Julie Harrison Permanent Secretary <i>(from 1/4/22)</i>	5 - 10	2.5 - 5	108	68	28	Nil
Katrina Godfrey Permanent Secretary <i>(until 19/4/22)</i>	55 - 60 plus a lump sum of 115 - 120	0 - 2.5 plus a lump sum of 0 - 2.5	1,121	1,113	3	Nil
Julie Thompson Deputy Secretary – Climate, Planning & Public Transport	50 - 55	0 - 2.5	860	785	-16	Nil
Declan McGeown Deputy Secretary- Water & Departmental Delivery	35 - 40 plus a lump sum of 65 - 70	0 - 2.5 plus a lump sum of 0	627	572	-13	Nil
Colin Woods Deputy Secretary – Transport & Road Asset Management	30 - 35	2.5 - 5	383	308	36	Nil
Susan Anderson Departmental Director of Finance	25 - 30	0 - 2.5	354	323	-7	Nil
Sian Kerr Director of Corporate Strategy & Performance <i>(until 21/11/2022)</i>	25 - 30	0 - 2.5	350	323	6	Nil
Donal Moran Director of Governance, EU & Ministerial Support <i>(from 21/11/2022)</i>	30 - 35 plus a lump sum of 55 - 60	0 plus a lump sum of 0	591	567	-8	Nil

## 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 FD (DoF) 04/23 - Appendix A.1 15 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 FD (DoF) 04/23 - Appendix A.1 16 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](http://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 1 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.

### **Compensation for loss of office**

There was no compensation for loss of office paid in 2022-23.

## STAFF REPORT (this information is subject to audit)

### Staff Costs

				2022-23 £000	2021-22 £000
	Permanently employed staff*	Others	Minister	Total	Total
Wages and salaries	77,125	1,546	21	78,692	74,461
Social security costs	7,568		3	7,571	7,398
Other pension costs	21,797		3	21,800	21,430
Other staff costs	335			335	347
<b>Sub Total</b>	<b>106,825</b>	<b>1,546</b>	<b>27</b>	<b>108,398</b>	<b>103,636</b>
Less recoveries in respect of outward secondments	-	-	-	-	-
<b>Total net costs**</b>	<b>106,825</b>	<b>1,546</b>	<b>27</b>	<b>108,398</b>	<b>103,636</b>

Analysed as:		
Administration costs -	77,193	74,618
Programme costs -	17,649	16,670
Minister's Salary***	27	49
	<b>94,869</b>	<b>91,337</b>
Capitalised	13,529	12,299
	<b>108,398</b>	<b>103,636</b>

#### Of which:

	2022-23	2021-22
Department	104,463	100,189
Waterways Ireland	3,935	3,447
<b>Total</b>	<b>108,398</b>	<b>103,636</b>

\* The 2022-23 figures include the cost of the Department's Special Adviser who was paid in the pay band £55,000 - £69,999 (2021-22 £0 - £54,999).

\*\* Of the total, £13,529k has been charged to capital. (2021-22 £12,178k)

\*\*\* Minister's salary hard charged in 2022-23 & 2021-22.

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

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

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

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance 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 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 £20,007,162 were payable to the NICS pension arrangements (2021-22 £20,323,001) 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 £42,596 (2021-22 £48,554) 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 £1,398, 0.5% (2021-22 £1,501 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

10 persons (2021-22: 11 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £67,837 (2021-22: £33,714).

Waterways Ireland staff are part of a separate pension scheme consisting of a number of sections with different benefit structures. For further information see Waterways Ireland Annual Report.

### Average number of persons employed (Including Waterways Ireland)

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

					2022-23 Number	2021-22 Number
Objective	Permanent staff	Others	Minister	Special Adviser	Total	Total
A	1,968	75	1	1	2,045	2,085
Staff engaged on capital projects	251	-	-	-	251	231
<b>Total</b>	<b>2,219</b>	<b>75</b>	<b>1</b>	<b>1</b>	<b>2,296</b>	<b>2,316</b>

Ministers salary is paid to NI Assembly and not included on HR reports

Of which:

	2022-23	2021-22
Department	2,243	2,263
Waterways Ireland *	53	53
<b>Total</b>	<b>2,296</b>	<b>2,316</b>

\* This represents 15% of Waterways Ireland Staff



## Staff Composition

The actual staff numbers as at 31 March 2023 can be broken down as follows:

	2022-23			2021-22		
	Male	Female	Total	Male	Female	Total
Minister	1	-	1		1	1
Senior Civil Service	11	8	19	10	10	20
Other Employees	1,631	567	2,198	1,673	545	2,218
<b>Total</b>	<b>1,643</b>	<b>575</b>	<b>2,218</b>	<b>1,683</b>	<b>556</b>	<b>2,239</b>

## Staff Turnover

The Department for Infrastructure Staff Turnover percentage (the number of people that have left the Department but have moved within the NICS for 2022-23 is 6.5%, and the general turnover percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 5.4%. This has been calculated by NICS HR, based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

## Seconded Staff

There were 4 staff members seconded from the Department and no staff seconded from Waterways Ireland during the 2022-23 year.

## Reporting of compensation and exit packages for all staff

The following section is subject to audit

2022-23				2021-22		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	1	1	-	-	-
£10,000 - £25,000	-	-	-	-	1	1
£25,000 - £50,000	-	3	3	-	1	1
£50,000 - £100,000	-	2	2	-	2	2
£100,000 - £150,000	-	1	1	-	-	-
<b>Total number of exit packages</b>	-	<b>7</b>	<b>7</b>	-	<b>4</b>	<b>4</b>
<b>Total resource £'000</b>	-	<b>395</b>	<b>395</b>	-	<b>168</b>	<b>168</b>

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 (including Waterways Ireland) shows the total cost of exit packages agreed and accounted for in 2022-23 and 2021-22. £303k exit costs were paid in 2022-23, the year of departure (2021-22 £156k). Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

### Off payroll payments

The Department (including Waterways Ireland) did not have any off payroll engagements during the 2022-23 year.

### External Consultancy costs (includes Waterways Ireland)

£57,442 (2021-22: £108,824) was spent on external consultancy during 2022-23 year.

	2022-23	2021-22
Department	57,442	108,164
Waterways Ireland	574	660
<b>Total</b>	<b>58,016</b>	<b>108,824</b>

### Senior Civil Service pay band

Actual staff numbers of Senior Civil Service by pay band for the Department as at 31st March 2023 are as follows (DfI only):

Pay band – assessed each pay period		Actual staff numbers as at 31 March 2023
From	To	
£74,912	£84,122	15
£96,170	£107,566	3
£124,282	£141,866	1
£167,829	£192,057	-

### Equal Opportunities

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

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

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

## Staff Career Development

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

## 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 is due to be paid in 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.

## 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>.

## Sickness Absence Data

The Department had an overall sickness absence rate of 14.2 days lost per employee in 2021-22. 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 \(nisra.gov.uk\)](#). Figures for the 2022-23 financial year will be published by the end of June 2023.

## 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 (IJSJ) 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<sup>1</sup>. 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.

## **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](#).

Summary information in respect of applications from Senior Civil Service Grade 5 and above, including equivalent grades, and Special Advisers can be found at [www.infrastructure-ni.gov.uk](http://www.infrastructure-ni.gov.uk).

In compliance with Business Appointment rules, the department is transparent in the advice given to individual applications for senior staff, including special advisers.

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<sup>1</sup> NICSHR is the NICS' centralised human resources operational delivery function, falling under the responsibility of the Department of Finance

BAR Disclosures

	SCS	Other	Total
Number of exits from the Civil Service			131
Number of BARs applications assessed by the Department over the year (by grade)	1	-	1
Number of BARs applications where conditions were set (by grade)	-	-	-
Number of applications that were found to be unsuitable for the applicant to take up (grade)	-	-	-
Number of breaches of the Rules in the preceding year	-	-	-

**Employee Consultation and Trade Union Relationships**

The Department of Finance is responsible for the NICS Industrial Relations Policy. People & Organisational Development<sup>2</sup> 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.

Arrangements also exist to consult on matters specific to each Department. In DfI, we have a Departmental Whitley Council which is supplemented by local Committees for DVA and Roads & Rivers. The Whitley Council and Committees provide an agreed forum for discussion and are attended by both employer and trade union representatives. In this way staff views are represented and information for employees is promulgated.

The Department also has an established Staff Engagement Forum to discuss matters of interest to staff. The Forum, which meets virtually every 6 weeks, is representative of all staff within the Department, including grade, gender and discipline given the diverse structure within the organisation. Non-industrial and Industrial TUS representatives also participate in the Forum.

**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.

<sup>2</sup> HR policy and Industrial Relations policy for the NICS is centralised within People & OD, in the Department of Finance

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 <https://www.infrastructure-ni.gov.uk/dfi-equality-scheme>.



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

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

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

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

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

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

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

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 32, in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

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

## Summary Table 2022-23

		2022-23 £000								2021-22 £000
Type of Spend	Note	Outturn			Estimate			Outturn vs Estimate, saving/ (excess) Total		Prior Year Outturn Total
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	
<b>Departmental Expenditure Limit</b>										
Resource	SOAS1.1	382,028	262,989	645,017	404,013	246,106	650,119	21,985	5,102	690,267
Capital	SOAS1.2	497,689	298,734	796,423	498,472	298,551	797,023	783	600	752,734
<b>Total</b>		<b>879,717</b>	<b>561,723</b>	<b>1,441,440</b>	<b>902,485</b>	<b>544,657</b>	<b>1,447,142</b>	<b>21,714</b>	<b>5,702</b>	<b>1,443,001</b>
<b>Annual Managed Expenditure</b>										
Resource	SOAS1.1	135,072	13,675	148,747	174,500	14,997	189,497	39,428	40,750	87,446
Capital	SOAS1.2	(8,794)	-	(8,794)	1,161	-	1,161	9,955	9,955	(2,552)
<b>Total</b>		<b>126,278</b>	<b>13,675</b>	<b>139,953</b>	<b>175,661</b>	<b>14,997</b>	<b>190,658</b>	<b>49,383</b>	<b>50,705</b>	<b>84,894</b>
<b>Total Budget</b>										
Resource	SOAS1.1	517,100	276,664	793,764	578,513	261,103	839,616	61,413	45,852	777,713
Capital	SOAS1.2	488,895	298,734	787,629	499,633	298,551	798,184	10,738	10,555	750,182
<b>Total</b>		<b>1,005,995</b>	<b>575,398</b>	<b>1,581,393</b>	<b>1,078,146</b>	<b>559,654</b>	<b>1,637,800</b>	<b>72,151</b>	<b>56,407</b>	<b>1,527,895</b>
<b>Non-Budget</b>										
Resource	SOAS1.1	268,343	-	268,343	288,620	-	288,620	20,277	20,277	233,863
Capital	SOAS1.2	155,000	-	155,000	170,000	-	170,000	15,000	15,000	170,000
<b>Total</b>		<b>423,343</b>	<b>-</b>	<b>423,343</b>	<b>458,620</b>	<b>-</b>	<b>458,620</b>	<b>35,277</b>	<b>35,277</b>	<b>403,863</b>
<b>Total Budget and Non-Budget</b>		<b>1,429,338</b>	<b>575,398</b>	<b>2,004,736</b>	<b>1,536,766</b>	<b>559,654</b>	<b>2,096,420</b>	<b>107,428</b>	<b>91,684</b>	<b>1,931,758</b>

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

## Net cash requirement 2022-23

		2022-23 £000				2021-22 £000	
Item	Note	Outturn		Estimate		Outturn vs Estimate, saving/ (excess)	Prior Year Outturn
<b>Net cash requirement</b>	SOAS3	<b>1,325,497</b>		<b>1,417,677</b>		<b>92,180</b>	1,328,623

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

## Administration costs 2022-23

				2022-23 £000	2021-22 £000
Type of spend	Note	Outturn	Estimate	Outturn vs Estimate, saving / (excess)	Prior Year Outturn
Administration costs	SOAS1.1	88,069	92,393	4,324	99,529

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

The notes on pages 89 to 101 and on pages 116 to 168 form part of the financial statements.

