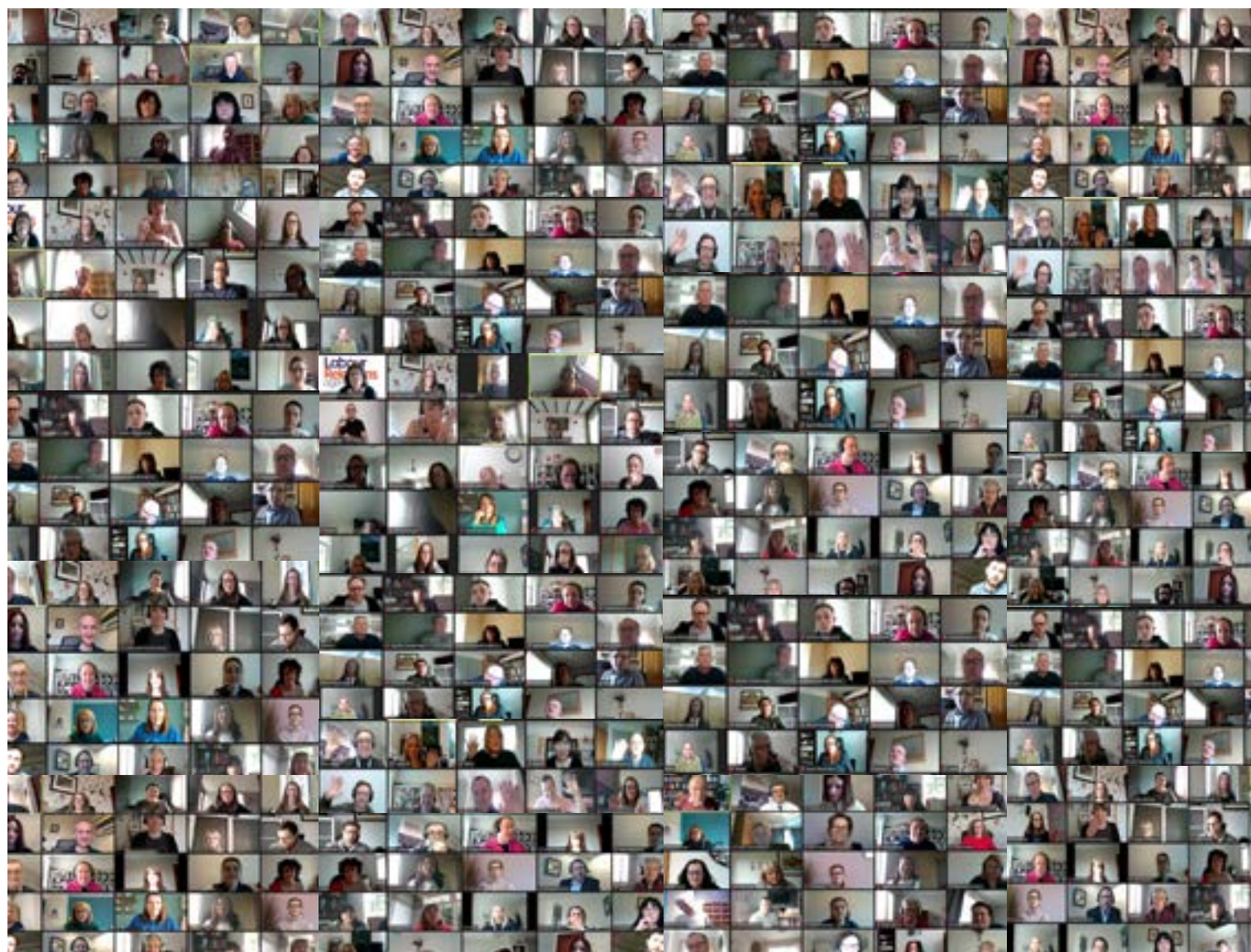


# Labour Relations agency

improving employment relations

## Annual Report & Accounts 2020-21



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Labour Relations Agency Annual Report and Accounts  
For the year ended 31 March 2021

Laid before the Northern Ireland Assembly  
under Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992  
by the Department for the Economy

on

9 July 2021



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# Foreword

I was honoured to become Chair of the Labour Relations Agency in May 2021.

I would like to pay tribute to my predecessor, Marie Mallon, who chaired the Agency's Board until her term of office ended on 30 April 2021. I am also very grateful to Board members Alison Millar, Albert Mills and Gary McMichael, whose terms of office also ended at this time, for their exemplary service to the Agency and employment relations in Northern Ireland.

Marie and the Board oversaw what was undoubtedly the most momentous 12 months since the Agency was formed in 1976. As can be seen from this report, the Agency played a crucial leadership role in supporting employers and employees navigate the workplace challenges posed by the Covid-19 pandemic. It did this through expert information provision and high quality dispute resolution services, delivered by committed and professional staff.

Furthermore, through its convening power – its trusted reputation to bring people together – the Agency served another hugely important purpose. In March 2020 the Agency, through the support of the Senior Leadership Team, facilitated the formation and activities of the Northern Ireland Engagement Forum. This came at a time when many organisations faced into significant workplace challenges linked to Covid-19 and the Forum evolved to become a shining example of how employer and employee representatives, together with public bodies, can work in partnership to resolve difficult workplace issues efficiently and effectively.

As a member of the Forum I was privileged to witness at first-hand how the Agency works, with quiet effectiveness behind the scenes, to support the social partners to advise the Northern Ireland Executive on matters of critical importance. These issues included defining essential business sectors that needed to remain open during the early part of the pandemic and how their employees could work safely in Covid-secure environments, as well as proposing plans for restarting the economy when the public health conditions allowed. This advice, which was adopted by the Executive, no doubt supported our economy through the delivery of vital services during this most challenging of times.

Together with new Board members Geraldine Alexander, Clare Duffield, Kevin McCabe and Lee Wilson, I am delighted to be joining the Agency's Board. I look forward to working with continuing Board members Louise Crilly, Deirdre Fitzpatrick, Michelle McGinley, Jill Minne and Daire Murphy to finalise and oversee the delivery of the Agency's Corporate Plan for 2021-25. Rightly, this will focus on supporting post-Covid economic recovery through helping employers rebuild their businesses through good employment relations and engaged staff.

I commend this annual report to you.



**Gordon Milligan**  
Chair





Chapter 1

# Performance Report

# Overview

## The Year in Perspective

This was a remarkable year and arguably the most successful yet in the Agency's 45 year history. Through our facilitation of the NI Engagement Forum on Covid-19, and advisory work with employers and employees, the Agency was at the forefront of work to tackle the impact of the pandemic in workplaces in 2020-21.

This was a year that culminated in the Agency being the first public body in Northern Ireland to achieve the new, more challenging sixth generation Investors in People Gold standard and the Customer Service Excellence standard.

The year began with all our staff working from home and services being delivered by telephone or videoconference. The early part of the year saw a surge in calls to our Workplace Information Service (WIS). Employers and employees alike contacted this service in their thousands to seek to understand the operation and implications of the Government's Coronavirus Job Retention Scheme (furlough) and other impacts of the pandemic, such as redundancy and safety concerns. It is testimony to our WIS Team, which was supplemented with colleagues from other services to meet demand, that our high standards of customer service were maintained throughout the year.

In response to our customers' needs, we changed our website home page to focus exclusively on the information of most importance to them during the pandemic. There were almost 320,000 sessions on the website (an increase of over 100% on 2019-20), and over 870,000 page views (up almost 50%). We also worked closely with Invest NI to ensure that the [nibusinessinfo.co.uk](http://nibusinessinfo.co.uk) website remained up-to-date with key information required by employers; 13% of all traffic to that site was Agency-generated content. The Agency's guide on working from home<sup>1</sup> was the most popular content, with over 115,000 views.

In addition to preparing guidance, our advisory team had to adapt and learn new skills to convert and deliver in-person workshops as webinars. Webinar topics were developed according to customer priorities during the pandemic, such as handling redundancy, handling difficult conversations, and supporting mental health in the workplace.

Demand for conciliation soared during 2020-21 and our staff responded admirably to this. The new Early Conciliation (EC) service, launched in January 2020, was in its infancy when the pandemic struck. Despite the inevitable 'learning curve' that comes with new ways of working, the challenges of remote working, and the threat brought about by the pandemic, our staff responded magnificently to deliver this service to the highest standards. Analysis of the first few months of the service show that our performance has been on a par with Acas, who have been delivering EC since 2014. A more detailed evaluation to inform DfE's statutory review of the service is scheduled for 2021-22.

Redundancies brought about by the economic impact of the pandemic and employers wishing to settle their liabilities in respect of holiday pay meant that demand for conciliation was significantly above the forecasts that informed our EC resourcing plan. Thanks to the versatility of our staff, we were able to re-prioritise delivery of some services to free up additional resources to meet this demand.

<sup>1</sup> Available at: <https://www.nibusinessinfo.co.uk/content/employees-working-home>.

We were only able to deliver the above thanks to the tremendous work of our Corporate Services Team. From the outset of the pandemic, and throughout 2020-21, staff were able to work from home because of effective business continuity planning and consequential investment in laptops and internet-based telephony. This was also testimony to the hard work and dedication to the people supporting the Agency's computing infrastructure.

The Agency's HR staff put in place a comprehensive and exemplary package of support for staff mental health and wellbeing during the pandemic. Our Mental Health First Aiders formed a network to provide an important safety net for staff experiencing difficulties who did not wish to use more formal channels of support. These approaches proved invaluable for staff facing the challenge of home-schooling, those with caring responsibilities, and those isolated from loved ones. Everyone in the organisation went the extra mile to support each other and maintain services, in the context of a serious public health crisis and the impact this has had on them personally and societally.

The Agency's Business Support Team excelled during the year. Despite working from home, they worked as a high performance team to deliver the EC telephone notification, process thousands of holiday pay cases, and deliver the new web chat service. 'Mystery shopping' exercises and customer feedback showed this was all done with the highest degree of customer focus and professionalism.

Colleagues in DfE made all of the above possible, providing guidance, encouragement and increased financial support for the Agency throughout 2020-21.

Finally, I would like to pay tribute to my predecessor, Tom Evans, who retired as the Agency's Chief Executive on 30 November 2020. I was delighted that his service to employment relations was recognised in the Queen's Birthday 2021 Honours List. During his five years in this role, he led a major transformation of the organisation. This ensured that we were equipped to rise to the challenge of the pandemic and our staff had the right support in place to respond so well to the needs of our customers. He has left a fantastic legacy.

A handwritten signature in grey ink, appearing to read 'D Leeson', with a long horizontal stroke extending to the right.

**Don Leeson**  
**Chief Executive**

# The Purpose and Activities of the Labour Relations Agency

## Purpose

The Labour Relations Agency is a non-departmental public body established under the Industrial Relations (Northern Ireland) Order 1976<sup>2</sup> and continued by the Industrial Relations (Northern Ireland) Order 1992.<sup>3</sup> The Agency is independent of Government, but accountable to and funded by the Department for the Economy (DfE).

The Agency's purpose is to improve employment relations, promote best employment practice and resolve workplace disputes through the delivery of quality, impartial and independent services.

The Agency normally operates out of its Head Office in Belfast and a Regional Office in Derry/Londonderry. However, these offices were closed because of the pandemic and staff worked from home throughout 2020-21.

## Vision and Values

The Agency's vision is:

To be widely recognised as Northern Ireland's leading authority in promoting productive working relationships for the benefit of individuals and organisations and to support the creation of a thriving and inclusive economy.

To achieve our vision and purpose, our values are to be:

**Progressive** – forward thinking, outward looking, and creative in seeking better ways to support the economy;

**Ethical** – always acting with integrity, impartiality and utmost professionalism, and demonstrating openness and accountability;

**Exemplary** – challenging ourselves to be the best we can be and a role model in how we conduct employment relations; and,

**Responsive** – listening to our customers and our staff, adapting to ensure our services meet their needs.

<sup>2</sup> Available at: [www.legislation.gov.uk/nisi/1976/1043/made](http://www.legislation.gov.uk/nisi/1976/1043/made).

<sup>3</sup> Available at: [www.legislation.gov.uk/nisi/1992/807/contents](http://www.legislation.gov.uk/nisi/1992/807/contents).

## Services

The Agency provides a range of advisory services to promote good employment practice and advise employers and employees on their rights and responsibilities. These services include:

- **Workplace Information Service (WIS)** – this is a confidential information and advice line (telephone number: 03300 555 300) for employers and individuals, and their representatives;
- **Briefings, seminars, and workshops** – these are aimed at disseminating information and good practice on a range of employment issues and enhancing the employment relations skills of line managers; and,
- **Document Service** – this provides commentary by Agency staff on individual employer's employment documentation, including statements of written particulars and contracts of employment, to ensure legislative compliance and promote good practice. This is in the process of moving in 2021-22 to an online service to allow employers to compile their own workplace documentation.

The Agency also provides a range of confidential dispute resolution services designed to deal with problems that arise in the workplace, providing that the parties to a dispute are agreeable. These include:

- **Conciliation** – this service seeks to find a mutually agreeable solution to a problem or disagreement where an individual could make a claim to an Employment Tribunal. There are three aspects to this:
  - **Early Conciliation** – potential tribunal claimants are required to notify the Agency of a dispute and consider conciliation before submitting a tribunal claim;
  - **Post-claim conciliation** – once a tribunal claim has been submitted, the Agency continues to be available to the parties to settle their dispute through conciliation; and,
  - **Employer-led conciliation** – the Agency provides a service to employers who wish to avoid the risk of a tribunal claim by using conciliation to resolve an employment matter.
- **Arbitration** – where a solution to a problem or disagreement to an individual dispute cannot be found, and the parties wish to avoid a Tribunal, our arbitration service provides a quick, confidential, non-legalistic process to resolve the matter. Arbitration decisions, and remedies that flow from these, are legally enforceable in the same way as Tribunal decisions. Arbitration is also available to resolve collective disputes;
- **Mediation** – this is an effective tool for restoring positive working relationships using a mediator to work with those in conflict or dispute to find a mutually agreed resolution to overcome their differences; and,
- **Collective Conciliation** – this service aims to help employers and trade unions resolve collective disputes.

### Influencing employment relations policy and agenda

As well as being a service provider, the Agency has a key role in working collaboratively with and providing platforms for representative bodies of employers and employees to facilitate discussion and seek to influence employment relations issues at a strategic level. These bodies include the Confederation of British Industry (CBI), Federation of Small Businesses (FSB), Chambers of Commerce, Institute of Directors (IoD), and the Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU). We also work across all sectors, including the public, private, education and research, and voluntary and community sectors.

The Agency chairs and facilitates two key fora of stakeholders:

- **The NI Employment Relations Roundtable** – this promotes the strategic importance of strong and equitable employment relationships and industrial relations to economic competitiveness and social wellbeing.
- **The NI Engagement Forum on Covid-19** – established in March 2020 at the request of the NI Executive, the Forum provides advice on Covid-19 matters as they apply to workplaces and the labour market.

# Key Issues and Risks in 2020-21

## Covid-19 pandemic

The Agency responded quickly to the public health crisis that emerged in the early part of 2020, both at a strategic and operational level and the ongoing nature of that crisis has greatly influenced the delivery of services throughout 2020-21.

Our overriding objective has been to ensure the safe delivery of those key employment relations services that would be required by the Agency's customers during the Covid-19 restrictions. These were the Workplace Information Service, advisory services, and conciliation services.

