

Labour Relations Agency Annual Report and Accounts for the Year Ended 31 March 2016

Laid before the Northern Ireland Assembly
under Paragraph 15(5) and
Paragraph 16(1) of Schedule 4 to the
Industrial Relations (Northern Ireland) Order 1992
by the Department for the Economy
31 March 2016

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23 June 2016

Mr Andrew McCormick
Permanent Secretary
Department for the Economy
Netherleigh
Massey Avenue
BELFAST
BT4 2JP

Dear Mr McCormick,

Annual Report and Accounts of the Labour Relations Agency 2015-2016

In accordance with Article 16(1) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992, I have pleasure in submitting the Annual Report and Accounts of the Labour Relations Agency on its activities during the twelve month period ending 31 March 2016.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Marie Mallon", is positioned below the "Yours sincerely," text.

MARIE MALLON
Chair

Enc.

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PERFORMANCE REPORT



Chapter 1

Overview

1.1. MISSION STATEMENT, EQUALITY STATEMENT, CORE VALUES

Mission Statement

To improve employment relations, promote best employment practice and resolve workplace disputes through the delivery of quality, impartial and independent services.

Equality Statement

The Labour Relations Agency (the Agency), in line with our Equality Scheme as approved by the Equality Commission in May 2012, is fully committed to supporting the elimination of all forms of discrimination in employment and to using its services to help secure the objectives of fair employment, equal opportunity and good relations. The Agency is committed to ensuring equality of opportunity, recognising diversity, treating everyone fairly and without discrimination. As a provider of services the Agency includes equality of treatment as a fundamental principle of good employment relations and best employment practice. As an employer the Agency seeks to ensure that its employment policies, procedures and practices conform to good practice as outlined in relevant Codes of Practice. The Agency by July of each year ensures that all its commitments set out in the Equality Scheme have been adequately addressed and that all necessary equality monitoring returns have been completed and issued. The Agency's Equality Scheme is available on the Agency's website www.lra.org.uk.

Core Values

In delivering services the Agency will:

- be accessible;
- respond to customer needs;
- be open and accountable;
- act promptly;
- be professional;
- behave with integrity;
- maintain confidentiality;
- respect diversity and opinions;
- value, consult and involve staff;
- demonstrate value for money.

Background Information

The Agency is an executive Non-Departmental Public Body (NDPB) sponsored by the Department for the Economy (DfE) following the restructuring of Government Departments on 9 May 2016. For the duration of this reporting period the Agency was sponsored by the Department for Employment and Learning (DEL). It was established in 1976 under the Industrial Relations (Northern Ireland) Order 1976 and continued by the Industrial Relations Order (Northern Ireland) 1992.

Principal Activities

The Agency's principal activities are to assist employers, employees and their representatives to improve the conduct of their employment relations.

The Agency provides effective, impartial and confidential services to those engaged in industry, commerce and the public services in Northern Ireland, those services include:

- advice and assistance on all aspects of employment relations and employment practices;
- comprehensive conciliation, mediation and arbitration facilities for resolving both individual and collective matters.

This service is available to employers, employers' associations, individual employees, trade unions and other organisations or to individuals who require assistance with any question relating to employment relations or employment matters.

The Headquarters of the Agency are located at 2 -16 Gordon Street, Belfast BT1 2LG. The Agency also has a Regional Office located at 1-3 Guildhall Street, Londonderry BT48 6BB. Both offices are equipped to provide the full range of advisory and dispute resolution services to employers and employees throughout the province.



1.2. CHAIR'S FOREWORD

This reporting year has been particularly challenging due in part to political and policy uncertainty but also the impact of the ongoing public expenditure constraints. The November 2015 Fresh Start Agreement has created a new political momentum and the successful passage of the 2015 Employment Bill establishes a change agenda that will have very significant implications for the Agency in terms of how it presents and delivers its Conciliation, Mediation and Arbitration services. Even though the Agency's funding has remained static since 2010 the enterprise and commitment of our staff has ensured that we have been able to sustain the level and quality of our frontline services. On behalf of the Agency's Board I want to put on record our heartfelt appreciation for the huge contribution that our staff makes to Northern Ireland's economic and social wellbeing through the services they provide to employers, employees and their representative organisations.