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

## SOAS 1 Outturn detail, by Estimate line

## SOAS 1.1 Analysis of resource outturn by Estimate line

											2022-23	2021-22	
											£000	£000	
Type of Spend (Resource)		Resource Outturn						Estimate			Outturn v Estimate (inc virements), saving / (excess)	Prior Year Outturn Total	
		Administration			Programme			Total	Total	Virements*			Total inc virements
		Gross	Income	Net	Gross	Income	Net						
Spending in Departmental Expenditure Limits (DEL)													
Voted Expenditure													
<b>1. Roads, Rivers and Waterways</b>		<b>74,508</b>	<b>(3)</b>	<b>74,505</b>	<b>200,580</b>	<b>(17,457)</b>	<b>183,123</b>	<b>257,628</b>	<b>271,960</b>	<b>-</b>	<b>271,960</b>	<b>14,332</b>	<b>244,832</b>
Of which:	Roads	71,297	-	71,297	182,688	(16,001)	166,687	237,984	249,337	-	249,337	11,353	224,668
	Rivers	-	(3)	(3)	16,365	(227)	16,138	16,135	16,928	-	16,928	793	15,638
	Ferry Services	-	-	-	1,118	(1,229)	(111)	(111)	(91)	-	(91)	20	(312)
	Inland Waterways	-	-	-	255	-	255	255	748	-	748	493	260
	Central Policy and Other Services	3,211	-	3,211	154	-	154	3,365	5,038	-	5,038	1,673	4,578
<b>2. Waterways Ireland (ALB – Net)</b>		<b>1,699</b>	<b>-</b>	<b>1,699</b>	<b>3,032</b>	<b>(172)</b>	<b>2,860</b>	<b>4,559</b>	<b>5,263</b>	<b>-</b>	<b>5,263</b>	<b>704</b>	<b>5,706</b>
Of which:	Waterways Ireland	1,699	-	1,699	3,032	(172)	2,860	4,559	5,263	-	5,263	704	5,706
<b>3. Bus, Rail and Ports</b>		<b>4,904</b>	<b>-</b>	<b>4,904</b>	<b>98,585</b>	<b>(205)</b>	<b>98,380</b>	<b>103,284</b>	<b>106,146</b>	<b>-</b>	<b>106,146</b>	<b>2,862</b>	<b>173,975</b>
Of which:	Ferry Services, Air and Sea Ports	-	-	-	4,023	-	4,023	4,023	4,095	-	4,095	72	917
	Railway Services	-	-	-	30,991	-	30,991	30,991	42,347	-	42,347	11,356	88,296
	Road Passenger Services	4,904	-	4,904	64,353	(205)	64,148	69,052	60,480	-	60,480	(8,572)	81,047
	EU Interreg	-	-	-	-	-	-	-	-	-	-	-	-
	Support for Taxi and Coach Industries	-	-	-	(782)	-	(782)	(782)	(776)	-	(776)	6	3,715
<b>4. Road Safety Services including DVA</b>		<b>4,192</b>	<b>(1,295)</b>	<b>2,897</b>	<b>8,598</b>	<b>(3,360)</b>	<b>5,238</b>	<b>8,135</b>	<b>10,884</b>	<b>-</b>	<b>10,884</b>	<b>2,749</b>	<b>25,776</b>
Of which:	Road Safety Services	4,192	(1,295)	2,897	3,151	(687)	2,464	5,361	7,083	-	7,083	1,722	9,817
	Driver and Vehicle Agency	-	-	-	5,447	(2,673)	2,774	2,774	3,801	-	3,801	1,027	15,959

												2022-23	2021-22
												£000	£000
Type of Spend (Resource)		Resource Outturn						Estimate			Outturn v Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total	
		Administration			Programme			Total	Total	Virements*			Total inc virements
		Gross	Income	Net	Gross	Income	Net						
<b>5. Planning and Legacy Sites</b>		<b>2,446</b>	-	<b>2,446</b>	<b>5,264</b>	<b>(664)</b>	<b>4,600</b>	<b>7,046</b>	<b>7,917</b>	-	<b>7,917</b>	<b>871</b>	<b>5,303</b>
Of which:	Planning and Policy	2,446	-	2,446	4,655	(441)	4,214	6,660	7,493	-	7,493	833	4,968
	Reinvestment and Reform	-	-	-	609	(223)	386	386	424	-	424	38	335
<b>6. Water and Sewerage</b>		<b>1,376</b>	-	<b>1,376</b>	-	-	-	<b>1,376</b>	<b>1,843</b>	-	<b>1,843</b>	<b>467</b>	<b>1,702</b>
Of which:	Water and Sewerage	1,376	-	1,376	-	-	-	1,376	1,843	-	1,843	467	1,702
<b>Total Voted DEL</b>		<b>89,125</b>	<b>(1,298)</b>	<b>87,827</b>	<b>316,059</b>	<b>(21,858)</b>	<b>294,201</b>	<b>382,028</b>	<b>404,013</b>	-	<b>404,013</b>	<b>21,985</b>	<b>457,294</b>
<b>Non-Voted Expenditure</b>													
7.	Consolidated Fund Extra Receipts (CFERs)	-	(2)	(2)	-	(297)	(297)	(299)	(119)	-	(119)	180	(197)
8.	National Fund Loan	-	-	-	172	(172)	-	-	-	-	-	-	-
9.	Northern Ireland Water Limited	-	-	-	380,910	(117,622)	263,288	263,288	246,225	-	246,225	(17,063)	233,170
<b>Total Non-Voted DEL</b>		<b>-</b>	<b>(2)</b>	<b>(2)</b>	<b>381,082</b>	<b>(118,091)</b>	<b>262,991</b>	<b>262,989</b>	<b>246,106</b>	-	<b>246,106</b>	<b>(16,883)</b>	<b>232,973</b>
<b>Total Spending in DEL</b>		<b>89,125</b>	<b>(1,300)</b>	<b>87,825</b>	<b>697,141</b>	<b>(139,949)</b>	<b>557,192</b>	<b>645,017</b>	<b>650,119</b>	-	<b>650,119</b>	<b>5,102</b>	<b>690,267</b>
<b>Spending in Annually Managed Expenditure (AME)</b>													
<b>Voted Expenditure</b>													
10.	Depreciation & Impairment Costs	1,524	-	1,524	130,978	-	130,978	132,502	168,847	-	168,847	36,345	4,576
11.	Provisions	(1,280)	-	(1,280)	2,974	-	2,974	1,694	5,387	(610)	4,777	3,083	(4,968)
12.	Waterways Ireland (ALB – Net)	-	-	-	876	-	876	876	266	610	876	-	88
<b>Total Voted AME</b>		<b>244</b>	-	<b>244</b>	<b>134,828</b>	-	<b>134,828</b>	<b>135,072</b>	<b>174,500</b>	-	<b>174,500</b>	<b>39,428</b>	<b>(304)</b>

												2022-23	2021-22	
												£000	£000	
Type of Spend (Resource)		Resource Outturn						Estimate			Outturn v Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total		
		Administration			Programme			Total	Total	Virements*			Total inc virements	
		Gross	Income	Net	Gross	Income	Net							
<b>Non-Voted Expenditure</b>														
13.	Northern Ireland Water Limited	-	-	-	13,675	-	13,675	13,675	14,997	-	14,997	1,322	87,750	
<b>Total Non-Voted AME</b>		-	-	-	13,675	-	13,675	13,675	14,997	-	14,997	1,322	87,750	
<b>Total Spending in AME</b>		244	-	244	148,503	-	148,503	148,747	189,497	-	189,497	40,750	87,446	
<b>Non-Budget Spending</b>														
<b>Voted Expenditure</b>														
14.	Northern Ireland Water Limited	-	-	-	345,760	(77,417)	268,343	268,343	288,620	-	288,620	20,277	233,863	
<b>Total Non-Budget Spending</b>		-	-	-	345,760	(77,417)	268,343	268,343	288,620	-	288,620	20,277	233,863	
<b>Total Resource</b>		89,369	(1,300)	88,069	1,191,404	(217,366)	974,038	1,062,107	1,128,236	-	1,128,236	66,129	1,011,576	
Of which:														
<b>Voted Expenditure</b>		89,369	(1,298)	88,071	796,647	(99,275)	697,372	785,443	867,133	-	867,133	81,690	690,853	
<b>Non-Voted Expenditure</b>		-	(2)	(2)	394,757	(118,091)	276,666	276,664	261,103	-	261,103	(15,561)	320,723	

**SOAS 1.2 Analysis of capital outturn by Estimate line**

								2022-23 £000	2021-22 £000
Type of Spend (Capital)		Outturn			Estimate			Outturn v Estimate (inc virements), saving / (excess)	Prior Year Outturn Total
		Gross	Income	Net	Total	Virements*	Total inc virements		
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<b>Voted Expenditure</b>									
<b>1. Roads, Rivers and Waterways</b>		<b>234,091</b>	<b>(22,721)</b>	<b>211,370</b>	<b>206,891</b>	<b>4,479</b>	<b>211,370</b>	<b>-</b>	<b>262,598</b>
Of which:	Roads	210,057	(22,713)	187,344	182,460	4,479	186,939	(405)	242,876
	Rivers	24,034	(8)	24,026	24,081	-	24,081	55	19,722
	Ferry Services	-	-	-	-	-	-	-	-
	Inland Waterways	-	-	-	350	-	350	350	-
	Central Policy and Other Services	-	-	-	-	-	-	-	-
<b>2. Waterways Ireland (ALB – Net)</b>		<b>1,205</b>	<b>-</b>	<b>1,205</b>	<b>1,575</b>	<b>-</b>	<b>1,575</b>	<b>370</b>	<b>1,087</b>
Of which:	Waterways Ireland	1,205	-	1,205	1,575	-	1,575	370	1,087
<b>3. Bus, Rail and Ports</b>		<b>266,111</b>	<b>(739)</b>	<b>265,372</b>	<b>268,917</b>	<b>(3,237)</b>	<b>265,680</b>	<b>308</b>	<b>245,228</b>
Of which:	Ferry Services, Air and Sea Ports	(3)	-	(3)	-	-	-	3	(28)
	Railway Services	192,386	(36)	192,350	185,241	-	185,241	(7,109)	151,228
	Road Passenger Services	72,901	-	72,901	83,536	3,237	80,299	7,398	93,920
	EU Interreg	827	(703)	124	140	-	140	16	108
	Support for Taxi and Coach Industries	-	-	-	-	-	-	-	-
<b>4. Road Safety Services including DVA</b>		<b>21,252</b>	<b>(3,865)</b>	<b>17,387</b>	<b>17,092</b>	<b>295</b>	<b>17,387</b>	<b>-</b>	<b>11,592</b>
Of which:	Road Safety Services	248	-	248	224	24	248	-	660
	Driver and Vehicle Agency	21,004	(3,865)	17,139	16,868	271	17,139	-	10,932

								2022-23 £000	2021-22 £000
Type of Spend (Capital)		Outturn			Estimate		Outturn v Estimate (inc virements), saving / (excess)	Prior Year Outturn Total	
		Gross	Income	Net	Total	Virements*			Total inc virements
<b>5. Planning and Legacy Sites</b>		<b>4,415</b>	<b>(3,035)</b>	<b>1,380</b>	<b>1,780</b>	<b>(295)</b>	<b>1,485</b>	<b>105</b>	<b>1,013</b>
Of which:	Planning and Policy	4,255	(3,035)	1,220	1,630	(295)	1,335	115	682
	Reinvestment and Reform	160	-	160	150	-	150	(10)	331
<b>6. Water and Sewerage</b>		<b>975</b>	<b>-</b>	<b>975</b>	<b>2,217</b>	<b>(1,242)</b>	<b>975</b>	<b>-</b>	<b>243</b>
Of which:	Water and Sewerage	975	-	975	2,217	(1,242)	975	-	243
<b>Total Voted DEL</b>		<b>528,049</b>	<b>(30,360)</b>	<b>497,689</b>	<b>498,472</b>	<b>-</b>	<b>498,472</b>	<b>783</b>	<b>521,761</b>
<b>Non-Voted Expenditure</b>									
7.	Consolidated Fund Extra Receipts (CFERs)	-	7	7	-	-	-	(7)	(33)
8.	National Fund Loan	10,000	(1,039)	8,961	8,961	-	8,961	-	8,984
9.	Northern Ireland Water Limited	319,270	(29,504)	289,766	289,590	-	289,590	(176)	222,022
<b>Total Non-Voted DEL</b>		<b>329,270</b>	<b>(30,536)</b>	<b>298,734</b>	<b>298,551</b>	<b>-</b>	<b>298,551</b>	<b>(183)</b>	<b>230,973</b>
<b>Total Spending in DEL</b>		<b>857,319</b>	<b>(60,896)</b>	<b>796,423</b>	<b>797,023</b>	<b>-</b>	<b>797,023</b>	<b>600</b>	<b>752,734</b>
<b>Spending in Annually Managed Expenditure (AME)</b>									
<b>Voted Expenditure</b>									
10.	Depreciation & Impairment Costs	-	-	-	-	-	-	-	-
11.	Provisions	(8,794)	-	(8,794)	1,161	-	1,161	9,955	(2,552)
12.	Waterways Ireland (ALB – Net)	-	-	-	-	-	-	-	-
<b>Total Voted AME</b>		<b>(8,794)</b>	<b>-</b>	<b>(8,794)</b>	<b>1,161</b>	<b>-</b>	<b>1,161</b>	<b>9,955</b>	<b>(2,552)</b>



								2022-23	2021-22
								£000	£000
Type of Spend (Capital)	Outturn			Estimate			Outturn v Estimate (inc virements), saving / (excess)	Prior Year Outturn Total	
	Gross	Income	Net	Total	Virements*	Total inc virements			
<b>Non-Voted Expenditure</b>									
13.	Northern Ireland Water Limited	-	-	-	-	-	-	-	
<b>Total Non-Voted AME</b>		-	-	-	-	-	-	-	
<b>Total Spending in AME</b>		(8,794)	-	(8,794)	1,161	-	1,161	9,955	
<b>Non-Budget Spending</b>									
<b>Voted Expenditure</b>									
14.	Northern Ireland Water Limited	155,000	-	155,000	170,000	-	170,000	15,000	
<b>Total Non-Budget Spending</b>		155,000	-	155,000	170,000	-	170,000	15,000	
<b>Total Capital</b>		1,003,525	(60,896)	942,629	968,184	-	968,184	25,555	
Of which:									
<b>Voted Expenditure</b>		674,255	(30,360)	643,895	669,633	-	669,633	25,738	
<b>Non-Voted Expenditure</b>		329,270	(30,536)	298,734	298,551	-	298,551	(183)	

\* 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.