In line with public health guidelines, the Agency continued to apply a range of measures to protect staff and customers throughout the reporting period. The Agency's offices have remained closed since March 2020 and staff have worked remotely throughout 2020-21.

In-person services remained suspended because they could not be delivered safely. These included mediations, independent appeal hearings, and the programme of public seminars and workshops. Arrangements were developed to replicate these service offerings insofar as possible via online digital platforms.

Following its establishment by the Minister for the Economy and the NI Executive in March 2020 the Agency continued to facilitate the Covid-19 NI Engagement Forum throughout 2020-21. The Forum's core purpose is to advise the NI Executive on how best to manage the challenge of Covid-19 as it applies to the workplaces and the wider labour market; and to be the primary conduit for the Executive to consult on new approaches in response to emerging issues facing employers and employees (see 'Performance Summary' below). The Agency recognises the importance of this Forum. There is no doubt that this work has strengthened immeasurably the relationships between the key stakeholders representing employees and employers in NI and provided an environment for meaningful social dialogue.

Continued service delivery throughout the Covid-19 restrictions was only possible because of the resilience of the Agency's staff and its information and communications technology infrastructure.

The application of the Agency's 'Together' People Programme,<sup>4</sup> tailored specifically for the unique set of circumstances resulting from the public health crisis, has assisted greatly in providing staff with the support needed over what has been a particularly challenging period for everyone.

## EU exit

The Agency has worked closely with DfE in preparing for the economic impact of the UK's exit from the European Union (EU). The Agency participated in a number of seminars arranged by DfE to explore the operational implications of exiting from the EU.

The Agency remains an active member of DfE's EU Exit Stakeholder Forum.

In addition, the Agency is developing a partnership with the Equality Commission and NI Human Rights Commission's Dedicated Mechanism Unit (DMU). The DMU has been established to

<sup>4</sup> Available at: <https://www.lra.org.uk/resources/labour-relations-agency-together-people-programme-may-2020>.

monitor compliance with Article 2 of the NI Protocol. Article 2 safeguards current protections for the rights, safeguards and equality of opportunity provisions. The Agency envisages a role in providing information and expertise to the DMU on general employment law matters covered and impinged upon by Article 2.

### Holiday pay

The Agency's work continues to be impacted by what is happening across the wider labour market and emerging case law. In the reporting period, the Agency has processed thousands of grouped cases linked to a surge in tribunal claims regarding incorrectly calculated holiday pay. Resolution of these tribunal claims has been deferred pending the outcome of the case of Chief Constable of the Police Service of Northern Ireland (PSNI) v Agnew (Alexander) and Others, which is due to be considered by the Supreme Court in June 2021. However, a number of organisations are seeking to settle backdated holiday pay liabilities to the extent that the Agency is currently dealing with approximately 20,000 such cases requiring additional resources. This resulted in transferring staff and pausing some services until funding could be obtained to recruit new staff in 2021-22.

### Accommodation matters

The Agency had previously extended the lease on our Head Office to June 2022 pending relocation to James House on the Government Estate. The Agency agreed plans for the new accommodation during 2020-21. The Agency is scheduled to move into James House on 11 April 2022.

### Pay award

Finalisation of the Northern Ireland Civil Service (NICS) pay award for 2020-21 is awaited. This award is also due to staff in bodies, like the Agency, covered by the NICS pay arrangements. An accrual for arrears, backdated to 1 August 2020, has been included in the accounts. This has been calculated on the basis of the NICS pay offer made on 20 April 2021.<sup>5</sup>

### Risks

The Agency's arrangements for managing risk are set out in the Governance Statement.

The key corporate risks managed by the Agency in 2020-21 were:

- **Reputation** – the Agency's reputation for the provision of high quality, independent and impartial employment relations services is undermined.
- **Relevance** – the Agency fails to adequately influence, or respond to, changes in the NI employment relations environment.
- **Funding** – the Agency fails to deliver its key corporate and business objectives due to budgetary constraints.
- **Infrastructure** – the Agency's infrastructure or systems fail to adequately support effective governance and efficient operations.

<sup>5</sup> Available at: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Non-industrial%20Pay%20Bulletin.pdf>.



- **Staffing/Board** – the Agency encounters significant skill deficits and/or decrease in capacity among its staff and Board members.
- **Compliance** – the Agency fails to comply with all relevant legislation and governance requirements, or fails to fulfil its statutory functions.

While none of these risks materialised during the year, the surge in holiday cases resulted in the reputation risk assessment being escalated to 'extreme' in December 2020. This risk subsided with confirmation of additional funding to recruit more staff for 2021-22.

# Performance Summary

## Covid-19 pandemic

The public health restrictions maintained in response to the Covid-19 pandemic had a number of impacts on the Agency's Business Plan for 2020-21.

The Agency continued to facilitate the Covid-19 NI Engagement Forum as chaired by the Agency's Chair, Marie Mallon, throughout the reporting period. The Forum brings together organisations representing employers and employees, and appropriate statutory bodies, to provide advice on economic/labour market issues impacted by the Covid-19 crisis.<sup>6</sup> This is one of the most significant facilitation projects ever undertaken by the Agency and the Agency's Senior Leadership Team played a key role in supporting the Forum's work.

The impact of Covid-19 on workplaces resulted in a significant increase in the volume of calls to the Agency's Workplace Information Service (WIS), particularly during the first half of the year. During this period employers and employees sought information on a wide range of Covid-related employment matters, such as furlough, contract variation and redundancy. This necessitated staff being moved from elsewhere to support this service.

The homepage of the Agency's website was regularly updated to provide information critical to employment issues raised by Covid-19, such as the Coronavirus Job Retention Scheme (furlough) and home working arrangements.

All in-person services remained suspended throughout 2020-21. As a result, activity levels for a number of core services are lower than would normally be expected. This was because some customers did not wish to use services on a virtual basis.

## Employment Relations Services

The WIS Team dealt with 22,654 calls compared to 20,993 in 2019-20; an increase of 8%. The surge in call volumes that began at the start of the pandemic in March 2020 continued for much of the year. The underlying year-on-year increase when the March 2020 calls are discounted was circa 20%. This increase is directly attributable to the impact of the public health crisis. Our staff excelled in delivering this service at increased levels through wholly agile working arrangements.

Our programme of workshops and seminars, delivered as webinars, continued to offer a wide and varied range of subject areas, including 'Managing Sickness Absence', 'Supporting Mental Health in the Workplace' and 'Handling Redundancy'.

Interest in the Agency's Certificate in Effective Line Management Practice continues to grow. We delivered one programme during 2020-21; a total of eight have been delivered to date with over 130 line managers completing the Certificate. As the Agency moved to more flexible and remote forms of service delivery in response to the pandemic, the Certificate was delivered online through a combination of pre-recorded webinars and live, facilitated question and answer sessions. The popularity of the Certificate was striking with all places quickly taken-up and a reserve list in operation.

<sup>6</sup> Further information on the work of the Covid-19 NI Engagement Forum is available at: <https://www.economy-ni.gov.uk/news/minister-publishes-engagement-forum-guidance-and-priority-sector-list>.

Our Document Service completed work on 76 referrals from employers during 2020-21. This has involved a staff member reviewing, for example, statements of main terms and conditions of employment, associated documents and company handbooks to ensure statutory compliance and good practice. Unfortunately, this is resource intensive service. Therefore, following a review, the Agency paused the service in February 2021; in part, to release staff to respond to demand for conciliation services, and to free up resources to develop a new delivery model. This new model uses a digital platform to allow employers to build their own documents, tailored around a range of templates designed by the Agency.

2020-21 has been a very significant year for the Agency in respect of conciliation. This was the first full year of the operation of Early Conciliation (EC), which was introduced on 27 January 2020. This requires anyone wishing to lodge a claim with the Industrial Tribunals or the Fair Employment Tribunal to first notify the Agency and consider conciliation as an alternative to formal litigation. EC provides a period of up to one calendar month (which can be extended by two weeks if progress is being made) for parties to engage in the conciliation process with a view to resolving the dispute. The anticipated 'learning curve' for our staff and customers in operating the new arrangements was compounded by the Covid-19 pandemic and remote working. Nevertheless, our staff performed admirably and the early indication is that the Agency's performance is on a par with Acas who have been operating EC in Great Britain since 2014.

More than 18,000 EC notifications were received during 2020-21, involving over 80,000 different jurisdiction claims. Almost 80% of the notifications involved multiple cases (similar cases with the same respondent), mostly derived from case law decisions on the calculation of holiday pay and unlawful deduction from wages.

Over 15,000 notifications were cleared in 2020-21. A settlement was reached in over 2,700 (18%) of these clearances and over 12,000 EC certificates (81%) were issued (a certificate is issued when a settlement has not been reached and is required for an individual to lodge tribunal proceedings). The majority of the certificates were linked to multiple claims (over 9,000) where the prospects of a settlement were limited because they are linked to wider litigation action (such as the holiday pay issue).

Backlogs within the tribunal system caused by the pandemic make it difficult to accurately determine how many of the EC certificates issued have subsequently resulted in litigation.

The operation of our Mediation Service has been significantly hampered by Covid working arrangements. Consequently, the Agency conducted only three mediations in 2020-21 compared to 30 in the previous year. This was due, in the main, to parties to disputes being unwilling to mediate through videoconferencing.

A similar problem was experienced in relation to the Agency's Independent Appeal Service, where no hearings took place in 2020-21. A planned review of this service began in January 2020; this involves extensive engagement with stakeholders and is due to conclude later in 2021.

Despite the challenges presented by the public health crisis the Agency facilitated several important and high profile projects with a range of client organisations across the private, public and third sectors to promote good employment practice and assist in the resolution of complex employment relations issues. These include matters relating to pay, terms and conditions of employment, policy reviews, consultation mechanisms, internal communications, joint working arrangements, industrial relations machinery and post-mediation discussions.

The Agency continues to promote a long-term sectoral-based approach within both the higher education and health sectors where collaborative ‘facilitation projects’ remain in place. Progress however has been limited as these sectors understandably prioritised their own responses to the public health crisis. The Agency is a member of the Regional Health and Wellbeing Working Group, which successfully developed and launched a Mental Health and Wellbeing Strategy and Action Plan 2020-23<sup>7</sup> for local government in September 2020.

The Agency recognises the significant impacts on organisations and their employees that can result from collective disputes. Our collective conciliation service is consistently relied upon to resolve potentially damaging disputes. During 2020-21, five cases were completed and 12 have been carried forward into 2021-22.

The Agency completed work on two research projects during 2020-21. UK-wide research, undertaken by the University of Cardiff on behalf of Acas in Great Britain and the Labour Relations Agency, looked at workplace dispute resolution practices in 2019. Among other findings, this highlighted the need for improved employment relations skills among managers and reinforced the importance of interventions such as the Agency’s Certificate in Effective Line Management Practice. After a Covid-related delay, the research report was published in March 2021.<sup>8</sup>

The second research project was conducted by the University of Warwick to inform the development of an employment relations model for NI. The research report was received in late 2020. Arrangements are being made to publish the research in summer 2021 following consultation with key stakeholders.

### Corporate Services

This was a hugely successful year regarding our corporate services, culminating in the Agency being the first public body in NI to achieve Investors in People Gold against the new, more challenging sixth generation standard, and achieving the Customer Service Excellence standard.

Following implementation of the Agency’s business continuity plan in response to the Covid pandemic in March 2020, all staff have worked effectively from home. This is testimony to the effectiveness of the Agency’s information and communications technology infrastructure and support arrangements.

Supporting staff health and well-being has been given even greater prominence throughout the pandemic. The development and implementation of the Agency’s ‘Together’ People Programme, tailored specifically as a response to the unique set of circumstances resulting from the public health crisis, has ensured that staff have been properly supported, that their health and wellbeing has been prioritised and that service delivery has been maintained. This included the implementation of a comprehensive Health and Well-Being Strategy which comprised key themes of Connect, Be Active, Keep Learning, Take Notice and Give.

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<sup>7</sup> The Local Government Mental Health and Wellbeing Strategy and Action Plan 2020-2023 is available at: <http://www.lgsc.org.uk/fs/doc/publications/local-government-mental-health-and-wellbeing-strategy-and-action-plan-aug-20.pdf>

<sup>8</sup> Disputes and their Management in the Workplace: A Survey of Employers in Northern Ireland, David Nash & Deborah Hann, Cardiff Business School, 2021 – available at: <https://www.lra.org.uk/resources/research-report/disputes-and-their-management-workplace-survey-employers-northern-ireland>.

Staff engagement has been even more important in 2020-21. We established an Employment Relations Group to provide a further means of enhancing engagement levels between the Agency and its staff. This group has gone from strength-to-strength over the reporting period and has also established a number of task and finish groups to look at issues such as recognition and reward, and the upcoming office relocation.

The Agency continued to make best use of our digital platforms, particularly website capabilities, in delivering a range of information and advisory services. The homepage was changed to focus on the key issues of concern to customers caused by the pandemic, for example advice on the Coronavirus Job Retention Scheme. It also provided a platform for delivering webinars to customers.

In line with the Agency's Communications Plan, social media channels have grown in terms of followers and an Instagram account has been established. A successful social media advertising campaign was also carried out to further raise awareness of the Agency and directed our customers to the range of information, resources and services that we provide.

Over the reporting period the Agency continued to engage with Department of Finance colleagues to progress plans to relocate our Head Office to James House on the Gasworks site in central Belfast in April 2022. Final floorplan designs have been agreed and refurbishment work is underway.

# Performance Analysis

## Performance Monitoring

The Agency's Business Plan for 2020-21 implemented the fourth year of the Corporate Plan for 2017-21. The Corporate Plan was closely aligned to the broader societal outcomes promulgated in the then draft Programme for Government (PfG) and Economy 2030: The Industrial Strategy for Northern Ireland.<sup>9</sup> Our Corporate Plan sets out the Agency's core business under three strategic themes:

- Improving organisational performance and responding to the needs of individuals through expert employment relations advice and support;
- Working with stakeholders and delivery partners to evidence and promote the economic and social return from good employment relations and shape public policy; and,
- Optimising the contribution of staff and resources to deliver our statutory functions through effective leadership and governance practices.

We grouped delivery objectives under each strategic theme.

The Business Plan for 2020-21 contained 43 actions designed to deliver on the strategic objectives set out in the Corporate Plan. The Senior Leadership Team monitors progress at monthly meetings and reports progress at each governance meeting of the Board; progress is also discussed at Oversight and Liaison meetings with DfE.

Monthly performance management reports highlight actions that are complete, on track, behind schedule, not yet started, or not delivered during the year.

## Performance against Objectives

Overall, the Agency delivered, or delivered in large part, 41 of the 43 (95%) planned outcomes/ outputs contained in our Business Plan for 2020-21. Where appropriate a number of actions which have been only partially met or not delivered in 2020-21 have been carried forward into 2021-22.

The two actions not delivered are:

- In partnership with the Equality Commission, promote the Joint Declaration for Protection (Dignity at Work/a Harmonious and Inclusive Working Environment) through virtual workshops with employers and trade unions by March 2021 (Objective 2.1(a)) – work on this was impacted by the pandemic and delivery of the workshops will be progressed in 2021-22; and,
- Induct new Board members, in line with a timetable agreed with the Department for the Economy (Objective 3.2(f)) – a comprehensive induction programme has been developed and will be initiated in May 2021 when the new Board members take up appointment.