The Agency has continued to deliver an extensive programme of good practice seminars and workshops as well as Advisory services tailored to individual customer needs. There has been an increased demand for all of our Dispute Resolution services which again demonstrates the valued role that the Agency plays in ensuring that Northern Ireland's labour market operates effectively. Customer feedback about the relevance and quality of all our services is central to the Agency continuous improvement commitment; it is very encouraging that all of our service delivery targets have been exceeded. The passage of the 2015 Employment Bill is a very important development and the Agency was delighted to have the opportunity to present evidence to the Assembly's Employment and Learning Committee. It was also encouraging to hear during the Assembly debates the very positive comments about the Agency's work and the economic value of having a strong employment relations system. A huge amount of effort has been invested by our staff in refining the operational arrangements that will underpin the new Early Conciliation (EC) service. Our staff also grasped every opportunity to raise awareness amongst our key stakeholders about how the new service will differ from the existing

system; and I want to take this opportunity to thank all of the organisations who hosted those consultation events.

The Agency enjoys a very positive and collaborative relationship with a wide range of stakeholder organisations and with our delivery partners. I want to thank all of the organisations that have supported our work over the past year. Stakeholder engagement will continue to be a strategic priority for the Agency going forward. During the past year the Agency facilitated meetings of the Northern Ireland Roundtable on Employment Relations which is representative of all employer organisations and trade unions; those discussions have been very positive in exploring how the Roundtable can influence the direction of the new Programme for Government post the May 2016 Elections. The Agency has a statutory role to promote the improvement of good employment and industrial relations and collectively the Board and our Senior Management Team (SMT) engaged with a wide range of stakeholders to explore further opportunities to increase our influence on the labour market.

The Agency's Board has also been very proactive in providing advice, direction and support to me and the SMT throughout the reporting period. Two new Board members were appointed in December 2015 and the Board took time out to reflect on Board effectiveness and to establish the business priorities for 2016-17. The Board has established a number of strategic challenges that are consistent with the Agency's statutory role as the primary deliverer of employment relations services in collaboration with our partner organisations. A key theme for 2016-17 will be innovation with the Agency seeking to develop a more integrated approach to the delivery of frontline services and to make a positive contribution to the Executive's new Programme for Government (PfG).

Finally, I want to personally thank all of our staff for their continued support and work over the past year.



1.3. CHIEF EXECUTIVE'S OVERVIEW

The past twelve months has been extremely busy and challenging but also very rewarding in terms of what the Agency has been able to achieve with the support of our stakeholders and delivery partners. Demand for our Advisory and Dispute Resolution services continued to grow which is a very positive endorsement that the Agency's services are valued by both employees and employers. We set very challenging targets for all of our frontline services and it is pleasing to be able to report that all of the critical service delivery targets were substantially exceeded.

The Agency's core purpose is to deliver responsive and high quality employment relations services and the feedback from our customers over the past year has been hugely positive. It is highly encouraging that 100% of employers reported that they had amended their documentation/systems following assistance from the Agency and only 10% of individual rights claims referred to the Agency subsequently escalated to an employment tribunal. This level of satisfaction can only be achieved through the commitment and collective endeavours of our frontline staff and I want to put on record my appreciation for their continued support. During the reporting period the Agency continued to invest in learning and development; and this was recognised through the recent Investors in People (IiP) assessment with the Agency achieving IiP Gold.

As a service delivery organisation we are rightly focused on the needs of our customers, but as a public body it is equally important that we take seriously our accountability and legal compliance responsibilities. In this regard I want to thank our Corporate Services team for their dedication in supporting the Board and SMT in ensuring that the Agency is able to report a high standard of compliance. I also want to recognise the vital contribution of the Agency's Joint Negotiating and Consultative Committee (JNCC) in ensuring that there continues to be very positive and stable industrial and employment relations at a time of great uncertainty.

The policy environment again took centre stage courtesy of the DEL Employment Bill. The Agency provided evidence to the Assembly's Employment and Learning Committee and also refined the Early Conciliation (EC) delivery model following extensive consultation with a wide range of stakeholders. I want to take this opportunity to thank the many stakeholder organisations who have again promoted and supported the Agency so positively during this reporting period. I also want to thank the Board for the continued support and strategic direction that it has provided over the past year. The Agency is about to move into the final year of the current Corporate Plan and the Board is already focusing on the challenges that are likely to emerge following the formation of a new Executive post the May 2016 Assembly Elections.