## SOAS 2 Reconciliation of Outturn to Net Operating Expenditure

		2022-23 £000	2021-22 £000
	Note	Outturn	Prior Year Outturn
<b>Total Resource Outturn</b>	SOAS1.1	<b>1,062,107</b>	<b>1,011,576</b>
Add: Capital grants		253,240	232,874
Other		(5)	-
Less: Income payable to the Consolidated Fund (CFERs)		(292)	(203)
Non-voted expenditure		(276,664)	(320,723)
<b>Net Expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>	SoCNE	<b>1,038,386</b>	<b>923,524</b>

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

### SOAS 3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Outturn £000	Estimate £000	Outturn vs Estimate, saving / (excess) £000
<b>Total Resource Outturn</b>	SOAS 1.1	<b>1,062,107</b>	<b>1,128,236</b>	<b>66,129</b>
<b>Total Capital Outturn</b>	SOAS 1.2	<b>942,629</b>	<b>968,184</b>	<b>25,555</b>
<b>Adjustments for ALBs:</b>				
Remove voted resource and capital		(5,642)	(7,104)	(1,462)
Add cash grant in aid		5,018	5,089	71
<b>Adjustments to remove non-cash items:</b>				
Depreciation, impairments and revaluations	3,4	(163,921)	(203,537)	(39,616)
New provisions and adjustments to previous provisions (Capital)	18	7,495	-	(7,495)
New provisions and adjustments to previous provisions (Revenue)	3,4	(12,113)	(14,788)	(2,675)
Other non-cash items	3,4	704	-	(704)
<b>Adjustments to reflect movement in working balances:</b>				
Changes in working capital other than cash	SOAS 3.1	44,356	78,264	33,908
Changes in payables falling due after more than one year	16	8,645	11,419	2,774
Use of provision	18	11,617	11,568	(49)
<b>Total</b>		<b>1,900,895</b>	<b>1,977,331</b>	<b>76,436</b>
<b>Removal of non-voted budget items:</b>				
Other adjustments		575,398	559,654	(15,744)
<b>Total</b>		<b>575,398</b>	<b>559,654</b>	<b>(15,744)</b>
<b>Net Cash Requirement</b>		<b>1,325,497</b>	<b>1,417,677</b>	<b>92,180</b>

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

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

		2022-23 £000
	<b>Note</b>	
Increase/(decrease) in inventories	13	95
Increase/(decrease) in receivables	15	6,672
<b>Adjustments to movements in receivables</b>		
Movement in CFER related receivables	15	16,433
Movement in provision for bad debts	15	630
(Increase)/decrease in payables less than 1 year	16	17,794
<b>Adjustments to movements in payables less than 1 year</b>		
Increase/(decrease) in amounts due to the Consolidated Fund	16	2,732
<b>Net increase/(decrease) in working capital other than cash recognised in Statement of Assembly Supply</b>		<b>44,356</b>

## SOAS 4 Analysis of income payable to the Consolidated Fund

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

	Note	Outturn Total 2022-23 £000		Prior Year 2021-22 £000	
		Accruals	<i>Cash basis</i>	Accruals	<i>Cash basis</i>
Income outside the ambit of the Estimate (resource)		299	<i>294</i>	197	<i>197</i>
Income outside the ambit of the Estimate (capital)		(7)	-	6	
<b>Sub-total</b>		292	<i>294</i>	203	<i>197</i>
Excess cash surrenderable to the Consolidated Fund		-	-	27	<i>27</i>
<b>Total amount payable to the Consolidated Fund</b>		<b>292</b>	<b><i>294</i></b>	<b>230</b>	<b><i>224</i></b>

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

### (i) Losses and special payments

#### Losses Statement

	2022-23		2021-22	
	Cases	£000	Cases	£000
Stores and plant losses	12	20	15	15
Abandoned Claims	8,154	1,112	23,842	3,220
Fruitless Payments	-	-	-	-
Foreign exchange losses	3	8	8	106
Other cash losses	2	7	-	-
Administrative Write Offs	3	1*	-	-
	<b>8,174</b>	<b>1,148</b>	<b>23,865</b>	<b>3,342</b>

\*Losses value less than £1,000

#### Details of cases over £250,000

The Department incurred losses relating to penalty charge notice debt of £1,018,000 (2021-22: £3,033,448) during the financial year. The penalty charge notices were all more than 6 months old and all steps possible to recover the debt were taken. The loss was categorised as 'claims waived or abandoned' in accordance with Managing Public Money (NI).

#### Special Payments

	2022-23	2021-22
Total number of special Payments	2,246	2,087
Total value of special Payments £000	8,696	6,341

Special Payments includes compensation payments including those arising from Public and Employer Liability Claims and ex gratia payments. There were two payments greater than or equal to £250,000.

**(ii) Business activities attracting fees and charges**

			2022-23 £000	2021-22 £000
	Income	Cost	Surplus/(deficit)	Surplus/(deficit)
Car Parks	12,388	(13,951)	(1,563)	(2,559)
Strangford Ferry	1,350	(3,300)	(1,950)	(1,777)
<b>Total</b>	<b>13,738</b>	<b>(17,251)</b>	<b>(3,513)</b>	<b>(4,336)</b>

This note is provided for fees and charges purposes and not for the International Financial Reporting Standard (IFRS) 8 purposes.

The financial target for car parking services in 2022-23 is 100% recovery (2021-22: 100%) of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 89% (2021-22: 81%). Cost recovery has increased for 2022-23 mainly due to the impact of Covid restrictions fully easing on income levels.

The financial target for the ferry service in 2022-23 is 40% (2021-22: 40%) recovery of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 41% (2021-22: 43%). Cost recovery has decreased for 2022-23 mainly due to the impact of increased fuel costs.

**Remote Contingent Liabilities**

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

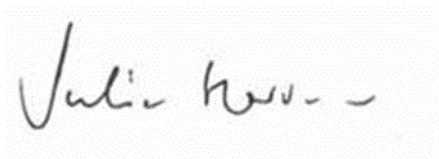
Such contingent liabilities, whether quantifiable or unquantifiable, arise through specific guarantees, indemnities or by the giving of letters of comfort. None of these are contingent liabilities within the meaning of IAS 37 since the likelihood of transfer of economic benefits in settlement is too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

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

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

## Reconciliation of contingent liabilities included in the Supply Estimate to the Accounts

Quantifiable Contingent Liabilities			
Description of Contingent Liability	Supply Estimate (£000)	Amount disclosed in ARA (£000)	Variance (Estimate – Amounts disclosed in the ARA, £000)
Public and Employers Liability	12,615	12,427	188
Dismissal cases	-	36	(36)
Legal claims	110	110	-
Contractor legal cases	1,720	1,720	-
Land for schemes	2,020	2,020	-



Julie Harrison  
Accounting Officer

29 June 2023



## DEPARTMENT FOR INFRASTRUCTURE

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

#### Opinion on financial statements

I certify that I have audited the financial statements of the Department for Infrastructure 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 body 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:

- 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 the significant accounting policies.

The financial reporting framework that has been applied in their 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 expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

#### Opinion on regularity

In my opinion, in all material respects:

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

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 Infrastructure 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 Infrastructure 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 Infrastructure 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 Infrastructure 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 Infrastructure 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 Infrastructure 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 the Department for Infrastructure 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 Infrastructure and its Group through discussion with management and

application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001;

- making enquires of management and those charged with governance on the Department for Infrastructure 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 Infrastructure 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, posting of unusual journals and estimates;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- communicating with the component auditor to request identification of any instance 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
- 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](http://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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Report

I have no observations to make on these financial statements.



Dorinnia Carville  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU

30 June 2023

# FINANCIAL STATEMENTS

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## Statement of Comprehensive Net Expenditure

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

For the year ended 31 March 2023

		2022-23		2021-22	
		Core Dept £000	Group £000	Core Dept £000	Group £000
	<b>Note</b>				
Revenue from contracts with customers		(20,741)	(20,741)	(18,381)	(18,381)
Other operating income		(105,391)	(105,563)	(109,250)	(109,374)
<b>Total Operating Income</b>	5	<b>(126,132)</b>	<b>(126,304)</b>	<b>(127,631)</b>	<b>(127,755)</b>
Grants	4	732,857	727,839	766,144	761,171
Staff Costs	3,4	90,934	94,869	87,841	91,288
Purchase of goods and services	3,4	114,411	114,712	108,810	109,912
Other operating expenditure	3,4	3,590	4,155	3,584	4,095
Depreciation, impairment charges and profit/loss on disposal of assets	3,4	163,044	163,850	35,688	36,458
Provision expense	3,4	12,113	12,113	4,839	4,927
<b>Total Operating Expenditure</b>		<b>1,116,949</b>	<b>1,117,538</b>	<b>1,006,906</b>	<b>1,007,851</b>
<b>Net Operating Expenditure</b>		<b>990,817</b>	<b>991,234</b>	<b>879,275</b>	<b>880,096</b>
PPP Expense	4	47,152	47,152	43,428	43,428
<b>Net Expenditure for the year</b>		<b>1,037,969</b>	<b>1,038,386</b>	<b>922,703</b>	<b>923,524</b>
Notional audit costs	4.1	124	124	105	105
Other notional costs	4.1	12,682	12,682	12,580	12,580
<b>Total Notional Costs</b>		<b>12,806</b>	<b>12,806</b>	<b>12,685</b>	<b>12,685</b>
<b>Net Expenditure for the year including notionals</b>		<b>1,050,775</b>	<b>1,051,192</b>	<b>935,388</b>	<b>936,209</b>

		2022-23		2021-22	
		Core Dept £000	Group £000	Core Dept £000	Group £000
	<b>Note</b>				
<b>Net Expenditure for the year including notionals</b>		<b>1,050,775</b>	<b>1,051,192</b>	<b>935,388</b>	<b>936,209</b>
<b>Other Comprehensive Net Expenditure</b>					
Items that will not be reclassified to net operating expenditure:					
- Net (gain)/loss on revaluation of Property, Plant and Equipment (PPE)	6	(5,532,139)	(5,532,139)	(2,886,396)	(2,886,396)
- Net (gain)/loss on revaluation of intangibles	7	(352)	(352)	(221)	(221)
Items which may be reclassified to net operating expenditure:					
- Adjustment to Property, Plant and Equipment (PPE) opening balance	6	1,596	1,596	(1,816)	(1,816)
- Adjustment to Intangibles opening balance	7	-	-	-	-
<b>Comprehensive Net Expenditure for the year</b>		<b>(4,480,120)</b>	<b>(4,479,703)</b>	<b>(1,953,045)</b>	<b>(1,952,224)</b>

The notes on pages 116 to 168 form part of the financial statements.



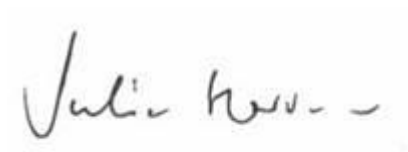
## Statement of Financial Position

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

### As at 31 March 2023

		31 March 2023		31 March 2022		1 April 2021	
		Core Dept £000	Group £000	Core Dept £000	Group £000	Core Dept £000	Group £000
	<b>Note</b>						
<b>Non-current assets:</b>							
Property, plant and equipment	6	37,510,506	37,536,114	31,906,041	31,931,250	28,767,687	28,792,579
Intangible assets	7	4,824	4,824	3,189	3,189	3,565	3,565
Financial assets	11	2,271,664	2,271,664	2,120,529	2,120,529	1,950,529	1,950,529
Trade and other receivables	15	-	3	-	3	-	2
<b>Total non-current assets</b>		<b>39,786,994</b>	<b>39,812,605</b>	<b>34,029,759</b>	<b>34,054,971</b>	<b>30,721,781</b>	<b>30,746,675</b>
<b>Current assets:</b>							
Assets classified as held for sale	12	-	-	-	-	-	-
Inventories	13	2,596	2,660	2,493	2,565	2,689	2,770
Trade and other receivables	15	68,298	68,705	61,800	62,033	30,309	30,591
Cash and cash equivalents	14	4,205	5,628	11	961	12,664	13,642
<b>Total current assets</b>		<b>75,099</b>	<b>76,993</b>	<b>64,304</b>	<b>65,559</b>	<b>45,662</b>	<b>47,003</b>
<b>Total assets</b>		<b>39,862,093</b>	<b>39,889,598</b>	<b>34,094,063</b>	<b>34,120,530</b>	<b>30,767,443</b>	<b>30,793,678</b>
<b>Current liabilities:</b>							
Trade and other payables	16	(256,188)	(257,257)	(289,302)	(290,022)	(237,725)	(238,666)
Provisions	18	(11,308)	(11,308)	(9,520)	(10,472)	(10,030)	(10,997)
<b>Total current liabilities</b>		<b>(267,496)</b>	<b>(268,565)</b>	<b>(298,822)</b>	<b>(300,494)</b>	<b>(247,755)</b>	<b>(249,663)</b>
<b>Total assets less current liabilities</b>		<b>39,594,597</b>	<b>39,621,033</b>	<b>33,795,241</b>	<b>33,820,036</b>	<b>30,519,688</b>	<b>30,544,015</b>
<b>Non-current liabilities:</b>							
Other payables	16	(264,196)	(264,301)	(272,850)	(272,946)	(286,286)	(286,298)
Pension liability	17	-	(16,163)	-	(21,390)	-	(21,159)
Provisions	18	(15,142)	(15,142)	(24,559)	(24,559)	(29,693)	(29,693)
<b>Total non-current liabilities</b>		<b>(279,338)</b>	<b>(295,606)</b>	<b>(297,409)</b>	<b>(318,895)</b>	<b>(315,979)</b>	<b>(337,150)</b>
<b>Total assets less total liabilities</b>		<b>39,315,259</b>	<b>39,325,427</b>	<b>33,497,832</b>	<b>33,501,141</b>	<b>30,203,709</b>	<b>30,206,865</b>

	Note	31 March 2023		31 March 2022		1 April 2021	
		Core Dept £000	Group £000	Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Taxpayers' equity and other reserves</b>							
General fund		17,843,751	17,853,919	17,475,726	17,479,035	17,058,854	17,062,010
Revaluation reserve		21,471,508	21,471,508	16,022,106	16,022,106	13,144,855	13,144,855
<b>Total taxpayers' equity</b>		<b>39,315,259</b>	<b>39,325,427</b>	<b>33,497,832</b>	<b>33,501,141</b>	<b>30,203,709</b>	<b>30,206,865</b>



Julie Harrison  
Accounting Officer

29 June 2023

The notes on pages 116 to 168 form part of the financial statements.