All of the above actions will be taken forward under the Agency's Business Plan for 2021-22.

<sup>9</sup> Available at: [www.economy-ni.gov.uk/consultations/industrial-strategy](http://www.economy-ni.gov.uk/consultations/industrial-strategy).

## Strategic Theme 1: Improving organisational performance and responding to the needs of individuals through expert employment relations advice and support

### 1.1 To provide effective guidance on employment relations issues to individuals and organisations

<p>a. Respond effectively to callers to the Workplace Information Service via remote working during Covid-19 pandemic with performance measures below adjusted accordingly based on demand for service.</p>	<p><b>Outcome delivered</b>            Number of calls handled: <b>22,654</b> (2019-20: 20,993)</p> <ul style="list-style-type: none"> <li>• Average waiting time: <b>35 seconds</b> (2019-20: 58 seconds)</li> <li>• Lost call rate: <b>5%</b> (2019-20: 7.7%)</li> </ul>
<p>b. Deliver a range of good practice seminars and briefings via recorded webinars during Covid-19 pandemic to give employers, employees, and their representatives greater confidence in dealing with employment relations matters.</p>	<p><b>Outcome delivered</b>            Webinar recordings of our most popular topics are available online and a series of 'live' webinars are scheduled for the coming months. The uptake for 'live' webinars has been high with a number of sessions already fully booked.</p>
<p>c. Review, by March 2021, the Agency's approach to, and content of, good practice seminars and briefings to ensure they contribute effectively to increasing employment relations knowledge and skills.</p>	<p><b>Outcome delivered</b>            Content of the current offering has been refreshed to take account of contemporary themes, changes in law and policy. Going forward a blended approach of 'live' and recorded webinars, and face-to-face, when public health situation allows will be offered.</p>
<p>d. Deliver the LRA Certificate in Line Management Practice, remotely via interactive webinars to take account of the Covid-19 pandemic, and to encourage employers to adopt good practice in managing employment relations.</p>	<p><b>Outcome delivered</b>            The Agency ran one programme of the Line Management Certificate in 2020-21. This was delivered remotely using a combination of pre-recorded and live webinars.</p>
<p>e. Conduct, by March 2021, a mapping exercise to inform a feasibility study on the accreditation of the Agency's Certificate in Effective Line Management.</p>	<p><b>Outcome partially delivered</b>            The mapping exercise began with discussions regarding cost and complexity with various providers. These proved prohibitive. We are now exploring the possibility of recognition by bodies such as the Open College Network (OCN).</p>
<p>f. Develop and deliver an updated online document review service to promote legislative compliance by employers and encourage good practice in employment relations matters from March 2021.</p>	<p><b>Outcome delivered</b>            The existing document review service completed work on <b>76</b> referrals in the current reporting year.</p> <p>The service was paused in February 2021 to facilitate development work on the new online service. This is well underway with a number of work streams identified.</p>
<p>g. Develop and deliver good practice facilitation service using remote techniques where possible during the Covid-19 pandemic.</p>	<p><b>Outcome delivered</b>            Remote arrangements employing the use of videoconferencing technology were developed, tested and implemented. These proved effective in progressing Good Employment Practice projects within the local government, health and education sectors.</p>

<p>h. Work with key delivery partners, on a remote basis during the Covid-19 pandemic, on a range of events and signature projects.</p>	<p><b>Outcome delivered</b> The Agency continues to work closely with Invest NI to review guides on a monthly basis. During the reporting year the Agency reviewed and provided commentary on 49 guides.</p> <p>Partnership working with the Equality Commission and NIC-ICTU continues, with guidance on menopause and the workplace to be launched in 2021-22.</p> <p>The Agency with the Equality Commission co-delivered a number of live webinars during the reporting year, including redundancy and the annual equality update.</p> <p>The Agency provided input to three hate crime guides being developed by the Department of Justice. These will be launched in 2020-21.</p>
<p><b>1.2 To help prevent and resolve individual and collective workplace employment disputes</b></p>	
<p>a. Continue to deliver an Early Conciliation service remotely during the Covid-19 pandemic that reduces the number of claims heard by an employment tribunal.</p>	<p><b>Outcome delivered</b> The Agency cleared <b>15,030</b> EC notifications. Settlement was reached in <b>2,712</b> (18%) of the cases cleared.</p> <p><b>12,143</b> certificates (81%) were issued. Most (9,427) were linked to multiple claims.</p>
<p>b. Contribute to a review of the first year of operation of Early Conciliation in line with a timetable agreed with the Department for the Economy.</p>	<p><b>Outcome partially delivered</b> Preliminary data has been provided to DfE. A formal stocktake, including lessons learned, is being prepared for DfE's statutory Year 1 evaluation in June 2021.</p>
<p>c. Develop and deliver a collective conciliation service on a remote basis during the Covid-19 pandemic.</p>	<p><b>Outcome delivered</b> Remote arrangements employing the use of videoconferencing technology were developed, tested and implemented, and used successfully to resolve a number of collective disputes within the private and public sectors.</p>
<p>d. Develop and deliver mediation services remotely to facilitate the resolution of interpersonal workplace disputes taking account of the restrictions of the Covid-19 pandemic.</p>	<p><b>Outcome delivered</b> Following the suspension of in-person mediation due to the pandemic, we successfully developed the remote delivery of this service.</p> <p>This involved developing specific protocols for delivery and consultation with customers.</p> <p>Some participants declined remote mediation, in favour of in-person mediation when this is able to be reinstated.</p> <p>The service was paused for two months due to the diversion of resources to other core services.</p>
<p>e. Review, by December 2020, the Independent Appeals Service and make proposals to ensure its effectiveness.</p>	<p><b>Outcome partially delivered</b> Terms of reference for the review were agreed in December 2020. A three-month consultation with stakeholders on the future of the service began in February 2021. The review is planned to conclude in September 2021.</p>



<p>f. Deliver a remote based Arbitration and Independent Appeals Service that meets agreed performance standards taking into account the restrictions of the Covid-19 pandemic.</p>	<p><b>Outcome delivered</b> Following the suspension of in-person mediation due to the pandemic, we successfully developed the remote delivery of this service.</p> <p>This involved developing specific protocols for delivery and consultation with customers.</p> <p>However, a number of participants declined remote hearings, which meant none were delivered in 2020-21.</p>
<p>g. Work with key delivery partners in line with agreed Memoranda of Understanding (MoUs).</p>	<p><b>Outcome delivered</b> The Agency continued to work closely with the Office of The Industrial Tribunals and The Fair Employment Tribunal under the terms of the MoU. A revised MoU is being developed for agreement in 2021-22.</p>

**Strategic Theme 2: Working with stakeholders and delivery partners to evidence and promote the economic and social return from good employment relations and shape public policy.**

**2.1 To facilitate the work of the NI Employment Relations Roundtable to stimulate discussion and collaboration by key stakeholders on matters of public policy, skills and research.**

<p>a. In partnership with the Equality Commission, promote the Joint Declaration for Protection (Dignity at Work/a Harmonious and Inclusive Working Environment) through virtual workshops with employers and trade unions by March 2021.</p>	<p><b>Outcome not delivered</b> Delivery of the workshops has been delayed into 2021-22. Stakeholders had to re-prioritise work in light of the pandemic delaying sourcing case study material to showcase the Joint Declaration in practice.</p>
<p>b. Complete all the necessary planning by March 2021 to host a major employment/ industrial relations conference in Autumn 2021 (re scheduled due to Covid-19 pandemic).</p>	<p><b>Outcome partially delivered</b> An event management company has been procured and discussions with the venue have confirmed that the deposit paid in 2019-20 to secure the booking will be honoured. A working group, including stakeholders has been established to curate the programme. Planning is underway to hold an in-person event in early 2022, with contingency arrangements if public health restrictions are in place at that time.</p>
<p>c. Consult with members of the NI Roundtable about the sustainability of this group in light of the establishment of the NI Engagement Forum by December 2020.</p>	<p><b>Outcome delivered</b> DfE and Roundtable and Forum members were consulted on sustainability of either or both fora. It was agreed that both have a continuing role.</p> <p>Roundtable meetings resumed on 17 February 2021 after a hiatus of 12 months.</p>
<p>d. Provide opportunities for Government to have early engagement with key stakeholders on the NI Engagement Forum/Roundtable on a range of policy proposals.</p>	<p><b>Outcome delivered</b> The Forum has provided a platform for Government consultation on significant policy issues relating to Covid-19, including essential businesses allowed to stay open during 'lockdown', safe working practices, and the Coronavirus Job Retention Scheme. Other discussions have focused on childcare issues and vaccination.</p>
<p>e. Support the implementation of new employment legislation, such as parental bereavement leave and pay, through guidance for employers and employees, in line with timetables agreed with the Department for the Economy.</p>	<p><b>Outcome partially delivered</b> The Agency input advice at the pre-consultation stage. Public consultation on the legislation closed on 10 August 2020 and DfE's response to this was published on 20 January 2021. The Agency is liaising with DfE on next steps.</p>

<b>2.2 To develop and promote an Employment Relations Model for Northern Ireland</b>	
a. Publish, via a virtual launch by December 2020, research into international employment relations models.	<b>Outcome partially delivered</b> An initial meeting to brief the Agency and DfE on the key findings took place in October 2020. The report was presented to the November 2020 Board meeting. A meeting with DfE to discuss next steps took place in January 2021. The research report has been disseminated to members of the Roundtable, ahead of a planned discussion on next steps in 2021-22.
b. Identify, by March 2021, the key components of an Employment Relations Model for Northern Ireland for discussion with the NI Employment Relations Roundtable.	<b>Outcome delivered</b> The research report identifies the key components of the Model.
c. Identify, by March 2021, the next steps to implement the Employment Relations Model for Northern Ireland.	<b>Outcome delivered</b> Next steps were agreed with DfE officials at a meeting in January 2021. These include discussions with the Roundtable with a view to gaining stakeholders support for inclusion of the Model in a future employment relations strategy, and incorporating aspects of the Model in the Agency's advisory work.
<b>2.3 To review the mechanisms for evidencing the economic and social return from good employment and industrial relations practice</b>	
a. Deliver, by December 2020, a campaign to promote effective workplace dispute resolution practices through the dissemination of research conducted by Cardiff Business School on behalf of the Agency.	<b>Outcome delivered</b> The report was published in March 2021.
b. Review and refine where appropriate the Agency's outcome based accountability measures to ensure they fully reflect our impact by March 2021.	<b>Outcome partially delivered</b> The move to virtual delivery models resulting from the pandemic presented challenges in populating the Agency's outcome based accountability scorecards. A number of new digital mechanisms had to be developed to assist in the collection of qualitative data.
<b>Strategic Theme 3: Optimising the contribution of staff and resources to deliver our statutory functions through effective leadership and governance practices</b>	
<b>3.1 To ensure the effective development of Agency staff and systems to deliver our statutory functions</b>	
a. Facilitate, from April 2020, effective remote working for all staff during the Covid-19 pandemic.	<b>Outcome delivered</b> All staff have been working effectively from home since the start of the pandemic. The situation has been maintained under review in line with the prevailing public health advice.
b. Develop and implement, from April 2020, a programme to support the health and wellbeing of staff during the Covid-19 pandemic.	<b>Outcome delivered</b> 'Together' People Programme developed and implemented in response to the pandemic. This included implementation of a comprehensive Health and Well-Being Strategy.

c. Embed, from April 2020, new employee engagement arrangements in line with the Agency's People Strategy.	<p><b>Outcome delivered</b> Employment Relations Group (ERG) was established with representation from all departments within the Agency. Chaired by the Chief Executive, the regular meetings are well attended with active participation from members. A number of task and finish groups have also been established to progress specific work streams.</p>
d. Agree, by October 2020, proposals for physical and behavioural safety measures to ensure a Covid-19 secure working environment to enable the phased re opening of the Agency's offices when the public health advice and NI Executive guidance allow this.	<p><b>Outcome delivered</b> The Covid-19 risk assessment and 'story board' for staff on applicable safety measures have been implemented in Head Office for when public health advice permits re-opening.</p>
e. Identify technological solutions to support the online delivery of all employment relations services from September 2020.	<p><b>Outcome delivered</b> Alternative virtual delivery models were developed for all employment relations services.</p>
f. Develop and implement, by September 2020, enhancements to the web portal.	<p><b>Outcome partially delivered</b> A number of enhancements were specified and agreed. However, a number of problems have persisted. Fixes are due to be applied in May 2021.</p>
g. Implement, from September 2020, interim arrangements for the effective delivery of the Agency's IS Managed Services prior to relocation to James House in 2022.	<p><b>Outcome delivered</b> The contract with the current service provider has been extended to 2022, with an option for a further year in the event that relocation to James House is delayed. Discussions with IT Assist are ongoing to consider potential post-relocation options.</p>
h. Continue to grow the Agency's social media presence.	<p><b>Outcome delivered</b> All existing channels have grown in terms of followers and a new Instagram account has also been established. A successful social media advertising campaign was carried out in autumn 2020.</p>
i. Increase awareness of the Agency and its services, particularly among key target groups (younger people, and in district council areas: Lisburn and Castlereagh; Derry and Strabane; and North Down).	<p><b>Outcome delivered</b> Results of the last omnibus survey showed an increase in awareness of the Agency, particularly among the working population and in most geographical areas where awareness had previously been low.</p> <p>The social media advertising campaign further boosted awareness by specifically targeting younger age groups and those living in Lisburn and Castlereagh, Derry and Strabane and North Down council areas.</p>
j. Develop, by March 2021, a new intranet site for Agency staff and Board members.	<p><b>Outcome partially delivered</b> A staff working group (an ERG sub-group) developed proposals for new intranet functionality which formed the basis of a procurement specification. A provider has been procured to develop the site. This will be launched in 2021-22.</p>
k. Agree the design of the Agency Head Office's new accommodation in James House, in line with a timetable agreed with the Department of Finance.	<p><b>Outcome delivered</b> A staff working group (an ERG sub-group) engaged with DoF's Design Team to agree the new office design. Relocation is planned for April 2022.</p>

3.2	<b>To deliver excellent governance in the management of the Agency's resources in line with the requirements placed on public bodies</b>	
a.	Ensure the effective quality management of the Agency's resources.	<p><b>Outcome delivered</b> The Investors in People assessment process resulted in the achievement of the new, more challenging sixth generation Gold standard. The Agency is the first public sector body in NI to achieve this.</p> <p>The annual ISO 27001 audit was completed in December 2020 and confirmed ongoing compliance.</p> <p>Formal assessment against the Customer Service Excellence standard was completed in March 2021 with the Agency successfully achieving the standard.</p>
b.	Achieve a budget outturn (resource and capital) of 99%.	<p><b>Outcome delivered</b> The Agency's combined resource and capital expenditure was £4,649k against a revised resource and capital budget of £4,714k i.e. 99% of the revised budget.</p>
c.	Implement, from September 2020, a new Disability Action Plan in line with the requirements of Section 49A of the Disability Discrimination Act 1995 (DDA 1995) (as amended by article 5 of the Disability Discrimination (Northern Ireland) Order 2006).	<p><b>Outcome delivered</b> The Agency's Disability Action Plan for 2020-23 has been developed and published.</p>
d.	Become recognised, by March 2021, as a provider of official statistics.	<p><b>Outcome partially delivered</b> The Agency is designated as a producer of official statistics by the Official Statistics (Amendment) Order (Northern Ireland) 2021. The Order received Executive approval on 15 April 2021 and was affirmed by the Assembly on 14 June 2021. The Order will come into operation on 1 July 2021.</p>
e.	Develop and consult on a Corporate Plan for 2021-25 for Ministerial approval by March 2021.	<p><b>Outcome partially delivered</b> A consultation draft was approved by the Board in March 2021. The anticipated timeline for completion of this exercise has extended to the first quarter of 2021-22 to allow the in-coming Chair and Board members to influence the final version.</p>
f.	Induct new Board members, in line with a timetable agreed with the Department for the Economy.	<p><b>Outcome not delivered</b> A comprehensive induction programme has been developed. However, new Board appointments were delayed until May 2021.</p>
g.	Ensure Board effectiveness	<p><b>Outcome delivered</b> Effective secretariat support was maintained to the Board and committees throughout 2020-21. Virtual meeting arrangements via digital platforms allowed the Board to continue to effectively conduct its business over that period. A review of key corporate governance policies was completed in March 2021 prior to new Board members being appointed from May 2021.</p>

# Financial Performance

## Budget outturn

The Agency's resource budget baseline in April 2020 was £3,823k. This was an increase of £207k to cover additional employer pension contributions and the impact of the 2019-20 pay award. The Agency's allocation also included non-recurrent ring-fenced funding of £212k to cover the employment costs of staff engaged to respond to anticipated employment relations issues following EU Exit. Therefore, the Agency's opening resource budget for 2020-21 was £4,035k.