In conclusion, 2015-16 has been a very positive and successful year and the Agency is well placed to meet the challenges that will be presented in the new Programme for Government (PfG). Being operationally ready to deliver the new EC service from May 2017 will be a key focus but also listening to our customers and responding to the needs of the Northern Ireland labour market will remain a high priority. The Agency looks forward to meeting those challenges in partnership with the Northern Ireland employment relations community.

A handwritten signature in black ink, appearing to read 'R. O'Sullivan', written in a cursive style.

1.4. KEY CORPORATE RISKS

The Board and Audit and Risk Assurance Committee (ARAC), on the basis of advice from the Accounting Officer, determine the risk appetite of the Agency. In matters of legal compliance and where public sector values such as fairness and openness may be impacted the Agency is deliberately risk averse and controls are maximized. In all other operational areas the Agency is willing to accept a degree of risk that is commensurate with the likelihood of materialisation and the potential impact. The Agency currently recognises and actively manages the following eight high level risks:

1. **Loses credibility and does not adequately influence changes in the Northern Ireland employment relations environment.**

The employment relations environment in Northern Ireland is in a constant state of change due to economic and political factors as well as public policy developments such as the move to reduce corporation tax and changes to Northern Ireland's employment law regime. Other drivers include the ongoing programme of structural reform across the public sector. The employment relations environment is a key part of Northern Ireland's socio-economic landscape and is the area within which the Agency primarily operates and in which it needs to be expert.

The Agency does this by scanning the business and regulatory environments and by developing and maintaining very positive relationships with key stakeholders representing employers (e.g. Confederation of British Industry (CBI), Federation of Small Businesses (FSB), Chamber of Commerce and Institute of Directors (IoD) and employees (e.g. the Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU)). The current major initiative in this field is the Agency's facilitation of the NI Employment Relations Roundtable which enables collaborative discussion by all key stakeholders on matters of public policy, skills and research.

The risk is that the Agency is viewed as being out of touch with the needs of employers/employees and the wider economy which could adversely impact its reputation and credibility with stakeholders and Government.

The controls which the Agency has in place to deal with this risk are its ongoing intelligence gathering, the corporate and business planning process, ongoing support for the work of the NI Employment Relations Roundtable and ensuring that the Agency takes a neutral but influential position on employment relations matters.

2. **Loss of reputation for the provision of high quality, independent employment relations services.**

The Agency has 68 full time equivalent staff with 50+ staff being directly involved in the delivery of frontline services to clients. There is an ongoing need to ensure that our people have access to continual professional development in the specialist areas of dispute prevention and resolution. The Agency ensures that all new recruits undertake an extensive programme of initial training before they are assessed as being competent to deliver Advisory/Dispute Resolution services.

Such personal development is by its nature specialised and requires a bespoke approach; it can therefore be difficult to source expert trainers with an understanding of local conditions that apply in Northern Ireland. The risk is that the competence of operational staff may diminish and adversely impact the quality of service resulting in significant reputational damage.

The controls to address this risk include: tailored personal development; allocation of sufficient resources to deliver the annual learning and development plan; prioritisation of leadership, management and coaching training, and alignment of corporate/business objectives with those at an individual and team level.

Feedback from the ongoing evaluation of frontline services and third party assessments (the Agency recently attained IIP "Gold") indicate that, to date, the risk has been successfully mitigated.

1.4. KEY CORPORATE RISKS cont'd ...

3. Failure to deliver key corporate objectives due to budget pressures.

The Agency has operated under significant budget constraints since 2011 and will continue to do so for the foreseeable future. We are primarily a service delivery organisation with salary related costs representing almost 75% of our core funding with other inescapable expenditure absorbing a further 16%. This leaves a very limited amount of actual “discretionary spend” to cover all other revenue and capital commitments.

The associated risk is that the Agency may fail to deliver on the objectives and key targets set out in our annual business plan.

The Agency’s approach has been to focus on the delivery of strategic priorities in consultation with the Board and our sponsor Department. Detailed monitoring of expenditure with an emphasis on corporate priorities has allowed the Agency to respond quickly to operational pressures. The combination of budget constraints and operational pressures has impacted on the levels of stress experienced by our frontline staff; in response tailored remedial actions have been deployed such as temporary redeployment of staff and resilience training. The Agency has throughout the reporting period ensured that critical business objectives have been achieved; however the opportunity to progress a number of development projects has been constrained.