## Statement of Cash Flows

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

### For year ended 31 March 2023

	Note	2022-23		2021-22	
		Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Cash flows from operating activities</b>					
Net operating expenditure		(1,050,775)	(1,051,192)	(935,388)	(936,209)
Adjustments for non-cash transactions	4.3	166,262	168,165	32,608	34,568
(Increase)/decrease in trade and other receivables	15	(6,498)	(6,672)	(31,491)	(31,461)
<b>less movements in receivables relating to items not passing through the Net Operating Expenditure</b>					
Increase/(decrease) in amounts due from Consolidated Fund	15	-	-	-	-
Increase in Consolidated fund debtor	15	(16,431)	(16,431)	16,431	16,431
Movement in provision for bad debt	15	(630)	(630)	1,898	1,898
Receivables due from other department re CFER non cash	15	-	-	-	-
(Increase)/decrease in inventories	13	(103)	(95)	196	199
Increase/(decrease) in trade and other payables	16	(26,797)	(26,439)	23,170	23,096
<b>less movements in payables relating to items not passing through the Net Operating Expenditure</b>					
(Increase)/decrease in amounts due to Consolidated Fund	16	(2,732)	(2,732)	11,187	11,187
Decrease/(increase) in amounts due to capital retentions/accruals		2,486	2,486	(3,260)	(3,260)
Decrease/(increase) in amounts due to imputed loan on PPP contracts		10,727	10,727	10,158	10,158
Bad debt provision	15	(1,119)	(1,119)	(3,190)	(3,190)
Use of other revenue provisions	18	(9,065)	(9,065)	(6,617)	(6,656)
<b>Net cash outflow from operating activities</b>		<b>(934,675)</b>	<b>(932,997)</b>	<b>(884,298)</b>	<b>(883,239)</b>

		2022-23		2021-22	
		Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	6	(227,476)	(228,681)	(263,811)	(264,898)
Purchase of intangible assets	7	(2,310)	(2,310)	(848)	(848)
Proceeds of disposal of property, plant and equipment	6	71	71	359	359
Proceeds of disposal of assets held for resale	12	1,049	1,049	357	357
Repayments from other bodies		3,865	3,865	-	-
Investment additions	11	(155,000)	(155,000)	(170,000)	(170,000)
<b>Net cash outflow from investing activities</b>		<b>(379,801)</b>	<b>(381,006)</b>	<b>(433,943)</b>	<b>(435,030)</b>
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (Supply) – current year		1,328,191	1,328,191	1,301,859	1,301,859
From the Consolidated Fund (Supply) – prior year		16,431	16,431	-	-
On Balance Sheet PFI Contracts		(10,727)	(10,727)	(10,158)	(10,158)
<b>Net financing</b>		<b>1,333,895</b>	<b>1,333,895</b>	<b>1,291,701</b>	<b>1,291,701</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>19,419</b>	<b>19,892</b>	<b>(26,540)</b>	<b>(26,568)</b>
Payments of amounts due to the Consolidated Fund		(254)	(254)	(1,084)	(1,084)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>19,165</b>	<b>19,638</b>	<b>(27,624)</b>	<b>(27,652)</b>
Cash and cash equivalents at the beginning of the period	14	(14,960)	(14,010)	12,664	13,642
Cash and cash equivalents at the end of the period	14	4,205	5,628	(14,960)	(14,010)

The notes on pages 116 to 168 form part of the financial statements.

## Statement of Changes in Taxpayers' Equity

This statement shows the movement in the year on the different reserves held by the Department, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

### For year ended 31 March 2023

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
<b>Balance at 1 April 2021</b>		<b>17,062,010</b>	<b>13,144,855</b>	<b>30,206,865</b>
Adjustment to opening balance *		-	1,816	1,816
Net gain/(loss) on revaluation of property, plant and equipment		-	2,886,396	2,886,396
Net gain/(loss) on revaluation of intangible assets		-	221	221
Net Assembly Funding - drawn down		1,301,859	-	1,301,859
Net Assembly Funding - deemed		10,333	-	10,333
Supply (payable)/receivable	15	16,431	-	16,431
CFERs - other		(203)	-	(203)
CFERs - Excess Accruing Resources		(27)	-	(27)
CFERs - EU capital funding		-	-	-
Comprehensive net expenditure for the year	CSoCNE	(936,209)	-	(936,209)
<b>Non-Cash Adjustments:</b>				
Non-cash charges - notional cost	4.1	12,580	-	12,580
Non-cash charges - auditor's remuneration	4.1	105	-	105
Non-cash charges - foreign exchange CFER		-	-	-
<b>Movement in Reserves:</b>				
Transfers between reserves		11,182	(11,182)	-
Other		974	-	974
<b>Balance at 31 March 2022</b>		<b>17,479,035</b>	<b>16,022,106</b>	<b>33,501,141</b>

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
<b>Balance at 31 March 2022</b>		<b>17,479,035</b>	<b>16,022,106</b>	<b>33,501,141</b>
Adjustment to Opening Balance *		-	(2,301)	(2,301)
Net gain/(loss) on revaluation of property, plant and equipment		-	5,532,140	5,532,140
Net gain/(loss) on revaluation of intangible assets		-	352	352
Net Assembly Funding - drawn down		1,328,191	-	1,328,191
Net Assembly Funding - deemed		-	-	-
Supply (payable)/receivable - current year	16	(2,694)	-	(2,694)
CFERs - other		(292)	-	(292)
CFERs - Excess Accruing Resources		-	-	-
CFERs - EU capital funding		-	-	-
Comprehensive net expenditure for the year	CSoCNE	(1,051,192)	-	(1,051,192)
<b>Non-Cash Adjustments:</b>				
Non-cash charges - notional cost	4.1	12,682	-	12,682
Non-cash charges - auditor's remuneration	4.1	124	-	124
Non-cash charges - foreign exchange CFER		-	-	-
<b>Movement in Reserves:</b>				
Transfers between reserves		80,789	(80,789)	-
Other		7,276	-	7,276
<b>Balance at 31 March 2023</b>		<b>17,853,919</b>	<b>21,471,508</b>	<b>39,325,427</b>

\*Revaluation Reserve

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

The notes on pages 116 to 168 form part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by Department of Finance (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department for Infrastructure Group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Group 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 Group to prepare one additional primary statement. The Statement of Outturn against Assembly Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

#### 1.1 Accounting convention

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

#### 1.2 Basis of consolidation

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

#### 1.3 Property, plant and equipment

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

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

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

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

## Land

Land is valued by Land and Property Services and is updated annually to reflect both subsequent expenditure and the movement in appropriate published indices. DfI aims to have land and buildings valued by LPS every five years. The most recent valuation was carried out on 1 April 2021 with indices used to update the valuation as at 31 March 2023. The exception to this is Crumlin Road Gaol which is valued by Land and Property Services every year because no suitable indices exist for this type of asset.

## Network Assets – Roads and Structures

The road network is held at its Depreciated Replacement Cost (DRC), in accordance with the guidance provided by the FReM; based on service potential and classed as a specialist asset for which a market valuation is not available. The structures and communications are also held at DRC. The valuation for these classes of Network Assets has been prepared by in-house professionally qualified engineers, supported by external valuers.

The road pavement, structures and communications elements are valued using agreed rates determined to identify the gross replacement cost of applicable types of road<sup>3</sup>, structure or communications on the basis of a new construction on a greenfield site.

Due to the limited range of new scheme information the last full revaluation of Network Assets (Roads & Bridges) was completed for the 2015-16 accounts. These rates have been re-valued annually using a weighted range of Price Adjustment Formulae Indices (commonly referred to as the Baxter Indices) to reflect current prices, and will be updated when new construction costs become available as comparators to the costs previously identified for specific road types.

## Network Assets – Flood Defence Assets and Culverts

Rivers assets are extremely specialised in nature, location and function. There are three categories of asset; below ground, above ground and hydrometric assets.

A revaluation of the flood defence assets was carried out as at 31 March 2022, with Baxter indices used to update the valuation as at 31 March 2023. Assets are held at Depreciated Replacement Cost (DRC) in the Statement of Financial Position.

## Car Parks and Buildings

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

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<sup>3</sup> There are 31 road types in Northern Ireland



## Plant and Machinery

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

## Information Technology & Furniture and Fittings

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

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

## Harbours; Jetties; Quays; Dry Docks; Floating Jetties; and Trackline (Waterways Ireland Only)

Assets acquired prior to 2003 were internally valued in 2003 using replacement cost. Assets acquired since 2003 are initially measured at the cost incurred by Waterways Ireland in acquiring the asset.

The value of all assets (irrespective of year of acquisition) is indexed internally in line with construction inflation each year.

The valuations are also updated internally to take account of new information from surveys including exact dimensions.

Standard costs include integral elements of structures, fencing, bollards, sluices etc. With the exception of floating jetties, 25 years, life is estimated at 500 years based on regular repairs and maintenance and taking into consideration their existing age.

Structures on non-operational navigations are deemed to have no value since there is no economic benefit, only land footprint is valued.

### 1.4 Depreciation

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

Depreciation is calculated as follows:

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

Freehold Buildings	10 – 100 years
Leasehold Buildings	Length of lease
Plant and Machinery	3 - 40 years
Information Technology	3 - 17 years
Furniture & Fittings	3 - 22 years

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

The majority of Waterways Ireland depreciation is calculated within the above stated ranges. However there are a number of specific policies relating to assets only held in Waterways Ireland, these are as follows:

Locks, Fixed Mooring	60 - 500 years
Lockhouses	50 years
Depots, Service Blocks	50 years
Floating Moorings	25 years
Bridges, Aqueducts, Culverts, Weirs	25 - 500 years

For more detail on Waterways Ireland Depreciation policies please refer to its published accounts at [Waterways Ireland Annual Reports](#).

### 1.5 Assets adopted from developers

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

## 1.6 Intangible assets

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

### (a) Intangible assets acquired separately

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

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

### (b) Internally-generated intangible assets

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

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

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

## 1.7 Impairment of tangible, intangible and financial assets

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

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

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

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

In the case of the Department's shareholding and loan interests in NI Water, a review of indications that assets may have suffered an impairment loss is carried out under IAS 36, particularly paragraph

11. As part of this review the Department considers the views of NI Water on whether there is an indication that its assets may have suffered an impairment loss. The company's review includes consideration of its projected discounted cashflows.

### **1.8 Non-current assets held for resale**

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

### **1.9 Inventories**

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

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

### **1.10 Financial instruments**

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

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

The Group has the following financial instruments:

#### **Trade Receivables**

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

#### **Cash and cash equivalents**

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

## Trade payables

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

## Shareholding in NI Water and loans issued to NI Water

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

## Public dividend capital and loans in DVA

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

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

The loan was repaid during 2022-23 and the PDC is reported at historic cost less impairment in line with DoF guidance.

## Deeds of Guarantee

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

### 1.11 Grant funding (including EU funding)

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

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

## 1.12 Operating income

Operating income relates directly to the operating activities of the 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 it also includes other income such as that from investments. It includes both income appropriated-in-aid of the Estimate and income payable to the Consolidated Fund. Operating income is stated net of VAT. IFRS 15 has not resulted in any changes for the Department. Revenue is recognised when the Department has satisfied its performance obligations in respect of the contract with the customer.

## 1.13 Administration and programme expenditure

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

## 1.14 Foreign exchange

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

## 1.15 Employee benefits including pensions

### Staff costs

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using staff salaries at March 2023 applied to the untaken leave balance at 31 March 2023 as recorded in the payroll system.

### Pensions

Past and present employees are covered by the provisions of the Northern Ireland Civil Service Pension Scheme which is a defined benefit scheme and is unfunded. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Northern Ireland Civil Service Pension Scheme of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Northern Ireland Civil Service Pension Scheme. Staff in post prior to 30 July 2007 may be in one of three statutory based "final salary" defined benefit schemes (classic, premium and classic plus). From April 2011 pensions payable under classic, premium and classic plus are increased annually in line with changes in the Consumer Price Index (CPI). Prior to 2001, pensions were increased in line with Retail Price Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining good quality "money purchase" stakeholder based arrangement with a significant employer contribution (partnership pension account). New entrants after 30 July 2007 are eligible for membership of nuvos arrangement or they

can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement.

In respect of the defined contribution scheme, the Department recognises the contributions payable for the year.

More information about the Group's pension schemes can be found in the accounts of Waterways Ireland, and of the pension scheme themselves.

### **Early departure costs**

The Department is required to meet the cost of paying the pensions of employees who retire early from the date of their retirement until they reach normal pensionable age. The Department provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in the current or previous years by establishing a provision for the estimated payments. The provision is discounted by the Treasury discount rate of 1.70% in real terms. In past years, the Department settled some or all of its liability in advance by making a payment to the DoF Superannuation Vote. The amount provided is shown net of any such payments.

### **1.16 Leases**

#### **Initial recognition**

On transition to IFRS 16, the Group is subject to the requirements in paragraph 28 of IAS 8. Paragraph 28(f) of IAS 8 is not required and is substituted by a requirement to disclose the weighted average lessee incremental borrowing rate applied on transition.

At the commencement of a lease (or 1 April 2022 for leases transitioning to IFRS 16 in the current year), the Group recognises a right-of-use asset and a lease liability. The lease liability is measured at the payments for the remaining lease term, excluding value added tax, discounted by HM Treasury incremental cost of borrowing rate. The incremental cost of borrowing rate required to be applied by HM Treasury for leases commencing, transitioning or being remeasured in the 2022 calendar year to IFRS 16 was 0.95%. The lease liability is presented within Note 20.