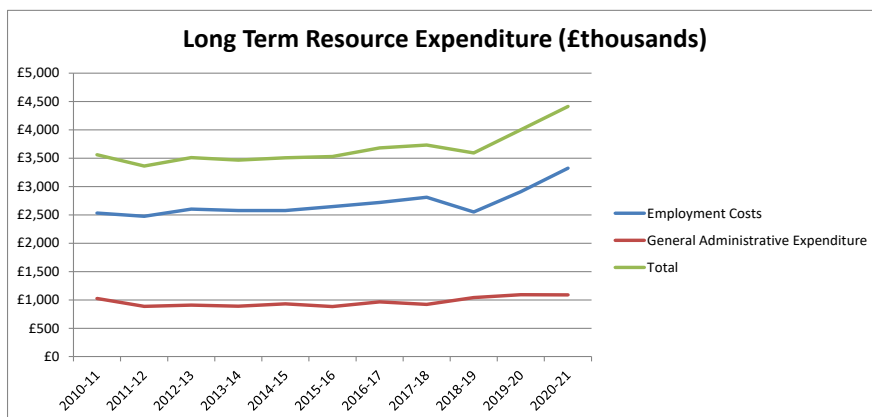
DfE was able to increase the funding provided to the Agency throughout the year as part of financial monitoring rounds. This extra funding was to offset pressures such as the Head Office rent increase and the anticipated 2020-21 pay award, and provide additional capacity to deal with increased demand for services as a result of the economic impact of Covid-19. This resulted in a revised resource budget allocation of £4,467k.<sup>10</sup> The resource budget outturn for 2020-21 was £4,414k (2019-20: £4,003k) i.e. 99% of the revised budget.

The Agency's opening capital budget allocation in April 2020 was £145k. This was increased to £247k through in-year bids (see variance analysis below). The capital budget outturn was £235k (2019-20: £249k) i.e. 95% of the revised budget.

The Agency's combined resource and capital expenditure was £4,649k (2019-20: £4,253k) against a revised resource and capital budget of £4,714k i.e. 99% of the revised budget.

## Long Term Expenditure Trends

The chart below illustrates the Agency's resource expenditure (employment and administrative costs) over the past 10 years.



Employment costs, which had reduced following a Voluntary Exit Scheme in 2017-18, have continued to increase by 14% per annum in each of the last two years. This increase in expenditure, which was funded by DfE, resulted from changes to employer pension contributions, pay awards, and additional staffing (see variance analysis below for further details).

<sup>10</sup> In addition, DfE agreed to fund a provision made for a liability associated with relocation to new Head Office accommodation in 2022. In terms of an analysis of the Agency's financial performance, the budget outturn figure quoted above excludes this provision.

General administrative expenditure (accommodation, office running costs, and staff travel and learning and development) is the same as it was 10 years' ago (£1,089k).<sup>11</sup> This is because the Agency continues to focus on cost savings and efficiency measures in this area to ensure as much resource as possible can be devoted to service delivery by our staff.

### Variance Analysis

Set out below is an analysis of resource expenditure in 2020-21 compared to 2019-20.

- Employment costs (+£415k): this increase resulted from the following:
  - An accrued pay award with an estimated value of 2%, effective from August 2020;
  - Increased use of agency workers to cover long term absences, vacant posts, and backfill temporary promotions;
  - An increase in the accrual for 'employee benefits' as a result of a greater carryover of staff leave;
  - Additional staff to implement EC;
  - Additional staff to respond to an anticipated increase in demand for services following the UK's exit from the European Union; and,
  - Additional staff to respond to an increase in demand for conciliation services due to the economic impact of the pandemic and employers seeking to settle their holiday pay liabilities.
- Premises costs (-£22k): excluding the provision for the Agency's liability in respect of Head Office dilapidations, the Agency's premises costs reduced. This was largely because of a reduction in rates. Building maintenance costs were also lower because staff worked from home throughout the year and therefore the Agency's premises were not in use.
- Office running costs (+£61k): the impact of remote working and the pandemic can be seen in significant changes in various sub-budget headings. Generally, the pattern of expenditure increased in areas supporting staff working from home and the virtual delivery of services (e.g. IT and communications), while expenditure associated with office-based working reduced (e.g. travel and subsistence, postage and telephones, and office supplies).

Recruitment advertising increased significantly (+£13k). This was because of staff turnover (recruitment of a new Chief Executive and Director of Corporate Services) and the need to appoint additional staff to respond to increased demand for services.

- Fees and expenses (-£44k): most of the reduction in expenditure related to research and development (-£38k), which was carried out in the prior year. There was also a reduction in arbitrator fees (-£10k) because no arbitration or independent appeal hearings were conducted during 2020-21 because of the pandemic; staff were diverted to other priority services, while we explored the feasibility of and the protocols required for conducting hearings via a videoconference platform.

External audit fees (+£2k) increased because of the Agency's participation in the National Fraud Initiative, which is delivered by the Northern Ireland Audit Office.<sup>12</sup>

<sup>11</sup> Excluding a provision for a liability associated with relocation to new Head Office accommodation in 2022. This is also excluded from the variance analysis.

<sup>12</sup> Further information about the National Fraud Initiative is available at: <https://www.niauditoffice.gov.uk/national-fraud-initiative>.

The Agency incurred capital costs of £235k in 2020-21 (2019-20: £249k). Expenditure in 2020-21 covered:

- Further development of the EC web portal to address shortcomings regarding its usability by employee and employer representatives and measures to increase efficiency for the processing of large multiple conciliation cases;
- Development of the new Document Review Service;
- An upgrade to the telephone system to collect automated customer feedback on the Workplace Information Service;
- Office adaptations to create a Covid-secure working environment for the eventual return of staff;
- A new staff intranet to enhance communications and support remote working;
- Laptops and equipment for additional staff; and,
- Software licences.

### Corporate Social Responsibility

The Agency takes its corporate social responsibility very seriously and staff were very active during 2020-21 on a range of charitable activities.

Each calendar year staff select a 'charity of the year' to provide a focus for fundraising. In 2020, staff raised £3,000 for the Cancer Fund for Children.<sup>13</sup> This was donated by staff and their family and friends through sponsored events such as step challenges, bingo, quizzes, coffee mornings, etc. The staff charity for 2021 is the NI Children's Hospice for which staff are aiming to raise £3,000 by the year-end.

With homelessness a very serious concern, and all too visible on the streets around the Agency's Head Office building, staff also support a number of charities working in this field in a range of ways. This includes donations of cash, food and drink, clothing, and toiletries. The outgoing Chief Executive and Chair also generously eschewed leaving presents, asking colleagues to instead donate to the Simon Community; this raised over £1,200.

The Agency's staff also sponsored a hearing dog for deaf people (called Hope) for 2021.<sup>14</sup>

In addition, the Agency facilitates staff wishing to contribute to charitable causes on an individual or collective basis by participating in the Payroll Giving Scheme. This generated £1,440 for charities in 2020-21.

<sup>13</sup> See: <https://cancerfundforchildren.com/charity-partner-labour-relations-agency/>.

<sup>14</sup> Further information about hearing dogs for deaf people is available at: <https://www.hearingdogs.org.uk/>.



## Sustainability

The Agency takes very seriously its corporate commitment to comply with environmental best practice and to seek opportunities to reduce our carbon footprint. As a result:

- All (100%) of Dry Mixed Recycling (DMR) materials generated on the premises are fully recycled. DMR waste includes plastics, cardboard, paper and cans. All waste (dry and residual) collections are evidenced, weighed and traced from collection to final destination. Dry mixed office waste is processed for onward re-use in compliance with all waste and transport legislation including a duty of care that ensures that waste is taken to suitably authorised facilities minimising landfill; and,
- Of the General/Residual Waste collected from our offices, 65% is recycled with just 35% diverted to landfill.

However, with staff working from home throughout 2020-21, the Agency's positive environmental impact was achieved through substantial reductions in printing and staff travel. While these were enforced savings brought about by the pandemic, the Agency intends to continue post-Covid to achieve such savings through 'hybrid' working and service delivery, allowing staff to work from home or in the office according to service requirements and their preferences, thereby reducing commuting and business travel. A longer term focus on 'paperless' working will also keep printer cartridge and paper consumption low.



**Don Leeson**  
Chief Executive/Accounting Officer  
2 July 2021



Chapter 2

# Accountability Report

# Corporate Governance Report

The Agency has in place a corporate governance structure that is consistent with best practice standards and fully compliant with the requirements of Managing Public Money (Northern Ireland).<sup>15</sup> This section of the report provides a brief overview of the governance structures and practices that are described in more detail in the Governance Statement.

The Agency's Board normally comprises the Chair and nine other members appointed under the Commissioner for Public Appointments Regulations administered through DfE, the sponsor Department.

The sponsor Department reviews the Chair's performance on an annual basis; similarly, the Chair completes an annual performance appraisal with each Board member. The Board also conducts an annual self-assessment exercise to determine whether the Board is operating effectively and to identify areas for improvement.

The Chair appraises the Chief Executive on an annual basis in consultation with the Board's Finance and Personnel Committee.

The Board is responsible for establishing the strategic direction of the Agency and for monitoring performance against agreed operational targets. The Board has two committees to ensure there is adequate oversight of the Agency's operations.

The Audit and Risk Assurance Committee (ARAC) provides the Board and the Accounting Officer with assurance about the effectiveness of the Agency's internal control framework.

The Finance and Personnel (F&P) Committee fulfils a more detailed scrutiny function on corporate matters relating to finance, HR, ICT, and premises. Its role is not just to challenge and support the work of the Senior Leadership and Senior Management Teams (SLT/SMT), but also to provide advice to inform the Board's decision-making.

Both committees meet at least four times per year.

After each meeting, the Committee Chairs provide written updates to the Board.

The Agency is required by statute to provide the Northern Ireland Certification Officer with the necessary staff and corporate support services to fulfil the requirements of its governing legislation.<sup>16</sup>

<sup>15</sup> Available at: <https://www.finance-ni.gov.uk/articles/managing-public-money-ni-mpmni>.

<sup>16</sup> The Industrial Relations (Northern Ireland) Order 1992 (available at: <http://www.legislation.gov.uk/nisi/1992/807/contents/made>).

# Directors' Report

## Chair and Chief Executive

The Chair of the Labour Relations Agency during 2020-21 was Marie Mallon.

Marie Mallon's term of office was extended by the Minister for the Economy until 30 April 2021. This was to allow time for a public appointment process to conclude and a new Chair to be appointed. Gordon Milligan was subsequently appointed Chair with effect from 1 May 2021.

The Chief Executive and Accounting Officer was Tom Evans until his retirement on 30 November 2020. He had been due to retire on 31 July 2020. However, the Covid-19 pandemic delayed the recruitment exercise to appoint a new Chief Executive. With the Board and Department's approval, he agreed to remain in post on a part time basis until a successor could be appointed.

Following an open recruitment competition, Don Leeson was appointed as the Chief Executive and Accounting Officer with effect from 1 December 2020 (he was previously the Agency's Director of Corporate Services).

## Board

The Agency's overall strategic direction and governance arrangements, and the delivery of its functions as set out in legislation, are established and overseen by a Board.

Board members are appointed by the Minister for the Economy (all appointments made prior to May 2016 were made by the Minister for Employment and Learning).

Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992<sup>17</sup> specifies that the Board should comprise a Chair and nine members. Of the Board members:

- Three should be representative of employers;
- Three should be representative of employees; and,
- Three should be "other persons as appear to the Minister to be appropriate."

Following a Board member's decision not to accept an offer of an extension to their term of office in June 2019, the Board operated with two members who were representative of employers until a public appointments process to appoint new Board members could be concluded. This was the situation until 1 May 2021.

The Board members, who served the Agency in 2020-21, and their dates of appointment, are set out in the table below – biographical information is available on the Agency's website.<sup>18</sup>

<sup>17</sup> Available at: [www.legislation.gov.uk/nisi/1992/807/schedule/4](http://www.legislation.gov.uk/nisi/1992/807/schedule/4).

<sup>18</sup> Available at: <https://www.lra.org.uk/about/agency-structure>.

Name <sup>19</sup>	Date appointed to Board	End of Term of Office
Marie Mallon (Chair)	01-08-14	31-04-21
Louise Crilly	16-11-15	31-03-23
Deirdre Fitzpatrick	01-12-14	31-03-23
Michelle McGinley	16-11-15	31-03-23
Gary McMichael <sup>20</sup>	01-12-11	31-04-21
Alison Millar <sup>20</sup>	01-09-11	31-04-21
Albert Mills <sup>20</sup>	01-11-12	31-04-21
Jill Minne	01-12-14	31-03-23
Daire Murphy	01-12-14	31-03-23

During 2021-21, the Agency hosted two Board apprentices under the Strictly Boardroom programme, which is aimed at developing future Board members.<sup>21</sup> Board apprenticeships are for a period of 12 months (from September to August). Gráinne Ni Cheallaigh was the Board apprentice until 31 August 2020; Sarah Livingstone has been the apprentice since 1 September 2020.

### Senior Leadership Team and Senior Management Team

Operational management of the Agency (decisions on resource allocations, business plan and budget monitoring, risk management, etc) are taken by the Senior Leadership Team (SLT), which comprises the Chief Executive and two Directors. SLT members are Board level employees.

The wider Senior Management Team (SMT), which comprises the Chief Executive, Directors, and Employment Relations Managers, meets monthly to discuss issues of cross-cutting interest to improve service delivery or organisational development in furtherance of the Agency's vision, core purpose and values.

As part of a development programme, two SMT members attend SLT meetings on a three-month rota basis.

In order to foster partnership working, the Chair of the trade union branch attends formal minuted SLT meetings, which are held monthly.