4. Information systems do not adequately support business-critical operations.

Delivery of the Agency’s services is highly dependent on the capacity and capability of our IS/IT infrastructure. A failing legacy system has been replaced by a new Case Management Record System (CMRS) for all of our Dispute Resolution services; plans are also well advanced to enhance the system to cover our Advisory services. There is a continuing risk that the Agency’s IS/IT systems may not be sufficiently flexible to accommodate emerging business demands because of limited in-house expertise. The Agency has mitigated this risk through the procurement of an IS Managed Services contract which provides on-site expertise on the basis of a very prescriptive service level agreement.

The Agency continues to be proactive in ensuring that business continuity is preserved; work is already well advanced to secure a new IT system to support our HR/Corporate Services.

5. Records Management systems non-compliant with governing legislation.

The majority of the Agency’s records are held electronically and secured in compliance with international standards; the Agency recently secured accreditation against the ISO27001 standard. An internal review of our records management policies and procedures identified some control weaknesses but raised no concerns about compliance with the governing legislation.

A records management audit was commissioned with an action plan now in place to implement the agreed recommendations. Many of the required detailed operational policies and procedures have already been established as part of the ISO27001 accreditation project.

6. Failure to demonstrate Value for Money (VfM).

The 2010 Quinquennial Review of the Agency identified VfM concerns due to inadequate linkage between the inputs to services (mainly staff costs) and the outcomes of services (socio-economic benefits).

In response, the Agency now evaluates all of its services on an ongoing basis. The Agency also commissioned a number of specific studies which sought to identify the return on investment from our frontline services. The most recent study in 2014 identified a 10:1 ratio for every £1 invested in the services delivered by the Agency.

The Return on Investment concept has gained international credibility and is widely used by the Scottish Government in benchmarking public services. The Agency focuses its attention on the quality, efficiency and effectiveness of service delivery through the generation of unit costs for individual services and ongoing qualitative and quantitative evaluations. Once our new case management system is fully operational the Agency will have a greater capacity to measure performance.

1.4. KEY CORPORATE RISKS cont'd ...

7. Fails to meet its statutory equality duties and best practice standards.

The Agency's operations are guided by commitments set out in our Equality Scheme, designed to ensure substantial compliance with Section 75 of the Northern Ireland Act 1998. The Agency is committed to mainstreaming equality in relation to both the delivery of frontline services and all of our corporate functions, and in this regard a dedicated equality corporate risk has been established.

Key steps taken to mitigate this risk include Board, staff and arbitrator training and awareness. The Agency explicitly considers equality implications as part of its corporate planning and HR Strategy processes. Formal equal pay reviews are carried out every 3 years with interim checks following annual pay agreements. A disability focus group is in place and a disability action plan has been developed.

8. Significant skills deficits following retirement/departure of Board members/senior staff.

The operational and strategic risk of losing key post holders remains a high priority. The Agency maintains a very close relationship with the sponsor Department to ensure that Board vacancies are filled promptly. Two Board appointments were made in the current reporting period and the Board is at full complement.

Similarly, the Agency is proactive in managing the risk of losing key senior staff. A number of vacancies were filled in the current reporting period with a HR specialist being recruited who will lead in the management of future succession planning challenges. The likelihood of risk materialisation will continue to be influenced by the age profile of staff and by turnover of Board members.

The Agency is currently engaged in the production of a new HR Strategy for the period 2017-20 which will include the development of a succession plan. This will be based on a risk analysis of the areas where greatest exposure exists for knowledge loss.

The SMT and Board will have responsibility for monitoring the implementation of the succession plan.

1.5. ADVISORY SERVICES



Mr David McGrath, Director Advisory Services

Responsible for Advisory Assistance, Advisory Workshops, Helpline, Good Employment Practice, Good Practice Seminars, Research, Agency Website.

The Advisory Services Directorate provides information, advice, guidance and support on employment relations matters to ensure legislative compliance and promote good employment practice. This work is delivered via a Helpline service, seminars and briefings, workshops, drafting and vetting employment documentation, facilitation of projects and publications. The focus of our work is on promoting good employment practice, developing employment relations skills among both employers and employees and meeting customer needs. We deliver our services either working on our own or in partnership with other appropriate delivery partners.