The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date.

## Subsequent measurement

Where the lease is subsequently measured the liability is adjusted for the accrual of interest, repayments, and reassessments and modifications. These are measured by rediscounting the revised cash flows; the impact is reflected in the lease liability and a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is charged to the Statement of Comprehensive Net Expenditure.

## Lease expenditure

Expenditure includes interest and straight-line depreciation. Lease payments are debited against the liability. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding.

## Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value items and short term leases. The Group recognises the lease payments associated with these leases as a charge to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

### 1.17 Public Private Partnership (PPP) Transactions

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

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

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

### 1.18 Grants and subsidies payable

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



### **1.19 Provisions**

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

### **1.20 Contingent liabilities**

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

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

### **1.21 Value Added Tax**

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

### **1.22 Funding from Assembly Supply**

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

### **1.23 Notional costs**

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

### **1.24 Vesting of property**

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

### **1.25 Estimation techniques**

In the application of the accounting policies above, the Department is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical

experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

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

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

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

### **1.26 Impending application of newly issued accounting standards not yet effective**

The International Accounting Standards Board has issued new and amended standards that are effective for the first time in 2022-23. These have been reviewed and the assessment is that their adoption has not had any significant impact on the amounts reported in these financial statements. There have been no substantial updates to the FReM as a result of these changes.

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

IFRS 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 consider that the introduction to IFRS 17 *Insurance Contracts* will not have a significant impact in the accounts in the period of initial application.

### **1.27 Review of Financial Process**

Review of Financial Process (RoFP) 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 Infrastructure 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 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, supply financed Agencies 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.

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

## 2. Statement of Operating Expenditure by Operating Segment

During 2022-23 the Department's operating segments reflected the basis of bi-monthly financial reporting to the Departmental Board.

The financial information presented to the Board was based on the Outturn at budget category level.

Following a reshaping within the Department during 2022-23 the reporting groups were changed to:

- Climate, Planning and Public Transport
- Transport and Road Asset Management; and
- Water and Departmental Delivery.

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

### **Climate, Planning and Public Transport**

#### **Planning**

Strategic Planning Directorate is responsible for Local Development Plans; Casework; and Planning Improvement/Decisions on key regional cases.

Regional Planning, Governance and Legislation Directorate is responsible for updated planning legislation; the Planning Portal; and Planning Improvement, Governance and Rathlin Island.

#### **Safe and Accessible Travel**

Responsible for Policy Legislation; Promotion for Road and Rail Safety; and Transport Regulation Policy and Legislation for Vehicles and Drivers.

#### **Public Transport**

Public Transport Policy role is to provide a Strategic Plan for development of an Integrated Public Transport System that meets the needs of citizens and effectively contributes to model shift review of concessionary fares.

Public Transport Operations are responsible for Translink; Accessible and Community Transport; Strangford and Rathlin Ferries; and effective Public Service Agreement with Translink.

#### **Climate Change**

The Climate Change Directorate is responsible for the Leadership and Coordination of DfI Climate Response and DfI Climate Action Plan.

## **DVA**

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

### **Transport and Road Asset Management**

#### **Roads**

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

#### **Transport Planning and Policy**

Responsible for Integrated Transport Strategy; Transport planning and modelling including regional and sub-regional Transport Plans; Transport sectoral plan (carbon reduction); EV Infrastructure Plan; and Operational Transport Legislation.

### **Water and Departmental Delivery**

#### **Rivers**

Rivers Development are responsible for Capital works; Asset Management; Planning Consultations; and Flood Mapping Modelling.

Rivers Operations are responsible for Operational Offices; Statutory Approvals; Flood Emergency Planning and Response; LGD Expertise and Reservoirs Operations; and Living With Water Programme Rivers Delivery.

#### **Living with Water Programme and Power of Water**

The Living with Water Programme was established in 2015 as a multi-agency initiative led by the Department to take a new integrated, strategic and long-term approach to drainage provision.

#### **Water and Drainage Policy**

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

#### **Governance, EU and Ministerial Support**

Responsible for DfI legislation programme including EU Exit; EU Future Relations, Ports and Airports; COVID Inquiry and Emergency Planning; Corporate Governance; and Private Office and Assembly Business Unit.

### **Corporate Policy, Finance & IT**

Responsible for a range of corporate services, which includes digital and information services, finance and equality issues.

### **Waterways Ireland**

The Department co-sponsor 15% of Waterways Ireland a North/South body .

## Summary of Operating costs by Operating Segments

			2022-23 £'000
Division	Gross Expenditure	Income	Net Expenditure
Roads	378,649	(39,169)	339,480
Rivers	16,844	(234)	16,610
Planning	5,524	(3,699)	1,825
Transport Planning & Policy	12,020	(202)	11,818
Safe & Accessible Travel	3,028	(682)	2,346
DVA	26,447	(2,673)	23,774
Public Transport	349,273	(36)	349,237
Water & Drainage Policy	347,088	(77,417)	269,671
Living with Water & Power	48	-	48
Governance, EU & Ministerial Support	2,752	(703)	2,049
Corporate Policy, Finance & IT	30,216	(1,317)	28,899
Waterways Ireland	5,607	(172)	5,435
<b>Total Net Expenditure per SoCNE</b>	<b>1,177,496</b>	<b>(126,304)</b>	<b>1,051,192</b>

			2021-22 £'000
Division	Gross Expenditure	Income	Net Expenditure
Roads	227,731	(36,428)	191,303
Rivers	22,573	(201)	22,372
Planning: Strategic & Regional	5,464	(2,767)	2,697
Transport Policy	6,480	(227)	6,253
Safe & Accessible Travel	9,010	(682)	8,328
DVA	27,008	(135)	26,873
Gateways & EU Relations	1,986	(609)	1,377
Public Transport	408,768	(3)	408,765
Water Drainage & Policy	321,288	(85,267)	236,021
Corporate Policy, Finance & IT	27,738	(1,312)	26,426
Waterways Ireland	5,918	(124)	5,794
<b>Total Net Expenditure per SoCNE</b>	<b>1,063,964</b>	<b>(127,755)</b>	<b>936,209</b>

### 3. Other administration costs

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Staff Costs<sup>4</sup>:</b>				
Wages and salaries	52,747	53,719	50,095	51,234
Social security costs	6,179	6,295	6,062	6,190
Other pension costs	16,871	16,871	16,847	16,847
Other staff costs	335	335	347	347
<b>Total staff costs</b>	<b>76,132</b>	<b>77,220</b>	<b>73,351</b>	<b>74,618</b>
<b>Purchase of goods and services</b>	<b>8,055</b>	<b>8,101</b>	<b>8,338</b>	<b>8,425</b>
<b>Other operating expenditure:</b>				
Rentals under operating leases – land and buildings	-	-	47	49
Rentals under operating leases – other	84	84	85	85
Other expenditure <sup>5</sup>	4,159	4,724	4,082	4,591
Less: Own work Capitalised	(1,686)	(1,686)	(1,945)	(1,945)
<b>Total other operating expenditure</b>	<b>2,557</b>	<b>3,122</b>	<b>2,269</b>	<b>2,780</b>
<b>Non-cash items</b>				
<b>Depreciation, impairment charges and profit/loss on disposal of assets:</b>				
Depreciation of property, plant and equipment	1,433	1,433	1,358	1,358
Amortisation of intangibles	426	426	277	277
Revaluation charge to Statement of Comprehensive Net Expenditure	1	1	4	4
Impairment of asset	-	-	-	-
(Profit)/Loss on disposal of assets (non-cash)	-	-	-	-
<b>Total Depreciation, impairment charges and profit/loss on disposal of assets</b>	<b>1,860</b>	<b>1,860</b>	<b>1,639</b>	<b>1,639</b>
<b>Increase/Decrease in Provisions</b>	<b>(935)</b>	<b>(935)</b>	<b>672</b>	<b>672</b>
<b>Total Administration Costs</b>	<b>87,669</b>	<b>89,368</b>	<b>86,269</b>	<b>88,134</b>

<sup>4</sup> Further analysis of staff costs is located in the Staff Report in the Accountability Section

<sup>5</sup> Included within other expenditure is Waterways Ireland Audit Fee of £60k of which 15% is consolidated into these accounts



#### 4. Programme costs

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Grants:</b>				
Current grants and subsidies	452,688	447,670	507,546	502,573
Capital grants and subsidies	280,169	280,169	258,598	258,598
<b>Total grants</b>	<b>732,857</b>	<b>727,839</b>	<b>766,144</b>	<b>761,171</b>
<b>Staff Costs<sup>6</sup>:</b>				
Wages and salaries	10,453	11,444	10,122	10,890
Social security costs	1,152	1,276	1,117	1,203
Other pension costs	3,197	4,929	3,251	4,577
Other staff costs	-	-	-	-
<b>Total staff costs</b>	<b>14,802</b>	<b>17,649</b>	<b>14,490</b>	<b>16,670</b>
<b>Purchase of goods and services</b>	<b>106,356</b>	<b>106,611</b>	<b>100,472</b>	<b>101,487</b>
<b>Other operating expenditure:</b>				
Rentals under operating leases – land and buildings	29	29	13	13
Rentals under operating leases – other	10	10	9	9
Exchange loss / (gain)	(275)	(275)	106	106
Other expenditure	1,269	1,269	1,187	1,187
<b>Total other operating expenditure</b>	<b>1,033</b>	<b>1,033</b>	<b>1,315</b>	<b>1,315</b>
<b>Non-cash items</b>				
<b>Depreciation, impairment charges and profit/ loss on disposal of assets:</b>				
Depreciation of property, plant and equipment	160,811	161,617	32,160	32,930
Amortisation of intangibles	854	854	1,168	1,168
Revaluation charge to Statement of Comprehensive Net Expenditure	(410)	(410)	660	660
Impairment of asset	-	-	49	49
(Profit)/loss on disposal of assets	(71)	(71)	12	12
<b>Total Depreciation and impairment charges</b>	<b>161,184</b>	<b>161,990</b>	<b>34,049</b>	<b>34,819</b>
<b>Provision expense:</b>				
Provided in year	11,299	11,299	2,876	2,964
Borrowing costs on provisions	-	-	(1)	(1)
Provision for bad debts	1,749	1,749	1,292	1,292
<b>Total Provision expense</b>	<b>13,048</b>	<b>13,048</b>	<b>4,167</b>	<b>4,255</b>

<sup>6</sup> Further analysis of staff costs is located in the Staff Report in the Accountability Section

<b>PPP expense:</b>				
PPP service charge	29,368	29,368	24,954	24,954
PPP interest on loan	17,784	17,784	18,474	18,474
<b>Total other operating expenditure</b>	<b>47,152</b>	<b>47,152</b>	<b>43,428</b>	<b>43,428</b>
<b>Total Programme Costs</b>	<b>1,076,432</b>	<b>1,075,322</b>	<b>964,065</b>	<b>963,145</b>

#### 4.1 Notional charges

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Notional charges:</b>				
Notional accommodation	5,094	5,094	4,887	4,887
NIAO auditors' remuneration	124	124	105	105
Other notional costs	7,588	7,588	7,693	7,693
<b>Total notional charges</b>	<b>12,806</b>	<b>12,806</b>	<b>12,685</b>	<b>12,685</b>

## 4.2 Total Operating Expenditure Reconciliation

	Administration Costs £000	Programme Costs £'000	Notional Charges £'000	2022-23 Total £000
Grants	-	727,839	-	727,839
Staff costs	77,220	17,649	-	94,869
Purchase of goods and services	8,101	106,611	-	114,712
Other operating expenditure	3,122	1,033	-	4,155
Depreciation, impairment charges and profit/loss on disposal of assets	1,860	161,990	-	163,850
Provision expense	(935)	13,048	-	12,113
Notional charges	-	-	12,806	12,806
PPP expense	-	47,152	-	47,152
<b>Total</b>	<b>89,368</b>	<b>1,075,322</b>	<b>12,806</b>	<b>1,177,496</b>

	Administration Costs £000	Programme Costs £000	Notional charges £000	2021-22 Total £000
Grants	-	761,171	-	761,171
Staff costs	74,618	16,670	-	91,288
Purchase of goods and services	8,425	101,487	-	109,912
Other operating expenditure	2,780	1,315	-	4,095
Depreciation, impairment charges and profit/loss on disposal of assets	1,639	34,819	-	36,458
Provision expense	672	4,255	-	4,927
Notional charges	-	-	12,685	12,685
PPE expense	-	43,428	-	43,428
<b>Total</b>	<b>88,134</b>	<b>963,145</b>	<b>12,685</b>	<b>1,063,964</b>

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

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
Staff costs	-	-	-	-
Non-staff administration costs (see Note 3)	13,731	13,731	14,996	14,996
Programme costs – (see Note 4)	174,232	175,038	38,216	39,074
Non-cash transfer from NDPB	-	1,097	-	1,102
Non-cash lease adjustment	(704)	(704)	-	-
Non-cash capital grant / capital grant income	(20,997)	(20,997)	(20,604)	(20,604)
<b>Non-cash transactions (Statement of Cash Flows)</b>	<b>166,262</b>	<b>168,165</b>	<b>32,608</b>	<b>34,568</b>
Adjust for capital provisions (see note 18)	(7,495)	(7,495)	(1,469)	(1,469)
Notional costs	(12,806)	(12,806)	-	-
Non-cash proceeds for capital grant /capital grant income	20,997	20,997	20,604	20,604
Profit / loss on disposal	71	71	(12)	(12)
Non-cash transfer from NDPB	-	(1,097)	-	(1,102)
<b>Non-cash transactions (Statement of Outturn against Assembly Supply)</b>	<b>167,029</b>	<b>167,835</b>	<b>51,731</b>	<b>52,589</b>