### Register of Interests

The Register of Interests of Board and SLT members is published on the Agency's website.<sup>22</sup>

### Data security

The Agency incurred no serious personal data breaches in 2020-21 (2019-20: none).

<sup>19</sup> The following were appointed to the Agency's Board with effect from 1 May 2021: Gordon Milligan (Chair); Geraldine Alexander; Clare Duffield; Kevin McCabe; and Lee Wilson.

<sup>20</sup> Term of office, as reported in the Annual Report and Accounts for 2019-20, extended by three months to facilitate completion of the appointment process for new Board members.

<sup>21</sup> Further information about the programme is available at: <https://strictlyboardroom.com/>.

<sup>22</sup> Available at: <https://www.lra.org.uk/resources/register/boardslt-register-interests>.

### Creditor payment, policy and performance

The Agency is committed to the Better Payments Practice Code, and is subject to the Late Payment of Commercial Debts Regulations 2002. Payment is regarded as late if it is made outside the agreed terms, or 30 calendar days after receipt of a valid invoice where no terms are agreed.

To provide greater support to business, the Agency has supported a public sector-wide commitment to paying valid invoices within 10 working days. As part of this process, prompt payment performance for both 10 working days and 30 calendar days is monitored. In 2020-21, the Agency paid:

- 90% of invoices within 10 working days (2019-20: 71%); and,
- 99% of invoices within 30 calendar days (2019-20: 97%).

The Agency's prompt payment performance in the prior year (2019-20) was adversely affected by staffing constraints and technical problems with a new Purchase Order system.

### Charitable donations

There were no charitable donations made in 2020-21 (2019-20: £nil).

### Complaints Procedure

The Customer Complaints Procedure is published on the Agency's website.<sup>23</sup> In achieving the Customer Service Excellence standard in March 2021 (as described in the Performance Report above), the Agency fully met 12 of the 15 performance indicators relating to responding to customer problems. The remaining three indicators were deemed to be 'partially met' requiring minor remedial action.

No complaints were received in 2020-21 (2019-20: seven).

<sup>23</sup> Available at: <https://www.lra.org.uk/resources/policy/customer-complaints-policy-and-procedure>.

# Statement of the Labour Relations Agency and Accounting Officer's Responsibilities

The Agency is an executive Non-Departmental Public Body (NDPB) otherwise classified as an Arm's Length Body (ALB).

The Board of the Agency has appointed a Chief Executive who is the most senior executive reporting to the Board and responsible for the performance of the organisation.

The Chief Executive is appointed by the Principal Accounting Officer of the sponsor Department as Accounting Officer for the Agency. The Chief Executive is responsible to the Board and is also accountable to the Assembly for the Agency's use of resources in carrying out its functions as set out in the governing legislation and the Management Statement and Financial Memorandum (MSFM).<sup>24</sup>

The Agency's Accounting Officer takes personal responsibility for the following matters:

- Regularity and propriety, including seeking DoF approval for any expenditure outside the normal delegations;
- Selection and appraisal of programmes and projects: using the Green Book (supported by additional DoF guidance) to evaluate alternatives, and good quality project and programme management techniques;
- Value for money: ensuring that the Agency's procurement, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, good value and avoidance of error and other waste, judged for the public sector as a whole and not just for the Agency;
- Management of opportunity and risk to achieve the right balance commensurate with the Agency's business and risk appetite; learning from experience, both using internal feedback, and from right across the public sector; and,
- Accounting accurately for the Agency's financial position and transactions: to ensure that published financial information is transparent and up to date, and that the Agency's efficiency in the use of resources is tracked and recorded.

## Governance Statement

### Introduction

This Governance Statement sets out the governance structures, risk management, and internal control procedures that have operated within the Agency during the financial year 2020-21

<sup>24</sup> Available at: <https://www.lra.org.uk/publications/management-statement-financial-memorandum-msfm-october-2019>.

and up to the date of approval of the Annual Report and Accounts. The Agency's governance structure provides clarity and accountability in managing the delivery of its strategic objectives. It ensures that the Agency has the capacity to make decisions, monitor performance and assess and manage resources and risk.

### Responsibilities of the Accounting Officer

As Accounting Officer, I have responsibility for maintaining an effective system of governance and internal control that supports the achievement of the Agency's aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

In delivering this role I provide regular updates to the Agency's Board on performance against the targets specified in the annual business plan. I am supported by an SLT/SMT who contribute to my mid and end-year assurance statements and the ARAC, which regularly monitors risk management activities.

### The Agency's Board

As specified in Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992, the Agency's Board comprises a Chair and nine members. All appointments to the Board are made in accordance with the Code of Practice published by the Commissioner for Public Appointments for Northern Ireland.<sup>25</sup>

DfE is responsible for appointing the Board members with the final decision resting with the Minister.

The role of the Board is to:

- Set the Agency's overall strategic direction within the policy framework set out in statute and the resources framework agreed with the sponsor Department;
- Oversee the delivery of planned outcomes by monitoring performance against agreed strategic objectives and targets;
- Ensure that the Agency operates within the limits of its statutory and financial delegated authority, agreed with its sponsor Department and in accordance with any other conditions relating to the use of public funds. Members of the Board have a duty to ensure that public funds are properly safeguarded and that the Agency conducts its operations as economically, efficiently and effectively as possible, with full regard to relevant statutory provisions;
- Ensure that the Agency has policies and procedures in place to comply with Freedom of Information and Data Protection legislation, including prompt response to public requests for information and the appropriate treatment of personal data;
- Ensure that the Agency operates sound environmental policies and practices in accordance with relevant Government guidance; and,
- Ensure that high standards of corporate governance are observed at all times.

<sup>25</sup> Available at: <https://www.publicappointmentsni.org/sites/cpani/files/media-files/CPA%20NI%20Code%20of%20Practice%20JL2%20-%20December%202016.pdf>.

The discharge of some of the Board's responsibilities is delegated to sub-committees. There are two standing committees: the Audit and Risk Assurance Committee and the Finance and Personnel Committee.

### **The Audit and Risk Assurance Committee**

The ARAC deals with a range of issues relating to governance, internal control, accountability, and risk management. It is an advisory committee with no executive powers other than those delegated by the Board. The Committee provides recommendations to the Board for approval.

The Committee advises the Accounting Officer and Board on:

- The strategic processes for risk, control and governance and the Governance Statement;
- The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the External Auditors;
- The planned activity and results of both Internal and External Audit;
- Adequacy of management response to issues identified by audit activity, including External Audit's management letter;
- Assurances relating to the management of risk and corporate governance requirements for the organisation;
- Proposals for tendering for Internal Audit services; and,
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

### **Finance and Personnel Committee**

The F&P Committee deals with a range of corporate issues. It is an advisory committee with no executive powers other than those delegated by the Board. The Committee provides recommendations to the Board for approval.

The Committee advises the Accounting Officer and Board on:

- Planning for and the management of Agency resources, for example financial, staffing and accommodation;
- Policy and strategic matters relating to the Agency's finances and personnel;
- The financial performance of the Agency;
- Staffing, equality, and organisational development matters; and,
- Evaluation of the Agency's services in respect of performance and quality.

The Committee also plays a role in some of the Agency's employment policies and procedures, for example Discipline and Grievance Procedures; and considers a report from the Agency's Chair on the mid-year and annual performance appraisals of the Chief Executive.



### The Senior Leadership Team

The SLT comprises the Chief Executive and the two Directors.

The Directors, collectively and individually, provide advice and support to the Chief Executive in exercising responsibility for ensuring that effective systems of internal control are maintained and operated.

The SLT meets weekly to discuss ongoing operational and resourcing issues.

There is also a formal meeting each month to review financial and business performance, key resourcing issues, and risks. These meetings are minuted, with the minutes published on the Agency's website.<sup>26</sup>

The membership of the SLT is supplemented, on a three-month rota basis, by two members of the Senior Management Team as part of a staff development programme. In addition, the Chair of the trade union branch attends formal SLT to foster partnership working through participative and transparent decision-making.

The Chief Executive attends individual team meetings as appropriate to brief and consult staff on key strategic priorities and issues.

### Board Member Attendance in 2020-21

Name	Board Meetings (out of 10)	Audit and Risk Assurance Committee Meetings (out of 4)	Finance and Personnel Committee Meetings (out of 5)
Marie Mallon (Chair of the Board)	10	n/a	1 <sup>27</sup>
Louise Crilly	8	2	n/a
Deirdre Fitzpatrick (Chair, Audit and Risk Assurance Committee)	10	4	n/a
Michelle McGinley	9	n/a	5
Gary McMichael	9	3	5
Alison Millar	9	4	n/a
Albert Mills (Chair, Finance and Personnel Committee)	10	n/a	5
Jill Minne	8	n/a	n/a
Daire Murphy	9	4	n/a

The Board normally meets 10 times per year. The quorum requirements for Board and Committee meetings are six and three Board members respectively.

<sup>26</sup> Available at: <https://www.lra.org.uk/about/governance/senior-leadership-team-minutes>.

<sup>27</sup> Not a member of the F&P Committee – attended meeting for review of Chief Executive's performance.

Meetings are normally held in person. However, all Board and Committee meetings in 2020-21 were held by videoconference because of Covid-19 restrictions.

The Board held a planning workshop in February 2021 to consider the Agency's new Corporate Plan, which covers the four-year period 2021-25, and agree business priorities for 2021-22. Development of the plan was informed by 'think piece' papers covering the Agency's three strategic planning themes, which were considered at the November 2020 and January 2021 Board meetings. The draft Corporate Plan was subsequently approved at the March 2021 Board meeting for public consultation.

### Board Performance

Throughout 2020-21, the Board continued to operate meeting arrangements agreed at an externally facilitated Board effectiveness workshop in November 2019. This workshop was informed by a self-assessment by Board members using the Northern Ireland Audit Office's (NIAO) Board Effectiveness Guide.<sup>28</sup>

As a result of that workshop, the Board continued its annual cycle of six generic governance-type meetings and four meetings dedicated to strategy development, with only essential governance matters covered at the start of business. The Board also continued piloting the use of 'in-camera' discussions, without staff present, at the start of each meeting.

The Board's agreed Learning and Development Plan aligned to the period covered by the Corporate Plan (i.e. to March 2021) continued to be implemented. This sought to ensure that Board members' knowledge of both best practice in governance matters and strategic issues regarding employment relations was maintained and enhanced. It also provided a focus on team development and meeting individual Board member development needs.

As part of the Plan, induction arrangements were agreed for new Board members when appointed. A detailed induction programme for the new appointees was approved at the March 2021 Board meeting and is now being implemented.

The Board reviewed, and approved updates to, the suite of corporate governance documents and policies at its meeting in March 2021. This was to ensure they are current for an induction pack for new Board members in May 2021. These documents included:

- Board Practice and Standing Orders;
- Code of Conduct for Board Members;
- Conflicts of Interest Policy;
- Fraud Policy and Response Plan;
- Raising Concerns (Whistleblowing); and,
- Risk Management Framework.

The key governance and strategic issues discussed by the Board in 2020-21, in addition to the above, were:

- Corporate Plan for 2021-25;
- Business Plan for 2020-21 and performance against this;

<sup>28</sup>Available at: <https://www.niauditoffice.gov.uk/publication/board-effectiveness-good-practice-guide>.

- Annual Report and Accounts for 2019-20, and the Report to Those Charged With Governance (RTTCWG) on the outcome of the audit of this, which is issued by the NIAO;
- Budget for 2020-21 and regular management accounts, which report against a monthly expenditure profile;
- Corporate Risk Register for 2020-21;
- Chief Executive's Mid and End-Year Assurance Statements to DfE;
- The 'Together' People Programme setting out the Agency's strategy for supporting staff health and wellbeing during the Covid-19 pandemic;
- Public awareness of the Agency – the results of a follow-up survey showing progress in implementing the Agency's Communications Strategy;
- Arrangements for re-opening the Agency's Offices once public health restrictions allow;
- Recommendations for change to the Agency's Document Service;
- The Agency's new Disability Action Plan;
- Research conducted by the University of Warwick to inform the development of an Employment Relations Model for Northern Ireland;
- Terms of reference for a review of the Independent Appeal Service;
- Proposals for resourcing a surge in demand for conciliation; and,
- Arrangements to appoint a new Chief Executive.

Minister for the Economy, Diane Dodds MLA, attended the March 2021 Board meeting to thank outgoing Board members for their service to the Agency and employment relations in NI.

### **Risk Management**

The Agency has in place a Risk Management Framework, which is based on the approach taken by the sponsoring Department. This forms the basis for risk management in the Agency in terms of the control environment and individual roles and responsibilities to cover all key corporate and project risks. It also describes the process of risk assessment and assurance, both internally and to the Department, as well as stating how risk appetite is considered for each type of corporate risk.

As part of the Framework, each Director is required to submit an assurance statement to the Accounting Officer to confirm that risks are being managed effectively within their area of responsibility. This informs the Accounting Officer's own six-monthly assurance statement to the sponsoring Department's Accounting Officer.

The Framework was reviewed at an annual Risk Workshop attended by ARAC and SMT members in May 2020. The Framework was further reviewed in March 2021 in light of changes to DfE's approach. Continued use of the Department's Framework was agreed by the Board, as

modified to include reference to current issues that might result in the risk materialising and the anticipated future risk assessment once planned actions to mitigate risk have been implemented.

The Corporate Risk Register is approved by the Board annually, and then reviewed and updated at monthly formal SLT meetings and at every ARAC meeting.

The key corporate risks relate to the Agency's relevance, reputation, funding, infrastructure, staffing and compliance. In managing these risks, the following key issues were identified:

- The impact of Covid-19 on demand for, and delivery of, services;
- The need for in-year funding bids to provide additional staff to meet increased demand for services and how these would be managed if additional funding was not provided;
- Transferring all services to virtual delivery;
- Keeping up-to-date on key changes in Government policy regarding Covid-19, particularly the Coronavirus Job Retention Scheme;
- Shortcomings in the Early Conciliation web portal; and,
- The health and wellbeing of staff.

None of the identified risks materialised in 2020-21. However, one risk was escalated to 'extreme' (the highest possible assessment) in December 2020. This related to the impact of a surge in demand for conciliation services by large employers seeking to resolve liabilities in respect of holiday pay entitlement. This risk was mitigated in the short term by reducing other services and moving staff to support conciliation, and in the longer term by securing additional funding to recruit more staff. Nevertheless, this risk remains a concern and is being carefully monitored.

### Internal Audit

Following a procurement exercise, ASM became the provider of internal audit services to the Agency with effect from June 2020.

ASM's first task was to develop a new risk-based Strategic Internal Audit Plan for the three-year period to 2023. This provides the basis for annual audit planning. It ensures that an informed and comprehensive opinion of the effectiveness of the Agency's governance and control systems is provided over a three year period.

The focus of Internal Audit activities in 2020-21 were:

- The business impact of Covid-19; and, a
- High level review of financial controls.

Satisfactory assurance was provided in the areas audited. Internal Audit concluded that the Agency has satisfactory controls in place.

The internal audit programme operated to requirements defined in the Public Sector Internal Audit Standards (PSIAS).

### External Audit

External Audit is undertaken by the NIAO. Following the audit of this Annual Report and Accounts, the NIAO did not make any recommendations in the report to those charged with governance (RTTCWG) as there were no control deficiencies / weaknesses in internal control identified during the audit (2019-20: one minor recommendation).