The Helpline service saw a number of staffing changes this year and these, coupled with the consequential necessary lead-in training for new advisors, has resulted in a reduction in the number of calls being handled by the Helpline - 20,795 calls (compared to 22,505 last year). Activity levels against some key performance indicators have been exceeded despite the reduction in the number of trained advisors available. Advisors reported an increase in the complexity of issues raised particularly following any developments in legislation and case law. Of particular note was the introduction of the right to request flexible working for all employees with 26 weeks' continuous employment and recent court judgements on the calculation of holiday pay which tested the knowledge and expertise of our advisors. We continue to track the profile of our customers by way of our Case Management Records System (CMRS).

We aim to develop and enhance employment relations skills through our seminars and briefings which are targeted to all sizes of organisation but particularly to small and micro businesses. Our programme of public seminars, which is regularly refreshed with new topics and promoted on our website and through our network of delivery partners, saw attendees from

organisations in all size categories. In addition to the planned programme of events, we also responded to numerous requests from organisations to provide tailored training in employment relations skills. Topics such as Social Media and the Employment Relationship, Handling Difficult Conversations and Bullying in the Workplace are the areas in most demand. This year we delivered a condensed seminar on Handling Difficult Conversations as a lead-in to a session on Resolving Workplace Disputes delivered by staff in the Conciliation and Arbitration Directorate. This arrangement has proved popular and looks set to continue into 2016. Our one hour briefing sessions on topical employment relations issues such as differences in Northern Ireland (NI) and Great Britain (GB) Employment Law and Variation of a Contract seem to be meeting the demand for knowledge and skills in a compressed timeframe.

Advisory workshops continue to provide participants with the skills and knowledge to develop and maintain basic employment relations documentation. We are constantly reviewing and revising our guidance documentation to take account of legislative developments and good practice. A continuing trend from last year is the number of requests for information on casual contracts and variation of contract matters from those attending the workshops.

Demand for reviewing employment documentation remains a feature of the Agency's work with organisations asking the Agency to review and comment on their policies and procedures. As in previous years, the growth in complexity of employment law was reflected in the number of organisations submitting handbooks rather than individual policies and procedures for review. Particularly challenging were the new or revised policies on maternity leave, paternity leave and pay, whistleblowing and confidentiality procedures.

1.5. ADVISORY SERVICES cont'd ...

Our facilitation work involved the strategic targeting of projects at a structural and regional level. In this regard work continues in the local government sector with the Agency assisting in the production of a new regional bargaining structure for the post-April 2015 eleven council model. There was a noticeable increase in demand for facilitated workshops on the subject of Transfer of Undertakings and Protection of Employment (TUPE) in a post Review of Public Administration environment from both trade union and management side sources. Other work included the review of dignity at work policies and protocols in a large public sector body, the re-working of the industrial relationship within a leading security provider and also more specific initiatives to improve employment practices within the manufacturing and telecommunications industries.

Training within large public sector organisations continues with a year long example being joint management and trade union training on advanced employment investigations within the South Eastern Health and Social Care Trust with a view to ensuring harmonious employment relations are maintained throughout the investigatory process.

Throughout the year the Agency has maintained connection with its stakeholders by participating in various events, information exhibitions and conferences. Work continued with the Agency having a presence as an independent member of the CBI's Employment and Skills Committee and through regular engagement with NIC-ICTU regarding recent developments in employment relations. As in previous years the Agency has worked collaboratively with NIC-ICTU to devise, develop and deliver modules for the Trade Union Studies and Lifelong Learning education and training programme with a view to educating trade unionists from a good employment practice perspective. The Agency also co-authored the sixth joint LRA/Equality Commission E-Zine on developments in employment and equality law with a seventh edition planned for later in 2016.

In the lead-up to the Employment (NI) Bill being enacted in April 2016 the Agency has been working with all interested stakeholders to discuss the practical impact on employment relations that the changes in early conciliation, reformed whistle-blowing law and amended tribunal processes will have on their member organisations.

Due to the demise of the content management system of the Agency's website a new website was constructed and was commissioned on 1 January 2016. A constant effort is made in updating and adding to the range of information provided on our website as there is a continuing trend in demand, from our users, for accurate online knowledge.