## 5. Income

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Revenue from Contracts with Customers</b>				
<b>Administration Income</b>				
Other	1,300	1,300	1,303	1,303
<b>Programme Income</b>				
Car park receipts and penalty charge notices income	10,872	10,872	8,835	8,835
Recoverable works	918	918	951	951
Planning fees	259	259	204	204
Developers contributions	483	483	500	500
Other	6,909	6,909	6,588	6,588
<b>Sub-total</b>	<b>20,741</b>	<b>20,741</b>	<b>18,381</b>	<b>18,381</b>
<b>Other Operating Income</b>				
Other capital grant income – Developer contributions	20,997	20,997	20,604	20,604
Loan interest from NI Water	58,417	58,417	54,098	54,098
Dividend income from NI Water	19,000	19,000	31,169	31,169
EU grant income – Accruing Resources income	850	850	615	615
EU grant income – CFER income	-	-	6	6
Public Dividend Capital – dividend receivable	2,572	2,572	-	-
Other Grant Income	3,454	3,454	2,623	2,623
Interest from DVA	101	101	135	135
Other income	-	172	-	124
<b>Sub-total</b>	<b>105,391</b>	<b>105,563</b>	<b>109,250</b>	<b>109,374</b>
<b>Total income</b>	<b>126,132</b>	<b>126,304</b>	<b>127,631</b>	<b>127,755</b>

## 6. Property, plant and equipment

### Consolidated

	Land & Buildings excluding Dwellings £000	Network Assets £000	Plant and Machinery £000	Information Technology & Furniture and Fittings £000	Payments on Account and Assets under Construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2022	121,452	35,433,358	88,581	4,026	593,451	36,240,868
Opening balance adjustment*	706	(2,318)	-	-	-	(1,612)
Additions **	(4,183)	157,680	11,103	53	52,614	217,267
Developer Contributions	-	19,948	-	-	-	19,948
Disposals	-	-	(64)	-	-	(64)
Revaluations	1,411	6,335,719	(7,187)	(1,698)	-	6,328,245
Reclassification ***	-	193,357	-	(262)	(193,357)	(262)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	293	-	(613)	(325)	-	(645)
<b>At 31 March 2023</b>	<b>119,679</b>	<b>42,137,744</b>	<b>91,820</b>	<b>1,794</b>	<b>452,708</b>	<b>42,803,745</b>
<b>Depreciation</b>						
At 1 April 2022	7,668	4,244,153	54,753	3,044	-	4,309,618
Opening balance adjustment*	-	(16)	-	-	-	(16)
Charged in year	2,192	156,909	3,625	324	-	163,050
Disposals	-	-	(64)	-	-	(64)
Transfers	-	-	-	(9)	-	(9)
Revaluations	42	805,925	(8,151)	(1,710)	-	796,106
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(124)	-	(606)	(324)	-	(1,054)
<b>At 31 March 2023</b>	<b>9,778</b>	<b>5,206,971</b>	<b>49,557</b>	<b>1,325</b>	<b>-</b>	<b>5,267,631</b>
<b>Carrying Amount at 31 March 2023</b>	<b>109,901</b>	<b>36,930,773</b>	<b>42,263</b>	<b>469</b>	<b>452,708</b>	<b>37,536,114</b>
Carrying Amount at 1 April 2022	113,784	31,189,205	33,828	982	593,451	31,931,250
<b>Asset financing:</b>						
Owned	109,901	36,588,432	42,263	469	452,708	37,193,773
On-statement of financial position of PFI contracts	-	342,341	-	-	-	342,341
<b>Carrying Amount at 31 March 2023</b>	<b>109,901</b>	<b>36,930,773</b>	<b>42,263</b>	<b>469</b>	<b>452,708</b>	<b>37,536,114</b>
<b>Of the total:</b>						
Core Department	107,223	36,911,180	41,843	423	449,837	37,510,506
Other designated bodies	2,678	19,593	420	46	2,871	25,608
<b>Carrying Amount at 31 March 2023</b>	<b>109,901</b>	<b>36,930,773</b>	<b>42,263</b>	<b>469</b>	<b>452,708</b>	<b>37,536,114</b>

\* The opening balance adjustment on Land & Buildings relates to the transition to IFRS 16 to bring leased assets onto the Statement of Financial Position for the first time in 2022-23.

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

\*\* Included in the negative additions figure is the reversal of land provisions no longer required.

\*\*\* Reclassification of infrastructure network assets, which had previously been treated as Assets Under Construction (AUC), which were identified as complete by March 2023 are taken to Network Assets at their historic cost and revalued to depreciated replacement cost in the following year.

## Property, plant and equipment

## Consolidated

	Land & Buildings excluding Dwellings £000	Network Assets £000	Plant and Machinery £000	Information Technology & Furniture and Fittings £000	Payments on Account and Assets under Construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2021	119,373	31,973,694	82,963	4,290	484,983	32,665,303
Opening balance adjustment*	-	2,834	-	-	-	2,834
Additions	2,000	145,267	9,137	547	108,633	265,584
Developer Contributions	-	20,263	-	-	-	20,263
Disposals	-	-	(7,683)	-	-	(7,683)
Transfers	-	-	-	-	-	-
Revaluations	799	3,291,300	4,237	(755)	(165)	3,295,416
Reclassification	(65)	-	-	-	-	(65)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(655)	-	(73)	(56)	-	(784)
<b>At 31 March 2022</b>	<b>121,452</b>	<b>35,433,358</b>	<b>88,581</b>	<b>4,026</b>	<b>593,451</b>	<b>36,240,868</b>
<b>Depreciation</b>						
At 1 April 2021	5,979	3,801,307	62,068	3,370	-	3,872,724
Opening balance adjustment*	-	1,018	-	-	-	1,018
Charged in year	2,107	28,820	2,882	479	-	34,288
Disposals	-	-	(7,312)	-	-	(7,312)
Transfers	-	-	-	-	-	-
Revaluations	(421)	413,008	(2,812)	(755)	-	409,020
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	3	-	(73)	(50)	-	(120)
<b>At 31 March 2022</b>	<b>7,668</b>	<b>4,244,153</b>	<b>54,753</b>	<b>3,044</b>	<b>-</b>	<b>4,309,618</b>
<b>Carrying Amount at 31 March 2022</b>	<b>113,784</b>	<b>31,189,205</b>	<b>33,828</b>	<b>982</b>	<b>593,451</b>	<b>31,931,250</b>
Carrying Amount at 1 April 2021	113,394	28,172,387	20,895	920	484,983	28,792,579
<b>Asset financing:</b>						
Owned	113,784	30,846,864	33,828	982	593,451	31,588,909
On-statement of financial position of PFI contracts	-	342,341	-	-	-	342,341
<b>Carrying Amount at 31 March 2022</b>	<b>113,784</b>	<b>31,189,205</b>	<b>33,828</b>	<b>982</b>	<b>593,451</b>	<b>31,931,250</b>
<b>Of the total:</b>						
Core Department	111,016	31,169,183	33,354	913	591,575	31,906,041
Other designated bodies	2,768	20,022	474	69	1,876	25,209
<b>Carrying Amount at 31 March 2022</b>	<b>113,784</b>	<b>31,189,205</b>	<b>33,828</b>	<b>982</b>	<b>593,451</b>	<b>31,931,250</b>

Waterways Ireland assets located in Northern Ireland have been included in the above tables.

The following valuers have been involved in valuing the property, plant and equipment at the dates specified:

Asset category	Valuer name and qualifications	Date of last Valuation	Valuation method in intervening years
Network Assets - Land	Land & Property Services (LPS)	N/A	Indicative Land Indices (LPS)
Land for schemes	Land & Property Services (LPS)	1 April 2021 – DfI Assets Various dates – transferee assets	Indicative Land Indices (LPS)
Car Parks	Land & Property Services (LPS)	01 April 2018	Indicative Land Indices (LPS) & BCIS Index (LPS)
Buildings: Depots & Section offices	Land & Property Services (LPS)	01 April 2018	LPS Area Office Index
Networked Assets	Roads and Structures - Atkins (Asset Management Consultants) and Professor MS Snaith FREng	31 March 2016	Roads and Structures - Baxter Index (Provisional)
	Flood Defences & Culverts – Atkins (Asset Management Consultants)	31 March 2022	Flood Defences & Culverts – Atkins (Asset Management Consultants) Baxter Index
Plant and Machinery - Ferry	Blyth Bridges (Marine Consultants)	31 March 2017	Index provided by Marine Consultants
Plant and Machinery - Vehicles	N/A	N/A	Adjusted National Statistics Office SIC 2007
Plant and Machinery - General	N/A	N/A	Adjusted National Statistics Office SIC 2007
Furniture and Fittings	N/A	N/A	Retail Price Index
Information Technology	N/A	N/A	Adjusted National Statistics Office SIC 2007

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

The roads and structures infrastructure valuation was performed on a depreciated replacement cost basis as at 31 March 2023, using the ‘Baxter Index’ for construction in England, Wales and Northern Ireland and revalued unit rates for roads and structures. For 2022-23 a provisional index to 31 December 2022 was applied, as this was the most up to date available at the time of the production of the valuation.

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



Every five years DfI aims to carry out a review of the unit rates used to value roads and structures. These rates are built up from the actual outturn costs of new construction schemes. Due to the limited range of new scheme information the last full revaluation of roads and structures was completed for the 2015-16 accounts. These rates are re-valued annually using a weighted range of Price Adjustment Formulae (commonly referred to as the Baxter Indices) to reflect current prices and will be updated when new construction costs become available as comparators to the costs previously identified for specific road types.

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

### **Condition Surveys for the Road Network**

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

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

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

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

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

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

## 7. Intangible assets

### Consolidated

	Externally Developed Software £000	Internally Developed Software £000	Software Licences £000	Licences, Trademarks and Artistic Originals £000	Payments on Account and Assets under Construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2022	7,937	21,192	1,113	55	-	30,297
Additions	1,547	295	2	-	466	2,310
Disposals	-	-	-	-	-	-
Revaluations	538	278	73	7	-	896
Reclassification	262	-	-	-	-	262
Transfers	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>10,284</b>	<b>21,765</b>	<b>1,188</b>	<b>62</b>	<b>466</b>	<b>33,765</b>
<b>Depreciation</b>						
At 1 April 2022	5,484	20,712	912	-	-	27,108
Charged in year	967	208	105	-	-	1,280
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Reclassification	9	-	-	-	-	9
Revaluation	286	205	53	-	-	544
Impairments	-	-	-	-	-	-
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>6,746</b>	<b>21,125</b>	<b>1,070</b>	<b>-</b>	<b>-</b>	<b>28,941</b>
<b>Carrying Amount at 31 March 2023</b>	<b>3,538</b>	<b>640</b>	<b>118</b>	<b>62</b>	<b>466</b>	<b>4,824</b>
Carrying Amount at 1 April 2022	2,453	480	201	55	-	3,189
<b>Asset financing:</b>						
Owned	3,538	640	118	62	466	4,824
<b>Carrying Amount at 31 March 2023</b>	<b>3,538</b>	<b>640</b>	<b>118</b>	<b>62</b>	<b>466</b>	<b>4,824</b>
<b>Of the total:</b>						
Core Department	3,538	640	118	62	466	4,824
Other designated bodies	-	-	-	-	-	-
<b>Carrying Amount at 31 March 2023</b>	<b>3,538</b>	<b>640</b>	<b>118</b>	<b>62</b>	<b>466</b>	<b>4,824</b>

## Intangible assets

## Consolidated

	Externally Developed Software	Internally Developed Software	Software Licences	Licences, Trademarks and Artistic Originals	Payments on Account and Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
At 1 April 2021	6,818	21,068	1,068	51	-	29,005
Additions	848	-	-	-	-	848
Disposals	-	-	-	-	-	-
Revaluations	271	124	45	4	-	444
Reclassification	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>7,937</b>	<b>21,192</b>	<b>1,113</b>	<b>55</b>	<b>-</b>	<b>30,297</b>
<b>Depreciation</b>						
At 1 April 2021	4,601	20,070	769	-	-	25,440
Charged in year	780	549	116	-	-	1,445
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Revaluation	103	93	27	-	-	223
Impairments	-	-	-	-	-	-
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>5,484</b>	<b>20,712</b>	<b>912</b>	<b>-</b>	<b>-</b>	<b>27,108</b>
<b>Carrying Amount at 31 March 2022</b>	<b>2,453</b>	<b>480</b>	<b>201</b>	<b>55</b>	<b>-</b>	<b>3,189</b>
Carrying Amount at 1 April 2021	2,217	998	299	51	-	3,565
<b>Asset financing:</b>						
Owned	2,453	480	201	55	-	3,189
<b>Carrying Amount at 31 March 2022</b>	<b>2,453</b>	<b>480</b>	<b>201</b>	<b>55</b>	<b>-</b>	<b>3,189</b>
<b>Of the total:</b>						
Core Department	2,453	480	201	55	-	3,189
Other designated bodies	-	-	-	-	-	-
<b>Carrying Amount at 31 March 2022</b>	<b>2,453</b>	<b>480</b>	<b>201</b>	<b>55</b>	<b>-</b>	<b>3,189</b>

## 8. Impairments

In 2022-23 no impairment expense has been charged to the Statement of Comprehensive Net Expenditure.