### Ministerial Direction

No Ministerial Directions were received in 2020-21 (2019-20: none).

### Data Security

The Agency continues to maintain an Information Security Management System certified to ISO 27001 to protect the confidentiality, integrity and availability of corporate and personal information. The Agency's ongoing compliance with the standard was confirmed by audit in December 2020.

There were no data security incidents in 2020-21 (2019-20: seven).

### Governance issues identified in 2020-21

One governance issue arose in 2020-21 (2019-20: none).

During 2020-21, the Agency assessed the impact of the Court of Appeal Judgement in respect of *McKee and Others v Charity Commission for Northern Ireland and Department for Communities*, which was delivered in February 2020.<sup>29</sup> Legal advice obtained in respect of this matter identified a shortcoming in the Agency's governing legislation, the Industrial Relations (Northern Ireland) Order 1992, which does not provide an express power of delegation to staff. Legislative change is required to address this issue; no other mitigating actions would be effective. DfE was advised of this matter in February 2021 and is seeking to identify an appropriate legislative vehicle to rectify this.

The risks to the Agency's ability to operate is considered very low. The primary staff functions are service delivery under the auspice of a Board and DfE approved Business Plan.

### Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control. This review is informed by the work of the Internal Audit and its comments and recommendations, and the opinion of the Comptroller and Auditor General as set out in the NIAO's Report to those Charged with Governance. It is also informed by the work of the Board, the ARAC and the F&P Committee, and assurances from the Agency's Directors who have responsibilities for the development and maintenance of the internal control framework.

I am aware of the importance of my ongoing review of the effectiveness of the systems of governance and internal controls within the Agency, and I will continue to review these systems and processes to ensure continuous improvement.

<sup>29</sup> Available at: <https://www.judiciaryni.uk/judicial-decisions/2020-nica-13>.

# Remuneration and Staff Report

## Remuneration Report

The Remuneration and Staff Report sets out the Agency's remuneration policy for Board and SLT members, and how that policy has been implemented. It also sets out the amounts awarded to Board and SLT members and, where relevant, the link between performance and remuneration. The Report also provides details on remuneration and staff that the Northern Ireland Assembly and others see as key to accountability.

## Chair and Board Members

The Chair and Board members are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. They are normally appointed for a fixed period of three years. Thereafter, they may be reappointed in accordance with the Code of Practice.

The remuneration of the Chair and Board is set by DfE. Increases are calculated in line with the recommendations of the Senior Salaries Review Body. There are no arrangements in place for the payment of a bonus.

The Agency reimburses the Chair and Board members for any incidental expenses incurred for carrying out their duties relevant to the organisation. These expenses amounting to £nil (2019-20: £170) have been paid during the year and are reflected under Other Expenditure in Note 4 to the accounts.

Pension benefits are provided to the Chair through the Northern Ireland Civil Service pension schemes. Board members do not receive pension benefits from the Agency or DfE as a result of their appointments.

## Senior Leadership Team

The SLT comprises the Chief Executive and two Directors with responsibility for Corporate Services and Employment Relations Services respectively.

## Remuneration Policy

While not civil servants, the Agency's staff are subject to levels of remuneration and terms and conditions of service (including superannuation) of the Northern Ireland Civil Service (NICS). The Agency's Chief Executive post is equivalent to Assistant Secretary (Grade 5) within the Senior Civil Service (SCS). Director posts are equivalent to Grade 7/Principal within the NICS.

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

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

## Service Contracts

Staff appointments are made in accordance with the Agency's Recruitment, Selection and Transfer Procedure, which requires appointments to be on merit on the basis of fair and open competition. Unless otherwise stated below, the staff covered by this report hold appointments, which are open ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

## Remuneration and Pension Entitlements

*This section is subject to audit.* It provides details of the remuneration and pension interests of the Agency's Chair and Board members and the SLT, and the Certification Officer.

	Salary £'000		Benefits in Kind (to nearest £100)		Pension Benefits <sup>30</sup> (to nearest £1,000)		Total £'000	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Chair and Board members</b>								
Marie Mallon	25-30	20-25	-	-	11	10	36-41	30-35
Alison Millar	5-10	5-10	-	-	-	-	5-10	5-10
Gary McMichael	5-10	5-10	-	-	-	-	5-10	5-10
Albert Mills	5-10	5-10	-	-	-	-	5-10	5-10
Deirdre Fitzpatrick	5-10	5-10	-	-	-	-	5-10	5-10
Jill Minne <sup>31</sup>	0-5	5-10	-	-	-	-	0-5	5-10
Daire Murphy	5-10	5-10	-	-	-	-	5-10	5-10
Louise Crilly <sup>32</sup>	0-5	5-10	-	-	-	-	0-5	5-10
Michelle McGinley	5-10	5-10	-	-	-	-	5-10	5-10
	Salary £'000		Benefits in Kind (to nearest £100)		Pension Benefits <sup>33</sup> (to nearest £1,000)		Total £'000	
<b>Senior Leadership Team</b>	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Tom Evans <sup>34</sup> <i>Chief Executive</i>	55-60	70-75	-	-	96	14	151-156	85-90
Don Leeson <sup>35</sup> <i>Chief Executive</i>	60-65	50-55	-	-	9	21	70-75	70-75
Paul Lowe <sup>36</sup> <i>Director of Corporate Services</i>	15-20	-	-	-	7	-	20-25	-

<sup>30</sup>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.

<sup>31</sup>Voluntarily stopped taking payment for Board membership with effect from 1 September 2020.

<sup>32</sup>Voluntarily stopped taking payment for Board membership with effect from 1 September 2020.

<sup>33</sup>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.

<sup>34</sup>Tom Evans partially retired, working four days per week from 1 August 2020. He fully retired on 30 November 2020. The annual full time equivalent salary was £70k-£75k.

<sup>35</sup>Don Leeson appointed Chief Executive from 1 December 2020. The annual equivalent salary was £70k-£75k. Prior to this, he was the Director of Corporate Services until 30 November 2020 with an annual equivalent salary of £50k-£55k.

<sup>36</sup>Paul Lowe was the Interim Director of Corporate Services from 1 December 2020 (he was appointed substantively with effect from 1 May 2021). The annual equivalent salary was £45k-£50k.

Mark McAllister Director of Employment Relations Services	45-50	40-45	-	-	31	52	80-85	100-105
Certification Officer								
Sarah Havlin	20-25	20-25	-	-	9	9	30-35	30-35

### Salary

'Salary' includes gross salary; performance pay and overtime and any other allowance to the extent that it is subject to UK taxation and any gratia payments. The Agency makes no other payments other than expenses, travel and subsistence.

### 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.

No benefits in kind were paid to staff or Board members in 2020-21 (2019-20: £nil).

### Bonuses

Bonus payments are not made to Board members or staff (2019-20: £nil).

### Pay Multiples

*This section is subject to audit.*

	2020-21	2019-20
Band of the highest paid director's total remuneration (Chief Executive) <sup>37</sup> £'000	55-60 20-25	70-75
Median Total Remuneration (£)	32.2	30.5
Ratio	2.4	2.5

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

The full time annual equivalent banded remuneration of the highest-paid director in the Agency in the financial year 2020-21 was £70-75k (2019-20: £70-75k). This was 2.4 times (2019-20: 2.5) the median remuneration of the workforce, which was £32,200 (2019-20: £30,500).

In 2020-21, one employee (2019-20: one employee), the Chief Executive, was the highest-paid director with full time annual equivalent remuneration of £70-75k.

<sup>37</sup>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. Separate salary bands are shown for Tom Evans (£55k-60k) who was Chief Executive until 30 November 2020 and Don Leeson (£20k-£25k) who became Chief Executive from 1 December 2020. Median total remuneration is based on their annual equivalent salary (£70k-£75k).



## Pension Entitlements

This section is subject to audit.

Name	Accrued pension at pension age as at 31/3/21 and Related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/21 £'000	CETV at 31/3/20 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Marie Mallon <i>Agency Chair</i>	0 – 5	0 – 2.5	69	57	9	–
Tom Evans <sup>38</sup> <i>Chief Executive</i>	40 – 45 plus lump sum of 120 – 125	2.5 – 5 plus lump sum of 12.5 – 15	872	870	89	–
Don Leeson <sup>39</sup> <i>Chief Executive</i>	10-15	0 – 2.5	169	145	6	–
Paul Lowe <sup>40</sup> <i>Director of Corporate Services</i>	0 – 5	0 – 2.5	25	n/a	n/a	–
Mark McAllister <i>Director of Employment Relations Services</i>	15 – 20 plus lump sum of 35 – 40	0 – 2.5 plus lump sum of 0 – 2.5	307	276	4	–
Sarah Havlin <i>Certification Officer</i>	0 – 5	0 – 2.5	53	45	5	–

## Northern Ireland Civil Service Pension Arrangements

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 introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date.

Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

<sup>38</sup>Tom Evans retired on 30 November 2020.

<sup>39</sup> Don Leeson was appointed Chief Executive from 1 December 2020; prior to this, he was Director of Corporate Services.

<sup>40</sup> Paul Lowe was the Interim Director of Corporate Services from 1 December 2020 (he was appointed substantively with effect from 1 May 2021). The annual equivalent salary was £45k-£50k.

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

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

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

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

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

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website [www.finance-ni.gov.uk/civilservicepensions-ni](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 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

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

### Scheme Year: 1 April 2021 to 31 March 2022

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2021 to 31 March 2022
£0	£24,199.99	4.6%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 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) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real Increase in CETV

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

## Staff Report

### Staff Costs

*This section is subject to audit.*

Staff costs comprise:	2020-21 £	2019-20 £
<b>Labour Relations Agency (excluding Certification Office):</b>		
<b>Permanently employed staff:</b>		
Wages and salaries (includes childcare vouchers)	2,181,168	1,945,752
Social security costs	181,890	169,544
Other pension costs – superannuation	585,566	550,534
	<b>2,948,624</b>	<b>2,665,830</b>
<b>Others:</b>		
Employment Agency Staff	186,793	83,712
Sub Total (excluding Certification Office)	<b>3,135,417</b>	<b>2,749,542</b>
Less recoveries in respect of outwards secondments	-	-
<b>Total</b>	<b>3,135,417</b>	<b>2,749,542</b>
<b>The Certification Officer and Staff</b>		
Wages and salaries	118,896	99,559
Social Security Costs	10,224	11,136
Other pension costs – superannuation	33,378	37,781
Employment Agency Staff	26,783	11,947
<b>Total</b>	<b>189,281</b>	<b>160,423</b>
<b>TOTAL STAFF COSTS</b>	<b><u>3,324,698</u></b>	<b>2,909,965</b>

The above staff costs are analysed as follows:	2020-21 £	2019-20 £
<b>Board members</b>		
Chair's salary and Board member fees	63,219	67,675
Social security costs	2,154	2,244
Other pension costs – superannuation re Chair	8,835	8,505
	74,208	78,424
<b>Senior Leadership Team</b>		
Salaries	166,822	163,511
Social security costs	18,618	20,086
Other pension costs – superannuation	45,366	55,516
	230,806	239,113
<b>Employment Relations Services</b>		
Salaries	1,466,787	1,314,270
Social security costs	121,886	112,813
Other pension costs – superannuation	404,704	373,546
	1,993,377	1,800,629
<b>Corporate Services</b>		
Salaries	484,339	400,296
Social security costs	39,233	34,401
Other pension costs – superannuation	126,661	112,967
Employment agency staff	186,793	83,712
	837,026	631,376
<b>Certification Office</b>		
<b>Certification Officer: Salary</b>	20,661	21,143
Social security costs	1,801	1,727
Other pension costs – superannuation	6,707	6,491
	29,169	29,361
Salaries	98,235	78,416
Social Security costs	8,423	9,409
Other pension costs – superannuation	26,671	31,290
Employment Agency Staff	26,783	11,947
	160,112	131,062
<b>TOTAL EMPLOYMENT COSTS</b>	<b>3,324,698</b>	<b>2,909,965</b>

## Pension Costs

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

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

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

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

For 2020-21, employers' contributions of £615,206 were payable to the NICS pension arrangements (2019-20: £574,330) at one of three rates in the range 28.7% to 34.2% (2019-20: 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 £nil (2019-20: £nil) 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% (2019-20, 8% to 14.75%) of pensionable pay.

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

Employer contributions of £nil, 0.5% (2019-20: £nil, 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.

No persons (2019-20: none) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2019-20: £nil).

## Average Number of Persons Employed

*This section is subject to audit.*

The average number of whole-time equivalent persons employed during the year was as follows (figures rounded up):

	2020-21 Male	2020-21 Female	2020-21 Total	2019-20 Total
Chair and Board Members	3	6	9	9
Senior Leadership Team	3	0	3	3
Employment Relations Services	16	21	37	37
Corporate Services	4	11	15	14
The Certification Officer	0	1	1	1
Certification Office Staff	1	2	3	4
<b>Total</b>	<b>27</b>	<b>41</b>	<b>68</b>	68
Employment Agency staff	4	3	7	4
Inward secondment	0	2	2	3
<b>TOTAL</b>	<b>31</b>	<b>46</b>	<b>77</b>	75

## Off Payroll Disclosures

There were no off payroll payments made during 2020-21 (2019-20: none).

## Sick Absence

The number of days lost per member of staff through sick absence in 2020-21 was 6.0 days (2019-20: 13.7 days). This was 2.6% of available working days (2019-20: 6.1%). Some 68% of staff had no sick absence in 2020-21 (2019-20: 33%).

It is likely that the cause of the significant reduction in sick absence experienced in 2020-21 is due to a number of factors. Undoubtedly, more frequent handwashing, social distancing, restrictions on movement, and working from home because of Covid-19 have meant that staff have been less exposed to other viruses, such as colds and flus. The Agency's investment in staff health and wellbeing is also likely to have had a positive impact.

All staff who take sick leave receive a return to work interview with their line manager to understand the cause of their absence and what action can be taken to help prevent recurrence. An absence management plan is put in place for staff who experience long-term sick absence, which includes regular contact from line management and the HR Team, and referrals to the Occupational Health Service (OHS) and the NICS Welfare Support Service. Attendance is formally reviewed after four occasions of absence, or when a staff member has been absent for 10 working days, in a rolling 12-month period. Following such a review, a staff member may be issued with a formal notice of concern that their absences are at risk of becoming unsustainable and may ultimately be dismissed.

All staff have access to an Employee Assistance Programme, operated by Inspire Workplaces. As part of this, staff have access to a confidential helpline and counselling, and guidance on a range of health and well-being matters.

In addition, the Agency provides a range of health and well-being initiatives. Normally, these include health checks provided by Chest, Heart and Stroke, flu vaccinations, and massages at work to relieve stress. With the exception of flu vaccinations, Covid-19 public health restrictions prevented these initiatives being implemented in 2020-21.

A Health and Well-Being Strategy is in place to help promote healthy lifestyles. This has a particular focus on mental health. This was supplemented by the 'Together' People Programme in 2020-21, which set out how the Agency would support staff while they are working from home.<sup>41</sup>

### Staff Policies Regarding Disabled People

The Agency is an equal opportunities employer, dedicated to the promotion of equality in all aspects of working life.

Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Reasonable adjustments for disabled job applicants are made on request.