The Agency provides a wide range of good practice guides, small business leaflets, information notes and self-help guides and these are to be found in the publication section of the website. A useful addition to the site is a chart outlining the main differences in employment law and practice between NI and GB. Also included is an A-Z section which gives a brief guide to employment topics ranging from absence to zero hours contracts.

The Advisory service's emphasis on customer service and demonstrating value for money remains as in previous years and it is very encouraging that all of our performance indicators reveal the value placed on Advisory services by our customers.

1.5. ADVISORY SERVICES cont'd ...

PERFORMANCE INDICATORS

<i>Performance Indicators 2015-16</i>	<i>Performance at 31 March 2016</i>
1. The average Helpline waiting time is to be less than 1 minute for 2015-16.	The average waiting time for answering a Helpline call was 53 seconds.
2. The Helpline lost call rate is to be less than 10% for 2015-16.	The lost call rate was 8.5%.
3. At least 10% of callers to the Helpline have not previously used the service.	Of callers identified 42% had not previously used the Helpline service.
4. At least 1% of Helpline callers are referred for Pre-Claim Conciliation (PCC).	0.52% of Helpline callers referred for PCC.
5. At least 80% of Advisory cases received are to be completed within 3 months of receipt.	86% of cases received were completed within 3 months of receipt.
6. At least 50% of users of the Advisory vetting service report that they amended documentation/systems following Agency assistance.	100% of customers reported that they amended documentation/systems following Agency assistance.
7. At least 75% of customers report that they would now feel better equipped in dealing with employment relations matters in the workplace following attendance at in-house seminars/briefings.	85% of customers report that they would now feel better equipped in dealing with employment relations matters in the workplace following attendance.
8. At least 25% of delegates to good practice seminars/briefings are to be from organisations who have not previously attended an Agency good practice seminar.	32% of delegates had not previously attended an Agency good practice seminar/briefing.

1.6. CONCILIATION AND ARBITRATION



Ms Penny Holloway, Director Conciliation & Arbitration

Responsible for Individual Conciliation, Collective Conciliation, Arbitration, Independent Appeal Hearings, Mediation and Regional Office.

The Agency's Conciliation and Arbitration Section offers effective and confidential services aimed at resolving workplace disputes.

The Conciliation service provides assistance to employers and employees on both individual rights claims and collective disputes.

The Mediation service focuses on restoring productive working relationships between individuals or groups where these have broken down. Mediation is delivered by our team of in-house accredited workplace mediators.

The Arbitration service arranges arbitration hearings in connection with:

- Independent Appeals that form part of collective agreements; and
- those opting to have their case heard under the Statutory Arbitration Scheme as an alternative to the Employment Tribunal.

These hearings are conducted by an independent person who is appointed by the Agency from its panel of Arbitrators.

2015-16 has been another very busy year for the section and all key performance indicators relating to the delivery of services have been exceeded.

During the year 2015-16 there was a slightly increased demand for the Agency's Individual Conciliation service with a 3.2% increase in the number of cases received. This is mainly due to an increase in the number of multiple claims received. The percentage of cases settled (excluding insolvency and strike outs) following our involvement also increased when compared to last year. During this fourth year of our enhanced Pre-Claim Conciliation Service (PCC), referrals from our Helpline have dropped slightly. Engagement levels for this service have remained high and it is again encouraging to note that a high percentage reach an agreement thus avoiding having to proceed to tribunal with their complaint.

Cases received for Collective Conciliation assistance increased slightly this year and came from a range of sectors with a majority from the private sector. The main issues in dispute remained pay and terms and conditions of employment. A number of the disputes referred to the Agency involved complex issues which, if they had not been resolved, could have escalated to industrial action. A long running and complex dispute in the public sector was resolved to the satisfaction of the parties. The settlement rate for collective disputes undertaken by the Agency was 93%.

Requests for our Mediation service saw an increase during this reporting year. The number of referrals for team/group mediation was lower than for last year but a number of these referrals were highly complex. The majority (56%) of mediation referrals were received from the public sector and within that category the majority (37%) came from the education sector. The second largest category for referrals was the private sector at 30%. The settlement rate for those engaging in the process remained high at 85%. The successful outcome of the mediation process enables those in work to rebuild and repair damaged relationships in the workplace thereby improving productivity and effectiveness.