## 9. Financial guarantees and Letters of Comfort

### Deeds of Guarantee

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

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

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

### Subsidy payments to Northern Ireland Water

The Subsidy is paid under Article 213(3) of the Water and Sewerage Services (NI) Order 2006 which requires the Department for Infrastructure (DfI) to, "make grants to relevant undertakers of amounts appearing to the Department to be equal to discounts provided by undertakers in respect of any charges payable to them in, or in respect of, the initial period" [extended to 31 March 2017 by the Water and Sewerage Services Act (NI) 2016 and subsequently to 31 March 2022 by the Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2017]. During 2022-23 the Subsidy was £345.5m and for 2023-24 it is estimated to be £398.8m.

## 10. Financial instruments

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

### Credit risk

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

### Liquidity risk

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

### Currency Risk

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

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

### Interest Rate Risk

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

## Gains/losses

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

					2022-23	2021-22
		From Subsequent Measurement				
	From Interest £000	At Fair Value £000	Currency Translation £000	Provision for Bad Debt £000	Net gain/(loss) £000	Net gain/(loss) £000
Loans and receivables (Gain)/loss	-	-	(275)	1,749	1,474	1,398
<b>Total</b>	-	-	(275)	<b>1,749</b>	<b>1,474</b>	<b>1,398</b>

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

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

## 11. Investment and loans in other public sector bodies

	Loan Stock & Ordinary Shares £000	Loan on vesting £000	Long-term loan £000	PDC £000	Total £000
Balance at 1 April 2021	671,690	150,000	1,123,426	5,413	1,950,529
Additions	-	-	170,000	-	170,000
Balance at 31 March 2022	671,690	150,000	1,293,426	5,413	2,120,529
Additions	-	-	155,000	-	155,000
Repayments	-	-	(3,865)	-	(3,865)
<b>Balance at 31 March 2023</b>	<b>671,690</b>	<b>150,000</b>	<b>1,444,561</b>	<b>5,413</b>	<b>2,271,664</b>

Comprising:

	Loan Stock & Ordinary Shares £000	Loan on vesting £000	Long-term loan £000	PDC £000	Total £000
NI Water	671,690	150,000	1,444,561	-	2,266,251
DVA	-	-	-	5,413	5,413
<b>Balance at 31 March 2023</b>	<b>671,690</b>	<b>150,000</b>	<b>1,444,561</b>	<b>5,413</b>	<b>2,271,664</b>

All investments are held within the Department.

### NI Water

On 1 April 2007 the responsibility for the provision of water and sewerage services transferred from Water Service, an executive agency of the Department, to Northern Ireland Water Limited, a private limited company wholly owned by the Department. As a consequence of the vesting in the company of the assets and liabilities of Water Service (value at 1 April 2007 £822 million), the Department was issued with £150 million of loan notes under the Subscription Agreement and maintained an equity interest of £672 million. In addition, the Subscription Agreement provides for the company to issue and the Department to subscribe in cash for additional loan notes. At the 31 March 2023 the company had issued further loan notes of £1,594.56million including the £150m issued at vesting. The interest rate on loan notes issued up to 31 March 2010 and the initial loan notes is 5.25%, fixed for the term of the loan. The interest rate on loan notes issued after 31 March 2010 is 0.85% per annum above the Reference Gilt rate on the relevant issue date, such rate priced from the yield to maturity published on such date by the UK Government Debt Management Office.

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

The Department's share of the net assets and results of NI Water is summarised below for the 2022-23 year.

	Northern Ireland Water £000
Net assets at 31 March 2023	1,172,423
Turnover for year ended 31 March 2023	479,278
Surplus/profit for the year (before financing)	104,998

## DVA

Under Article 5(2) of the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 1996, Public Dividend Capital (PDC) of £2,100,000 was created in the old Department of the Environment in order to facilitate commencement of operations of the Driver & Vehicle Testing Agency. On 1 April 2016 DVA transferred to the Department for Infrastructure as a result of the reorganisation of departments. It also became a full Trading Fund at that point under the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 2016. There were loans of £3,129,932 and additional PDC of £1,826,948 created to facilitate an extension of operations. During 2017-18 further loans of £1,862,500 and PDC of £1,862,500 were issued as a result of the transfer of assets from the department to DVA, bringing total PDC to £5,789,000 and loans to £4,992,000. In 2019-20 the value of the PDC was reduced by £375,875 to £5,413,573 and the value of the loans were reduced by £1,127,000 to £3,865,000. During 2022-23 the loans were repaid in full.

At 31 March 2023 DVA had Net Assets of £81.1m and a surplus for the year amounting to £4.2m.



## 12. Assets held for sale

	31 March 2023		31 March 2022		1 April 2021	
	Core Dept £000	Group £000	Core Dept £000	Group £000	Core Dept £000	Group £000
At 1 April	-	-	-	-	-	-
Transfers in	1,049	1,049	341	341	179	179
Transfers out	-	-	-	-	-	-
Disposals	(1,049)	(1,049)	(357)	(357)	(608)	(608)
Impairment	-	-	(49)	(49)	-	-
Reclassifications	-	-	65	65	429	429
<b>Total</b>	-	-	-	-	-	-

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

## 13. Inventories

	31 March 2023		31 March 2022		1 April 2021	
	Core Dept £000	Group £000	Core Dept £000	Group £000	Core Dept £000	Group £000
Inventories	2,596	2,660	2,493	2,565	2,689	2,770
<b>Total</b>	<b>2,596</b>	<b>2,660</b>	<b>2,493</b>	<b>2,565</b>	<b>2,689</b>	<b>2,770</b>

## 14. Cash and cash equivalents

Cash and bank balances		
	Core Dept £000	Group £000
Balance at 1 April 2021	12,664	13,642
Net change in cash and cash equivalents	(27,624)	(27,652)
Balance at 31 March 2022	(14,960)	(14,010)
Net change in cash and cash equivalents	19,165	19,638
<b>Balance at 31 March 2023</b>	<b>4,205</b>	<b>5,628</b>

	31 March 2023		31 March 2022		1 April 2021	
	Core Dept £000	Group £000	Core Dept £000	Group £000	Core Dept £000	Group £000
The following balances at 31 March were held at:						
Commercial banks and cash in hand	4,205	5,628	(14,960)	(14,010)	12,664	13,642
<b>Balance at 31 March</b>	<b>4,205</b>	<b>5,628</b>	<b>(14,960)</b>	<b>(14,010)</b>	<b>12,664</b>	<b>13,642</b>

The net balance comprises:

	31 March 2023		31 March 2022		1 April 2021	
	Core Dept £000	Group £000	Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Cash due to be paid to the Consolidated Fund:</b>						
Consolidated Fund Extra Receipts received and due to be paid to the Consolidated Fund (see Note 16)	1,511	1,511	1,471	1,471	2,331	2,331
Amounts issued from the Consolidated Fund for Supply but not spent at year end (see Note 16)	2,694	2,694	-	-	10,333	10,333
<b>Cash due to be received from the Consolidated Fund:</b>						
Amounts due from the Consolidated Fund for Supply (note 15)	-	-	(16,431)	(16,431)	-	-
Amounts due from the Consolidated Fund not yet recognised	-	-	-	-	-	-
Other designated bodies	-	1,423	-	950	-	978
	<b>4,205</b>	<b>5,628</b>	<b>(14,960)</b>	<b>(14,010)</b>	<b>12,664</b>	<b>13,642</b>

The Department is a signatory on the following bank account:

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

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

### 14.1 Reconciliation of liabilities arising from financing activities

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

	2022 £000	Cashflows	Non-Cash Changes			2023 £000
		£000	Acquisition £000	Forex Movements £000	Fair Value Changes £000	
PFI liabilities	258,636	(10,727)	-	-	-	247,909
Total liabilities from financing activities	<b>258,636</b>	<b>(10,727)</b>	-	-	-	<b>247,909</b>

	2021 £000	Cashflows	Non-Cash Changes			2022 £000
		£000	Acquisition £000	Forex Movements £000	Fair Value Changes £000	
PFI liabilities	268,794	(10,158)	-	-	-	258,636
Total liabilities from financing activities	<b>268,794</b>	<b>(10,158)</b>	-	-	-	<b>258,636</b>

## 15. Trade receivables and other current assets

	31 March 2023		31 March 2022		1 April 2021	
	Core Dept £000	Group £000	Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Amounts falling due within one year:</b>						
Trade receivables	9,947	9,963	7,237	7,268	5,111	5,161
Other receivables	2,026	2,278	2,353	2,449	2,287	2,373
Prepayments and accrued income	41,455	41,594	18,939	19,045	4,756	4,902
VAT	11,547	11,547	13,872	13,872	14,208	14,208
EU/TEN-T grants receivable - Accruing Resource	3,069	3,069	2,712	2,712	3,697	3,697
EU/TEN-T grants receivable - CFER	254	254	256	256	250	250
	<b>68,298</b>	<b>68,705</b>	<b>45,369</b>	<b>45,602</b>	<b>30,309</b>	<b>30,591</b>
Amounts due from the Consolidated Fund in respect of Supply	-	-	16,431	16,431	-	-
<b>Total</b>	<b>68,298</b>	<b>68,705</b>	<b>61,800</b>	<b>62,033</b>	<b>30,309</b>	<b>30,591</b>

<b>Amounts falling due after more than one year:</b>						
Other receivables	-	3	-	3	-	2
<b>Total</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>2</b>

EU/TEN-T grants receivable of £254k (2021-22: £256k) are to be surrendered to the Consolidated Fund when received.

### Allowance for expected credit losses

Trade receivables are stated net of an allowance of £7.5m for estimated irrecoverable amounts. The following table shows the allowance for expected credit losses included in receivables in the table above at the period end:

	31 March 2023		31 March 2022		1 April 2021	
	Core Dept £000	Group £000	Core Dept £000	Group £000	Core Dept £000	Group £000
Balance at 1 April	6,899	6,899	8,797	8,797	12,196	12,196
Increase in provision	1,932	1,932	1,292	1,292	1,444	1,444
Write back of provision	(183)	(183)	-	-	-	-
Use of provisions	(1,119)	(1,119)	(3,190)	(3,190)	(4,843)	(4,843)
<b>Balance at 31 March</b>	<b>7,529</b>	<b>7,529</b>	<b>6,899</b>	<b>6,899</b>	<b>8,797</b>	<b>8,797</b>

The Department has provided fully for all receivables where there is evidence to suggest the debt is not recoverable. These relate to potential irrecoverable debts in relation to fines charged and income due from services provided by the Department.

## 16. Trade payables and other current liabilities

	31 March 2023		31 March 2022		1 April 2021	
	Core Dept £000	Group £000	Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Amounts falling due within one year:</b>						
Bank overdraft (Note 16)	-	-	14,971	14,971	-	-
Trade payables	399	739	785	1,038	2,155	2,333
Accruals and deferred income	232,552	232,949	254,478	254,784	207,052	207,456
Finance lease	58	58	-	-	-	-
Other payables	7,196	7,525	6,553	6,712	5,506	5,854
VAT	-	3	-	2	-	11
Imputed loan on PPP Contracts	11,524	11,524	10,788	10,788	10,098	10,098
Amounts issued from the Consolidated Fund for Supply but not spent at year end	2,694	2,694	-	-	10,333	10,333
Consolidated Fund Extra Receipts received and receivable due to be paid to the Consolidated Fund – EU grants / TEN-T Grants						
– Received	12	12	10	10	12	12
– Receivable	254	254	256	256	250	250
Consolidated Fund Extra Receipts received and receivable due to be paid to the Consolidated Fund – other						
– Received	1,499	1,499	1,461	1,461	2,319	2,319
– Receivable	-	-	-	-	-	-
<b>Total</b>	<b>256,188</b>	<b>257,257</b>	<b>289,302</b>	<b>290,022</b>	<b>237,725</b>	<b>238,666</b>

<b>Amounts falling due after more than one year:</b>						
Other payables	19,558	19,652	18,564	18,649	17,110	17,110
Finance lease	589	589	-	-	-	-
Capital retentions	5,612	5,612	4,761	4,761	8,593	8,593
Deferred payable	2,052	2,063	1,677	1,688	1,887	1,899
Imputed loan on PPP contracts	236,385	236,385	247,848	247,848	258,696	258,696
<b>Total</b>	<b>264,196</b>	<b>264,301</b>	<b>272,850</b>	<b>272,946</b>	<b>286,286</b>	<b>286,298</b>

## 17. Pension Liability

	31 March 2023		31 March 2022		1 April 2021	
	Core Dept	Group	Core Dept	Group	Core Dept	Group
	£000	£000	£000	£000	£000	£000
Pension expense	-	16,163	-	21,390	-	21,159
<b>Total</b>	-	<b>16,163</b>	-	<b>21,390</b>	-	<b>21,159</b>



## 18. Provisions for liabilities and charges

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Public / Employer Liability £000	Other Costs £000	Total £000
Balance 1 April 2022	21,022	20	374	7,070	6,545	35,031
Opening balance adjustment	-	-	-	(952)	-	(952)
Provided in year	1,739	1	60	11,224	277	13,301
Provisions not required written back	(9,234)	(1)	(105)	(647)	(145)	(10,132)
Provisions utilised in year *	(1,433)	(20)	(56)	(8,785)	(204)	(10,498)
Borrowing costs (unwinding of discount)	-	-	-	-	(300)	(300)
<b>Balance 31 March 2023</b>	<b>12,094</b>	<b>-</b>	<b>273</b>	<b>7,910</b>	<b>6,173</b>	<b>26,450</b>

### Analysis of expected timing of discounted flows

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Public / Employer Liability £000	Other Costs £000	Total £000
Not later than one year	-	-	273	7,910	3,125	11,308
Later than one year and not later than five years	12,094	-	-	-	2,684	14,778
Later than five years	-	-	-	-	364	364
<b>Balance 31 March 2023</b>	<b>12,094</b>	<b>-</b>	<b>273</b>	<b>7,910</b>	<b>6,173</b>	<b>26,450</b>

\*In addition to the above provisions there was £1,119k of bad debt provisions utilised.