The Agency makes reasonable adjustments to enable disabled staff members to perform their duties effectively and participate fully in meetings and events. OHS and the Welfare Support Service, and Access Centre NI where appropriate, are used to advise on the provision of reasonable adjustments. Reasonable adjustments are in place for a number of staff.

The Agency has signed up to the Mental Health Charter.<sup>42</sup> The Charter has been developed by the Equality Commission and mental health organisations to provide a framework for working towards mentally healthy workplaces. As part of this, a Mental Health at Work Champion was appointed at Board level.

A Disability Action Plan has been developed for the period 2020-23, in line with the Agency's statutory duty under Section 49B of the Disability Discrimination Act 1995. This was developed with expert advice from North West Forum of People with Disabilities, to whom we are very grateful, and in consultation with disabled staff members.<sup>43</sup>

### Learning and Development

In October 2020, the Agency became the first public body in Northern Ireland to achieve the new and more challenging sixth generation Investors in People (IiP) Gold standard. IiP recognises the effective investment made in, and management of, learning and development and staff participation in business planning and decision-making.

A Learning and Development Plan is agreed each year, which determines organisation wide priorities for the investment of the Learning and Development budget.

The Agency has in place a Leadership Development Programme, developed and delivered by Queen's University Belfast. To date, two cohorts of 12 staff have participated from a wide range of grades (Employment Relations Manager to Administrative Officer). A third cohort is due to complete the programme in June 2021.

<sup>41</sup> Available at: <https://www.lra.org.uk/resources/labour-relations-agency-together-people-programme-may-2020>.

<sup>42</sup> Further information is available at: [www.equalityni.org/MentalHealthCharter](http://www.equalityni.org/MentalHealthCharter).

<sup>43</sup> The Disability Action Plan is available at: <https://www.lra.org.uk/resources/labour-relations-agency-disability-action-plan-2020-2023>.



The Agency also continues to support the Post Graduate Certificate in NI Employment Law, which is delivered in partnership with Ulster University and Legal Island. To date, seven staff have successfully completed the course.

The Agency's staff spent a total of 277 days (2019-20: 325 days) on learning and development activities (of which, 33 were on health and well-being activities). This represents an average number of training days per member of staff of 3.6 (2019-20: 5.6), excluding Board Members. The reduction reflects a move away from classroom-based learning to webinars and a need to prioritise service delivery due to increased customer demand. Furthermore, there were increased training requirements in the prior year as the Agency prepared for EC implementation in January 2020.

### Other Employee Matters

The Agency is committed to engaging effectively with its staff. Formal Management and TUS consultation is facilitated through the Agency's Joint Negotiating and Consultative Committee (JNCC). The TUS also attends a Board meeting each year to discuss employment relations and was able to confirm that the Agency continues to enjoy a very positive employment/industrial relations culture.

An Employment Relations Group (ERG), comprising staff at all grades and from each team, meets monthly. The terms of reference for the ERG have been agreed with the TUS and focus on promoting health and well-being and greater staff participation in decision-making.

A joint Health, Safety and Wellbeing Committee, with management and TUS representation, oversees and coordinates activities to help ensure the Agency provides a healthy and safe working environment for its staff and customers. Furthermore, health and safety is a standing agenda item at formal JNCC meetings.

A Covid-19 health and safety risk assessment has been carried out for the eventual re-opening of the Agency's Head Office. A number of safety measures are in place for this, including a thermal imaging camera to take the temperature of people entering the building, automatic doors and other measures to reduce the number of touch-points, and hand sanitiser stations throughout the building. Similar measures will be installed for the re-opening of the Regional Office once their effectiveness has been assessed in Head Office.

### Expenditure on Consultancy

There was no expenditure on consultancy during 2020-21 (2019-20: none).

### Reporting of Civil Service and Other Compensation Schemes – Exit Packages

This section is subject to audit.

One staff member received a Special Severance Payment (£10k-£15k, including payment in lieu of notice and outstanding holiday pay) in line with the provisions of Managing Public Money Northern Ireland (2019-20: none).<sup>44</sup>

<sup>44</sup> See 'Special Payments', Section A.4.13 available at: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/managing-public-money-ni-2012-annexes.pdf>.

# Assembly Accountability and Audit Report

## Assembly Accountability Disclosures

### Losses and Special Payments

*This section is subject to audit.*

There were no losses in 2020-21 (2019-20: £nil).

No special payments were made during 2020-21 (2019-20: none).

### Fees and Charges

*This section is subject to audit.*

No fees are chargeable by the Agency (2019-20: none).

### Remote Contingent Liabilities

*This section is subject to audit.*

There were no remote contingent liabilities as at 31 March 2021 (2019-20: none).



**Don Leeson**  
Chief Executive/Accounting Officer  
2 July 2021

# 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 Labour Relations Agency for the year ended 31 March 2021 under the Industrial Relations (Northern Ireland) Order 1992. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the 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 Labour Relations Agency's affairs as at 31 March 2021 and of the Labour Relations Agency's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial Relations (Northern Ireland) Order 1992 and Department for the Economy directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

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

My staff and I are independent of the Labour Relations Agency in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Labour Relations Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the Labour Relations Agency 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 Labour Relations Agency'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 Labour Relations Agency 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 Board and 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 Board and the Accounting Officer are responsible for the other information included in the annual report. 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 the Department for the Economy directions made under the Industrial Relations (Northern Ireland) Order 1992; 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 Labour Relations Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Labour Relations Agency'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 Labour Relations Agency will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to examine, certify and report on the financial statements in accordance with the Industrial Relations (Northern Ireland) Order 1992.

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 Labour Relations Agency through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included Health and Safety Legislation, the Industrial Relations (Northern Ireland) Order 1992, the Fair Employment (Northern Ireland) Act 1989 and relevant tax laws;
- making enquires of management and those charged with governance on Labour Relations Agency'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 Labour Relations Agency'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: revenue recognition, posting of unusual journals and unreasonable management 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;
- 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 inquiries of management and those charged with governance;
- 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; and

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 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.

### Report

I have no observations to make on these financial statements.



*K J Donnelly*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*1 Bradford Court*  
*Galwally*  
*BELFAST*  
*BT8 6RB*

*08 July 2021*

Chapter 3

# Financial Statements



# Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2021

	Notes	Agency £	Certification Officer £	2020-21 Total £	2019-20 Total £
Income	3	-	-	-	-
<b>Expenditure</b>					
Staff costs	See Remuneration & Staff Report	3,135,417	189,281	3,324,668	2,909,965
Depreciation and amortisation	4	258,231	-	258,231	239,090
Other expenditure (excluding depreciation and amortisation)	4	1,252,656	41,361	1,294,017	1,093,116
<b>Total expenditure</b>		<b>4,646,304</b>	<b>230,642</b>	<b>4,876,946</b>	<b>4,242,171</b>
<b>Net operating expenditure</b>				<b><u>4,876,946</u></b>	<b><u>4,242,171</u></b>

## Other Comprehensive Expenditure

	Notes	2020-21 £	2019-20 £
Net Operating Expenditure		4,876,946	4,242,171
<b>Items that will not be reclassified to net Operating Expenditure:</b>			
Net loss/(gain) on revaluation of Property, Plant and Equipment	5	14,583	(4,082)
Net gain on revaluation of Intangibles	6	(4,452)	(3,639)
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2021</b>		<b><u>4,887,077</u></b>	<b><u>4,234,450</u></b>

All amounts above relate to continuing activities.

The notes on pages 65 to 78 form part of these financial statements.

# Statement of Financial Position as at 31 March 2021

	Notes	2021 £	2020 £
<b>Non-current assets:</b>			
Property, plant and equipment	5	238,371	291,051
Intangible assets	6	<u>222,108</u>	<u>202,664</u>
<b>Total non-current assets</b>		<b>460,479</b>	<b>493,715</b>
<b>Current assets:</b>			
Trade and other receivables	7	82,654	142,891
Cash and cash equivalents	8	<u>412,721</u>	<u>310,248</u>
<b>Total current assets</b>		<b><u>495,375</u></b>	<b><u>453,139</u></b>
<b>Total assets</b>		<b>955,854</b>	<b>946,854</b>
<b>Current Liabilities</b>			
Trade and other payables	9	(385,549)	(244,153)
Provisions	11	(205,985)	(86,750)
<b>Total current liabilities</b>		<b><u>(591,534)</u></b>	<b><u>(330,903)</u></b>
<b>Total assets less liabilities</b>		<b><u>364,320</u></b>	<b><u>615,951</u></b>
<b>Taxpayers' equity</b>			
Revaluation reserve		48,985	59,118
General reserve		<u>315,335</u>	<u>556,833</u>
<b>Total taxpayers' equity</b>		<b><u>364,320</u></b>	<b><u>615,951</u></b>

The notes on pages 65 to 78 form part of these financial statements.

The financial statements on pages 61 to 78 were approved by the Board on 24 June 2021 and were signed on its behalf by:



**Don Leeson**  
Chief Executive and Accounting Officer

# Statement of Cash Flows for the Year Ended 31 March 2021

	Notes	2020-21 £	2019-20 £
<b>Cash flows from operating activities</b>			
Net operating expenditure		(4,876,946)	(4,242,171)
Adjustments for non-cash transactions	4	258,231	239,090
Decrease/(Increase) in trade and other receivables		60,237	(89,788)
Increase/(decrease) in trade and other payables and provisions		260,631	(64,569)
<b>Net cash outflow from operating activities</b>		<b>(4,297,847)</b>	<b>(4,157,438)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant, property and equipment	5	(68,510)	(149,850)
Purchase of intangible assets	6	(166,618)	(99,715)
<b>Net cash outflow from investing activities</b>		<b>(235,128)</b>	<b>(249,565)</b>
<b>Cash flows from financing activities</b>			
Financing – grant from Department for the Economy*			
– Agency		4,396,448	4,057,000
– Certification Officer		239,000	199,000
<b>Net financing</b>		<b>4,635,448</b>	<b>4,256,000</b>
<b>Cash and cash equivalents at the beginning of the year</b>	8	<b>310,248</b>	<b>461,251</b>
<b>Net increase/(decrease) in cash and cash equivalents in the year</b>	8	<b>102,473</b>	<b>(151,003)</b>
<b>Cash and cash equivalents at the end of the year</b>	8	<b>412,721</b>	<b>310,248</b>

Note:

\*The grant is intended to finance both revenue and capital expenditure, details of which are summarised in the Statement of Comprehensive Net Expenditure (SoCNE) and Notes 4, 5 and 6 to the accounts respectively.

# Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2021

This statement shows the movement in the year on the different reserves held by the Labour Relations Agency, 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.

	Notes	General Reserve £	Revaluation Reserve £	Total Reserves £
<b>Balance at 31 March 2019</b>		543,004	51,397	594,401
<b>Changes in Taxpayers' Equity 2019-20</b>				
Grant from Department for the Economy		4,256,000	-	4,256,000
Comprehensive expenditure for the year (excluding Auditor's remuneration)		(4,228,171)	-	(4,228,171)
Auditor's Remuneration	4	(14,000)	-	(14,000)
<b>Movements in Reserves</b>				
Net gain on revaluation of property, plant & equipment and intangible assets	5 & 6	-	7,721	7,721
<b>Balance at 31 March 2020</b>		556,833	59,118	615,951
<b>Changes in Taxpayers' Equity 2020-21</b>				
Grant from Department for the Economy		4,635,448	-	4,635,448
Comprehensive expenditure for the year (excluding Auditor's remuneration)		(4,862,444)	-	(4,862,444)
Auditors' Remuneration	4	(14,500)	-	(14,500)
<b>Movements in Reserves</b>				
Net loss on revaluation of property, plant & equipment and intangible assets	5 & 6	-	(10,133)	(10,133)
<b>Balance at 31 March 2021</b>		315,335	48,985	364,320

# Notes to the Financial Statements for the Year Ended 31 March 2021

## 1. Accounting Policies

### Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Labour Relations Agency and the Certification Officer for Northern Ireland for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Labour Relations Agency and the Certification Officer for Northern Ireland are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### Critical accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Management continually evaluate their estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. Key accounting estimates include accrued expenses and provisions.

### 1.1 Accounting convention

The accounts have been prepared on a going concern basis. With funding confirmed for the 2021-22, and the limited financial impact of the Covid-19 pandemic, the Agency has a clear view of how it will continue to operate for at least 12 months from the date of approval of these financial statements.

The Agency has responsibility under Article 69 of the Industrial Relations (Northern Ireland) Order 1992 to provide the Certification Officer for Northern Ireland with the requisite accommodation, equipment, facilities, remuneration, travelling and other expenses, together with such sums as she may require for the carrying out of her duties. The Agency also has responsibility under paragraph 15(2) of Schedule 4 to the 1992 Order to show separately sums disbursed to or on behalf of the Certification Officer.

The financial statements incorporate the results for the Certification Officer for Northern Ireland, and have been prepared in accordance with the historical cost convention, modified by the revaluation of certain fixed assets, and with the Industrial Relations (Northern Ireland) Order 1992. These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

## 1.2 Recognition of Income

The approved resource allocations from DfE are credited direct to the General Fund reserve on an accruals basis. The annual recurrent allocations from DfE are intended to meet recurrent costs. Income from services rendered is included to the extent of the completion of the contract or service concerned.

## 1.3 Property, plant and equipment

The cost of property, plant and equipment comprises the purchase price and any installation charge.

A capitalisation threshold of £1,000 (excluding VAT) for all assets is applied. On initial recognition assets are measured at cost, including any costs such as installation directly attributable to bringing them into working condition.

For all assets, depreciation is calculated to write off their cost or valuation over their estimated useful lives. Additions in the year bear a due proportion of the annual charge.

The methods adopted and estimated useful lives used are:

Adaptations to short leasehold buildings – 10 years straight line

Office equipment, furniture and fittings – 5 & 7 years straight line

Computer equipment – 3 years straight line

Property, plant and equipment are revalued by reference to appropriate “Price Index Numbers for Current Cost Accounting” produced by the Office for National Statistics. Surpluses on revaluation of assets are credited to revaluation reserve pending their realisation.

To the extent that depreciation based on the revalued amount exceeds the corresponding depreciation on historical cost, the excess represents realisation of the surplus and is transferred annually from the revaluation reserve to the general fund.

## 1.4 Intangible assets

Intangible assets comprise capitalised operational software licenses and the costs involved in implementing the software. The cost of licences and implementation costs are amortised over their expected useful lives of three years. The minimum level for capitalisation of an intangible asset is £1,000 (excluding VAT). These assets have been restated using valuation techniques produced by the Office for National Statistics.

## 1.5 Pensions

Present and past employees are covered by the provisions of the NICS pension arrangements which are unfunded multi-employer defined benefit schemes. The Agency is

unable to identify its share of the underlying assets and liabilities. The Agency recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS pension arrangements of amounts calculated on an accruals basis. All pension contributions are charged to Net Expenditure when incurred.

### 1.6 Value Added Tax

The Agency does not have any income which is subject to output VAT. Accordingly, the Agency cannot recover any input VAT. Therefore, all expenditure includes input VAT.

### 1.7 Operating Leases

The total cost of operating leases is expensed in equal instalments over the life of the lease.

### 1.8 Operating Income

Operating income principally relates to bank interest receivable which is accounted for on an accruals basis.

### 1.9 Accounting standards, interpretations and amendments to published standards not yet effective

The Agency has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. The Agency considers that these are unlikely to have a significant impact on the accounts in the period of initial application.