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Public / Employer Liability £000	Other Costs £000	Total £000
Balance 1 April 2021	23,596	123	252	7,624	9,095	40,690
Provided in year	331	1	199	5,805	258	6,594
Provisions not required written back	(1,800)	(2)	(5)	-	(2,669)	(4,476)
Provisions utilised in year *	(1,105)	(101)	(72)	(6,294)	(188)	(7,760)
Borrowing costs (unwinding of discount)	-	(1)	-	-	49	48
Difference on currency translation	-	-	-	(65)	-	(65)
<b>Balance 31 March 2022</b>	<b>21,022</b>	<b>20</b>	<b>374</b>	<b>7,070</b>	<b>6,545</b>	<b>35,031</b>

#### Analysis of expected timing of discounted flows

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Public / Employer Liability £000	Other Costs £000	Total £000
Not later than one year	-	20	374	7,048	3,030	10,472
Later than one year and not later than five years	21,022	-	-	22	2,671	23,715
Later than five years	-	-	-	-	844	844
<b>Balance 31 March 2022</b>	<b>21,022</b>	<b>20</b>	<b>374</b>	<b>7,070</b>	<b>6,545</b>	<b>35,031</b>

\*In addition to the above provisions there was £3,190k of bad debt provisions utilised.

### **18.1 Land Acquisition for Schemes**

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

### **18.2 Early Retirement Provisions**

The Department meets the additional costs of benefits beyond the normal benefits in respect of employees who retire early by paying the required amounts annually over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 1.70% in real terms.

### **18.3 Legal Claims**

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. The amount provided is on a percentage expected probability basis. Expenditure is likely to be incurred over a period of five years. The provision is based on the estimated cash flows discounted by the Treasury discount rates. No reimbursement will be received in respect of any of these claims. Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in note 19.

### **18.4 Public and Employer Liability**

Provision has been made for compensation claims and associated legal costs made by employees and members of the public. It reflects known claims where legal advice indicates that it is probable the claims will be successful and the amount of the claim can be reasonably estimated. Claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in note 19.

### **18.5 Other**

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

A discount rate is applied by courts to a lump-sum award of damages for future financial loss in a personal injury case to take account of the return that can be earned from investment. The rate is currently -1.5% as set (with effect from 22 March 2022) by the Government Actuary under the Damages Act 1996 as amended by the Damages (Return on Investment) Act (Northern Ireland) 2022.

Also included within other provisions is an amount for holiday pay. The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for holiday pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The hearing was held in December 2022 but the Supreme Court judgement has not yet been issued. The

2022-23 Holiday Pay provision has been estimated by HR and covers the period from November 1998 to 31 March 2020. There are still some significant elements of uncertainty around this estimate for a number of reasons:

1. The appeal to the Supreme Court (as detailed above);
2. Lack of accessible data for years previous to 2011; and
3. Ongoing negotiations with Trade Unions.

## **19. Contingent liabilities disclosed under IAS 37**

At March 2023 there were unsettled public and employer liability cases in which the Department are disputing liability but which could lead to a loss. A review of outstanding cases by the Central Claims Unit, which are considered unlikely to succeed, has indicated possible liabilities estimated at £12,426,704. A contingent liability exists for possible dismissal cases and compensation payments in relation to these cases are estimated at £36,269.

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

There is a contingent liability of £1,720,040 in relation to Contractor Legal cases which are pending.

There is a contingent liability of £2,020,000 in relation to land for schemes.

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

The Department continues to engage with DoF on the resulting pressures arising within the Department and its ALBs.

The Department of Finance (DoF) is a named Respondent in a class action affecting employers across the public sector and is managing claims on behalf of the Northern Ireland Civil Service (NICS) Departments. This is an extremely complex case and may have significant implications for the NICS and wider public sector. However the case are at a very early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

## 20. Leases

### 20.1 Quantitative disclosures around right-of-use assets

	Land £000	Buildings £000	Plant and Machinery £000	Information Technology £000	Furniture and fittings £000	Total £000
<b>Right-of-use assets</b>						
As at 1 April 2022	705	-	-	-	-	705
Depreciation expense	(61)	-	-	-	-	(61)
<b>As 31 March 2023</b>	<b>644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>644</b>

### 20.2 Quantitative disclosures around lease liabilities

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
<b>Buildings:</b>				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Less interest element	-	-	-	-
<b>Present Value of obligations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other:</b>				
Not later than one year	(64)	(64)	-	-
Later than one year and not later than five years	(256)	(256)	-	-
Later than five years	(357)	(357)	-	-
Less interest element	30	30	-	-
<b>Present Value of obligations</b>	<b>(647)</b>	<b>(647)</b>	<b>-</b>	<b>-</b>
<b>Total Present Value of obligations</b>				
Current portion	(64)	(64)	-	-
Non-current portion	(583)	(583)	-	-

### 20.3 Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
Variable lease payments not included in lease liabilities	-	-	-	-
Sub-leasing income	-	-	-	-
Expense related to short-term leases	-	-	-	-
Expense related to low-value asset leases (excluding short-term leases)	123	123	89	91

### 20.4 Quantitative disclosures around cash outflow for leases

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
Total cash outflow for lease	157	157	147	149

## 21. Capital and other commitments

### 21.1 Capital commitments

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
Contracted capital commitments at 31 March not otherwise included in these financial statements	1,166,545	1,169,474	488,556	488,736

### 21.2 Commitments under PPP contracts

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

##### PPP Package 1:

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

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

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

##### PPP Package 2:

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

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

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

### 21.2.2 On Statement of Financial Position (SoFP)

PPP Package 1 and Package 2

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

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

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
Not later than one year	28,572	28,572	28,572	28,572
Later than one year and not later than five years	114,287	114,287	114,287	114,287
Later than five years	252,766	252,766	281,278	281,278
	<b>395,625</b>	<b>395,625</b>	<b>424,137</b>	<b>424,137</b>
Less interest element	(147,717)	(147,717)	(165,501)	(165,501)
<b>Total</b>	<b>247,908</b>	<b>247,908</b>	<b>258,636</b>	<b>258,636</b>



### 21.2.3 Charges to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on Statement of Financial position PPP transactions was £29,367,948 (2021-22: £24,953,605) and the payments to which the Department and its agencies are committed, analysed by the period during which commitment expires is as follows:

	2022-23		2021-22	
	Core Dept £000	Group £000	Core Dept £000	Group £000
Not later than one year	40,267	40,267	32,075	32,075
Later than one year and not later than five years	138,396	138,396	130,666	130,666
Later than five years	452,356	452,356	484,113	484,113
	<b>631,019</b>	<b>631,019</b>	<b>646,854</b>	<b>646,854</b>

### 21.2.4 Off Statement of Financial Position PPP contracts

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

### 21.3 Other financial commitments

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

Capital loan notes are issued under the instrument constituting £1,280,200,000 Fixed Coupon Unsecured Loan Notes 2027. As this facility was originally put in place for a period of 7 years until 31 March 2014 the Department extended the arrangement until 31 March 2016 in line with Executive 152 policy. A new Fixed Coupon Unsecured Loan Notes Instrument 2034 came into effect from 1 April 2016 and could be drawn upon until 31 March 2021. The Department extended the arrangement until 31 March 2022 in line with Executive policy. The actual loans amounts issued are determined by the progress of NI Water's capital programme and its cash requirement. The loans are due to be redeemed in 2027 and 2034 respectively (or earlier if refinanced).

To date NI Water has issued loan notes with a value of £1,594.56 million (31 March 2022: £1,439.56 million) including the £150 million issued at vesting (note 11). A new Fixed Coupon Unsecured Loan Notes Instrument 2042 constituting £1,750,000,000 came into effect from 1 April 2022 and can be drawn upon until 31 March 2027. The actual amounts issued are determined by the progress of NI Water's capital programme and its cash requirement. The loans are due to be redeemed in 2042 (or earlier if refinanced). The Department had also entered into a commitment to provide two further credit facilities but these were not renewed when they expired on 31 March 2014 as they had never been utilised. The Revolving Credit Facility A for £55 million was for funding for additional unforeseen expenditure by NI Water which was envisaged to be recovered through the regulatory mechanism. The Revolving Credit Facility B (up to the limit of the unused element of the

£55 million) was for additional unforeseen expenditure which was not envisaged to be recovered through the regulatory mechanism. Any amounts drawn down on these two facilities would have required DfI approval to ensure that the expenditure fell within the agreed parameters set out in the agreements.

During the year the Department provided a £20m working capital facility to NI Water for the period to 31 March 2023. Borrowings on the facility are repayable on demand. Interest was payable at a floating rate of the London Interbank Offered Rate (LIBOR) +0.35%. Following LIBOR transition the interest rate was amended to Bank of England Base Rate +0.35%. Following an extension to this facility from 1 February 2023 interest is now payable to the Department at a rate equal to the aggregate of Bank of England Base Rate and 0.5% per annum. The facility outlined above was not utilised at 31 March 2023.

## 22. Related-party transactions

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

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

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

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

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

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

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

The Department's Permanent Secretary, Dr Julie Harrison, has a close family member on the Board of City of Derry Airport (CoDA). During the year ended 31 March 2023, the Department provided £3m of grant funding to Derry City and Strabane District Council towards the operating costs of CoDA. Accounting Officer responsibilities in relation to decisions and advice on matters concerning CoDA have been delegated to the Deputy Secretary of Transport and Road Asset Management.

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

## **23. Entities within the departmental boundary**

These financial statements reflect the accounts of the core Department and 15% of a North/South body (Waterways Ireland) for which the Department acts as a co-sponsor Department.

Waterways Ireland accounts for 2021 and 2022 are not yet final and therefore draft figures have been used for this consolidation.

## **24. Events after the Reporting Period**

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

### **Date of authorisation for issue**

The Accounting Officer authorised these financial statements for issue on 30 June 2023.

## Appendix A

### Entities within the Departmental Boundary

#### Waterways Ireland Governance Structure and Oversight Arrangements

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

Waterways Ireland does not have a Board and legislative changes would be required, in both jurisdictions, to create one. The Chief Executive Officer is the Accounting Officer for the Body and the Department's Permanent Secretary is the Principal Accounting Officer. The Chief Executive is responsible for providing a bi-annual Assurance Statement.

Waterways Ireland has an Audit and Risk Committee, with an independent chairperson and two independent members.

Sponsor departments monitor the body's performance through quarterly meetings of the Monitoring Committee. This Committee includes the Senior Sponsors from both sponsor departments and the Chief Executive and Senior Management Team from Waterways Ireland.

Waterways Ireland is also accountable to the North South Ministerial Council (NSMC) and provides an update on progress against the objectives in its Business Plan, at bi-annual Inland Waterways Sectoral meetings, when the Council is sitting.

The Department provides funding to Waterways Ireland on the basis of its approved Annual Business Plans and budgets which, in line with its financial year, run from January to December. As a North South Implementation Body, the Annual Business Plans require Ministerial and NSMC approval. For 2022 and 2023 it has not been possible to secure NSMC approval and arrangements were in place to ensure legality of payments. In the absence of NSMC approval for Business Plans, expenditure will be irregular until approval is provided.

## Appendix B

### Entities outside the Departmental Boundary

#### Executive Agency

##### Driver and Vehicle Agency

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

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

#### Arm's Length Bodies

##### Northern Ireland Water

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

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

## **Northern Ireland Transport Holding Company**

The Translink Group (the 'Group') consists of a public corporation, the Northern Ireland Transport Holding Company (established under the Transport Act (Northern Ireland) 1967), which owns and controls seven private limited subsidiary companies including four trading subsidiaries: Citybus Limited; Ulsterbus Limited; Northern Ireland Railways Company Limited and NIR Operations Limited, together branded as 'Translink'.

The Department entered into a new Public Service Agreement (PSA) with Translink effective from 1st April 2022 for a five-year period, with the option to extend for a further two years. The aim of the PSA is to secure the provision of accessible, efficient, safe, sustainable and high-quality public transport services that contribute to PfG outcomes and support wider policy objectives.

The new PSA includes revised contract management and reporting arrangements to ensure the Department has adequate oversight and assurance over Translink's financial and operational performance, as well as the necessary information to support decision making. There is also a focus on efficiency to ensure that costs and cost increases are minimised where possible and services delivered in an efficient manner. A new performance management framework has been developed which sets out the performance standards Translink is required to meet when delivering services. This includes KPIs and standards in key areas of importance to passengers including punctuality, reliability, customer service, accessibility, safety, and sustainability, with targets to be reviewed and updated annually.

The Minister is responsible for appointing the Chair and members of the NITHC Board. The arrangements are governed and carried out within an agreed financial framework, which is subject to regular review. The existing Management Statement and Financial Memorandum (MSFM) is to be replaced by a new Partnership Agreement in 2023.

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

## **Northern Ireland Trust Ports**

The Department also has responsibility for ports policy and the legislative framework within which ports operate in Northern Ireland. There are five commercial ports in Northern Ireland – four Public Trust Ports (Belfast, Londonderry, Warrenpoint and Coleraine) and one in private ownership (Larne). Public Trust Ports are autonomous, self-financing statutory bodies whose constitutions are set out in legislation. They operate on a commercial basis with the profit generated by their activities re-invested to improve their facilities.

The Department has responsibility for the appointment of the Chair and members of the Harbour Commissioners at Belfast, Londonderry and Warrenpoint. The Causeway Coast and Glens Borough Council has responsibility for the appointment of Commissioners for Coleraine.

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



Department for

**Infrastructure**

An Roinn

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Department für

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