### 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 Agency 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 de-recognition. A financial liability is derecognised when, and only when, it is extinguished.

The Agency has financial instruments in the form of trade receivables, trade payables and cash at the bank.

Cash and other receivables are classified as financial instruments as they are initially measured at fair value and are subsequently measured at amortised cost, if appropriate, using the effective interest method less any impairment.

Financial liabilities are initially measured at fair value, net of transaction costs, if applicable. They are subsequently measured at amortised cost using the effective interest method.

### 1.11 Staff Costs

Under IAS 19 Employee Benefits legislation, all 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 as at the year end. The cost of untaken leave has been determined using the Agency's annual leave records.

### 1.12 Impending application of newly issued accounting standards not yet effective

The Agency has not yet applied a new accounting standard IFRS 16 Leases, which has been issued, but will not be effective in the public sector until 1 April 2022.

Under IFRS 16 Leases, a lessee will no longer make a distinction between finance leases and operating leases; all leases will be treated as finance leases with the exception of short term and low value leases.

In the Statement of Financial Position, the Agency will recognise the asset and liability for the lease; while in the statement of the profit and loss, the Agency will recognise the interest cost and depreciation of the leased asset instead of the operating lease expenses.

At 31 March 2021, the Agency holds two operating leases that will be affected by the implementation of IFRS 16 Leases. Had IFRS 16 Leases been applied for the first time in the year to 31 March 2021 the estimable effects would have been an increase in right-of-use assets of £386,225 and a corresponding lease liability of £386,225.

### 1.13 Provisions

The Agency recognises a provision where the following criteria are fulfilled:

- The Agency has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and,
- A reliable estimate can be made of the amount of the obligation.

## 2. Statement of Operating Costs by Operating Segment

The two main segments operating in the Labour Relations Agency are the Agency itself and the Certification Officer. The principal activities of the Agency are to assist employers, employees and their representatives to improve the conduct of their employment relations. The Agency provides a range of services to those engaged in industry, commerce and the public services. These services include advice and assistance on all aspects of employment relations and employment practices and also comprehensive conciliation and arbitration services for resolving both individual and collective matters. The Certification Officer is responsible for ensuring that trade unions and employer's associations comply with statutory provisions relating to the regulation of trade unions and employers' associations. The non-current assets of the Agency are all located in Northern Ireland.



	2020-21		2019-20	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Gross Expenditure	4,646,303	230,641	4,042,925	199,246
Income	-	-	-	-
Net Expenditure	4,646,303	230,641	4,042,925	199,246

## 2.1 Reconciliation between Operating Segments and SoCNE/SoFP

	2020-21		2019-20	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Total net expenditure reported for operating segments	4,646,303	230,641	4,042,925	199,246
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	4,646,303	230,641	4,042,925	199,246

## 3. Income

No income was received in 2020-21 (2019-20: none).

#### 4. Other Expenditure

	Agency £	Certification Officer £	2020-21 Total £	Agency £	Certification Officer £	2019-20 Total £
<b>Cash items</b>						
<b>Premises Costs:</b>						
Rent, under operating leases, including car parks	281,043	20,837	301,880	286,699	14,933	301,632
Rates, including car parks	80,457	4,349	84,806	96,522	4,349	100,871
Service charges maintenance, cleaning, security, heating, lighting and insurance	320,083	4,664	324,747	120,466	4,733	125,199
<b>Other Office Running Costs:</b>						
Staff training	54,283	-	54,283	33,698	-	33,698
IT Managed Services, maintenance, licences, & development	254,499	3,000	257,499	198,925	3,160	202,085
Postage and telephones	66,817	324	67,141	70,630	444	71,074
Library services	17,485	-	17,485	16,286	-	16,286
Office, supplies, photocopying, printing and stationery	13,331	-	13,331	26,971	710	27,681
Publications and advertising	37,532	456	37,988	18,380	-	18,380
Conference & Seminars	2,546	-	2,546	3,009	1,050	4,059
Travel and subsistence	1,804	-	1,804	25,259	1,332	26,591
Hospitality	(28)	-	(28)	6,871	-	6,871
Miscellaneous expenditure	19,181	5,929	25,110	13,806	6,330	20,136
Interpreter fees and venue hire	1,606	-	1,606	1,581	-	1,581
Professional subscriptions	8,830	-	8,830	11,908	-	11,908
Advertising (staff vacancies)	19,637	-	19,637	6,140	-	6,140
Bank charges	-	-	-	6	-	6

<b>Fees and Expenses:</b>						
Other professional fees*	46,648	798	47,446	45,711	778	46,489
Arbitration fees and expenses	4,820	-	4,820	14,673	-	14,673
Internal auditor's remuneration	9,053	512	9,565	6,292	512	6,804
External auditor's remuneration	14,008	492	14,500	13,508	492	14,000
Research and Development	(979)	-	(979)	36,952	-	36,952
<b>Total cash expenditure</b>	<b>1,252,656</b>	<b>41,361</b>	<b>1,294,017</b>	<b>1,054,293</b>	<b>38,823</b>	<b>1,093,116</b>
<b>Non-cash items</b>						
<b>Depreciation and amortisation</b>						
Depreciation of property, plant and equipment	106,607	-	106,607	121,088	-	121,088
Amortisation of intangible assets	151,624	-	151,624	118,002	-	118,002
Sub Total Depreciation	258,231	-	258,231	239,090	-	239,090
<b>Total net Non-cash expenses</b>	<b>258,231</b>	<b>-</b>	<b>258,231</b>	<b>239,090</b>	<b>-</b>	<b>239,090</b>
<b>Total</b>	<b>1,510,887</b>	<b>41,361</b>	<b>1,552,248</b>	<b>1,293,383</b>	<b>38,823</b>	<b>1,332,206</b>

\* Includes National Fraud Initiative fee of £1,250 paid to the NIAO.

## 5. Property, Plant and Equipment 2020-21

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2020	753,622	296,307	506,893	6,615	5,655	1,569,092
Additions	18,169	11,437	38,904	-	-	68,510
Adjustment / (Impairment) arising on revaluation	(80,411)	(24,102)	11,130	(440)	124	(93,699)
<b>At 31 March 2021</b>	<b>691,380</b>	<b>283,642</b>	<b>556,927</b>	<b>6,175</b>	<b>5,779</b>	<b>1,543,903</b>
<b>Depreciation</b>						
At 1 April 2020	611,918	263,907	389,946	6,615	5,655	1,278,041
Charge for the year	33,549	7,972	65,086	-	-	106,607
Adjustment / (Impairment) arising on revaluation	(65,292)	(22,070)	8,562	(440)	124	(79,116)
<b>At 31 March 2021</b>	<b>580,175</b>	<b>249,809</b>	<b>463,594</b>	<b>6,175</b>	<b>5,779</b>	<b>1,305,532</b>
<b>Carrying amount at 31 March 2020</b>	<b>141,704</b>	<b>32,400</b>	<b>116,947</b>	<b>-</b>	<b>-</b>	<b>291,051</b>
<b>Carrying amount at 31 March 2021</b>	<b>111,205</b>	<b>33,833</b>	<b>93,333</b>	<b>-</b>	<b>-</b>	<b>238,371</b>

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2021 statistics.

### Note:

The depreciation charge per Note 5 of £106,607 (2020: £121,088) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2021 (2020: £nil).

## 5. Property, Plant and Equipment (continued)

### Leased Assets

The adaptations to Agency buildings on short leasehold land carried a Net Book Value at 31 March 2021 of £111,205 (2020: £141,704) and represent the Agency's only leased assets.

#### 2019-20

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2019	700,081	278,161	406,759	6,501	5,562	1,397,064
Additions	42,960	13,567	93,323	-	-	149,850
Adjustment arising on revaluation	10,581	4,579	6,811	114	93	22,178
<b>At 31 March 2020</b>	<b>753,622</b>	<b>296,307</b>	<b>506,893</b>	<b>6,615</b>	<b>5,655</b>	<b>1,569,092</b>
<b>Depreciation</b>						
At 1 April 2019	540,310	248,724	337,760	6,501	5,562	1,138,857
Charge for the year	63,442	11,116	46,530	-	-	121,088
Adjustment arising on revaluation	8,166	4,067	5,656	114	93	18,096
<b>At 31 March 2020</b>	<b>611,918</b>	<b>263,907</b>	<b>389,946</b>	<b>6,615</b>	<b>5,655</b>	<b>1,278,041</b>
<b>Carrying amount at 31 March 2019</b>	<b>159,771</b>	<b>29,437</b>	<b>68,999</b>	<b>-</b>	<b>-</b>	<b>258,207</b>
<b>Carrying amount at 31 March 2020</b>	<b>141,704</b>	<b>32,400</b>	<b>116,947</b>	<b>-</b>	<b>-</b>	<b>291,051</b>

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2021 statistics.

#### Note:

The depreciation charge per Note 5 of £121,088 (2019: £82,366) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2020 (2019: £nil).

## 6. Intangible Assets

Intangible assets comprise computer software, development costs and licences.

### 2020-21

Cost or Valuation	Agency £	Certification Officer £	Total £
At 1 April 2020	926,271	10,078	936,349
Additions	166,618	-	166,618
Adjustment arising on revaluation	20,338	221	20,559
<b>At 31 March 2021</b>	<b>1,113,229</b>	<b>10,299</b>	<b>1,123,526</b>
<b>Amortisation</b>			
At 1 April 2020	723,607	10,078	733,685
Charged in year	151,624	-	151,624
Adjustment arising on revaluation	15,888	221	16,109
<b>At 31 March 2021</b>	<b>891,119</b>	<b>10,299</b>	<b>901,418</b>
<b>Carrying value at 31 March 2020</b>	<b>202,664</b>	<b>-</b>	<b>202,664</b>
<b>Carrying value at 31 March 2021</b>	<b>222,108</b>	<b>-</b>	<b>222,110</b>

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2021 statistics.

#### Note:

The amortisation charge per Note 6 of £151,624 (2019: £118,002) for the year reflects the amortisation provision for intangible assets. No impairment adjustment was required to the SoCNE in 2021 (2020: £nil).

## 6. Intangible Assets (continued)

Intangible assets comprise computer software, development costs and licences.

### 2019-20

Cost or Valuation	Agency £	Certification Officer £	Total £
At 1 April 2019	812,944	9,912	822,856
Additions	99,715	-	99,715
Adjustment arising on revaluation	13,612	166	13,778
<b>At 31 March 2020</b>	<b>926,271</b>	<b>10,078</b>	<b>936,349</b>
<b>Amortisation</b>			
At 1 April 2019	595,632	9,912	605,544
Charged in year	118,002	-	118,002
Adjustment arising on revaluation	9,973	166	10,139
<b>At 31 March 2020</b>	<b>723,607</b>	<b>10,078</b>	<b>733,685</b>
<b>Carrying value at 31 March 2019</b>	<b>217,312</b>	<b>-</b>	<b>217,312</b>
<b>Carrying value at 31 March 2020</b>	<b>202,664</b>	<b>-</b>	<b>202,664</b>

## 7. Trade and other Receivables and Other Current Assets

	2020-21 £	2019-20 £
<b>Amounts falling due within one year:</b>		
Other receivables	193	80,634
Prepayments	82,461	62,257
	<b>82,654</b>	<b>142,891</b>

The above includes £nil (2020: £nil) due to the Agency from the Certification Officer.

## 8. Cash and Cash Equivalents

	Agency £	Certification Officer £	2020-21 Total £	2019-20 Total £
Balance at 1 April 2020	302,853	7,395	310,248	461,251
Net change in cash and cash equivalent balances	92,144	10,329	102,473	(151,003)
<b>Balance at 31 March 2021</b>	<b>394,997</b>	<b>17,724</b>	<b>412,721</b>	<b>310,248</b>
The following balances at 31 March 2021 were held at:				
Commercial banks and cash in hand	394,997	17,724	412,721	310,248
<b>Balance at 31 March 2021</b>	<b>394,997</b>	<b>17,724</b>	<b>412,721</b>	<b>310,248</b>

## 9. Trade and other Payables and Other Current Liabilities

	2020-21 £	2019-20 £
<b>Amounts falling due within one year:</b>		
Trade payables	122	13,181
Accruals	<u>385,427</u>	<u>230,972</u>
<b>Total</b>	<b><u>385,549</u></b>	<b><u>244,153</u></b>

## 10. Capital Commitments

There are no capital commitments at the year-end 31 March 2021 (year ended 31 March 2020: £nil).

## 11. Provisions

	2020-21 £	2019-20 £
<b>Provision – not later than one year:</b>		
Opening balance	86,750	-
Provided in the year	205,985	86,750
Provision released during the year	(86,750)	-
<b>Closing balance</b>	<b>205,985</b>	<b>86,750</b>

At 31 March 2021 the Agency has an obligation associated with relocation to new Head Office accommodation, which is included in the balance above.



There is naturally an element of estimation uncertainty regarding future costs. The Agency has considered the obligation with the help of professional external advice. The estimation is based on: prior experience of other such obligations; the specific characteristics of the property in question; and the detailed obligation it must adhere to. The Agency believes that the estimation uncertainty has been reduced to an acceptable level in making provision for such future costs.

## 12. Commitments under Leases

### Operating Leases

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

Buildings:	2020-21 £	2019-20 £
Not later than one year	307,200	212,220
Later than one year and not later than five years	54,200	212,220
Later than five years	-	-
	<b>361,400</b>	<b>424,440</b>

A three-year extension to the current lease for the Agency's Head Office was concluded in the previous financial year. The original lease was due to expire on 31 May 2019; it now runs until 31 May 2022.

The Regional Office relocated into new premises with effect on 10 June 2019. A five-year lease has been signed to 31 August 2024, with a break clause at 31 August 2022.

## 13. Other Financial Commitments

The Labour Relations Agency has no other financial commitments and has not entered into any non-cancellable contracts.

## 14. Related Party Transactions

The Labour Relations Agency is a Non-Departmental Public Body sponsored by DfE. DfE is regarded as a related party. During the year, the only transactions which the Agency has had with DfE is the receipt of £4,635,448 (2020: £4,256,000) grant, as disclosed in the statement of cash flows.

None of the Board members, members of the Senior Leadership Team, or other related parties has undertaken any material transactions with the Agency during the year, other than the reimbursement of expenses necessarily incurred in the course of their employment.

The Agency's Chair, Marie Mallon, has been a non-executive member of the NIAO's Advisory Board since April 2019.<sup>45</sup> She is also Chair of the NIAO's Remuneration Committee. These are remunerated positions (£500 per day).

## 15. Financial Instruments

As the cash requirements of the Agency and the Certification Officer are met through grant-in-aid provided by DfE, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements, and the Agency is therefore exposed to little credit, liquidity or market risk.

## 16. Impairments

The total impairment charge for the year is £nil (2020: £nil).

## 17. Events after the Reporting Date

There are no events after the reporting period which need to be disclosed.

## 18. Contingent Liability Under IAS 37

There were no contingent liabilities as at 31 March 2021 (31 March 2020: one contingent liability). The contingent liability disclosed as at 31 March 2020 has become a provision (Note 11).

## Date of authorisation for issue

The Accounting Officer authorised these financial statements on 8 July 2021.

<sup>45</sup> Further information about this role is available here: <https://www.niauditoffice.gov.uk/advisory-group>.



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