Cases received for Independent Appeal increased significantly from 30 in 2014-15 to 43 in 2015-16 with the vast majority (81%) of referrals being received from the education sector. A number of the additional appeals related to redundancy but the majority related to grievances.

Agreement to utilise the Statutory Arbitration Scheme was disappointing in this year with only two arbitration agreements received and three hearings concluded during this reporting year. Three arbitration awards were issued in the reporting year. However, the evaluation survey responses show a very high satisfaction rate from all participants engaged in the process. The majority of participants who responded to the survey stated that they would recommend the Scheme to a colleague or friend.

1.6. CONCILIATION AND ARBITRATION cont'd ...

During 2014 the section changed its approach to the evaluation of services and this was continued into the 2015-16 operational year. Our surveys continue to focus on outputs as well as satisfaction levels and Mediation and Arbitration services are evaluated on a continuous basis with surveys sent to participants six weeks after the delivery of the service. Responses to date demonstrate continued high satisfaction rates with both service delivery and outcomes.

In addition to the ongoing surveys the section also conducted a customer survey covering the Individual Conciliation service. The report of this evaluation exercise is currently being finalised. However, one clear outcome is that overall 79% of responses to the survey found the Individual Conciliation service either very or fairly satisfactory.

Plans for the replacement of the existing Individual Case Management System (ICMS) used to manage the delivery of the Individual

Conciliation service had been ongoing for a number of years. This deliberation was required as the existing system was no longer fit for purpose. This year saw the new Case Management Records System (CMRS) installed and introduced into service on 13 April 2015. The replacement CMRS has bedded in and the Agency is now able to electronically manage the caseload of all Dispute Resolution services provided by the Directorate for the first time. The previous system electronically managed the Individual Conciliation service only. The development and installation of the replacement CMRS did involve an enormous amount of staff time and effort to ensure that the system would meet the needs of the section. However, the efficiencies and effectiveness that the new CMRS have brought to the section have already greatly facilitated our work. In addition the new CMRS has been constructed so that the planned changes to employment legislation can be incorporated into the system with some additional resource and effort. The CMRS has enhanced our management information function.

PERFORMANCE INDICATORS

<i>Performance Indicators 2015-16</i>	<i>Performance at 31 March 2016</i>
1. Days saved deriving from no more than 20% of individual rights claims, excluding strike outs/insolvency¹, being heard at Tribunal.	5% of cases dealt with during the year (excluding strike out and insolvency cases) were determined by the Tribunal. With strike out and insolvency cases included the percentage is 14%.
2. No less than 60% of pre-claim referrals from the Helpline agree to conciliation within 3 months of receipt.	83% of pre-claim conciliation referrals from the Helpline agreed to participate in conciliation.
3. Involvement of Agency in 70% of reported collective disputes.	The Agency has made contact with the parties in all known disputes.
4. Promotion of a settlement in 70% of disputes in which the Agency is involved.	Promotion of a settlement was achieved in 93% of cases concluded during the reporting year.
5. Promotion of a settlement in 70% of mediation referrals to the Agency and where mediation takes place.	Promotion of a settlement was achieved in 85% of the referrals where mediation took place.
6. 80% of Arbitrations/Independent Appeal hearings undertaken within agreed timescales as per operational guidelines.	Parties have been contacted within the timescales outlined in operational guidelines. Under the Statutory Arbitration Scheme 100% of cases referred have had hearings arranged within the two month target period.

¹These cases are excluded as the Agency is not able to influence the outcome via conciliation.



1.7. CORPORATE SERVICES

Dr Gerry O'Neill, Director Corporate Services

Responsible for Human Resources, Certification Office, Finance & Corporate Compliance, Business Support & Premises, Information & Communication Technology.

The primary role of Corporate Services is to ensure that the Agency has the necessary staff, resources and facilities to deliver all frontline services and to support the Board and Senior Management Team (SMT) in relation to accountability, compliance and corporate governance matters. Corporate Services is structured under three functional areas: Finance and Legal Compliance, Information Systems/Technology and Human Resources and Business Development.

Within the wider Corporate Services directorate a diverse and comprehensive set of services are provided to include: administrative support, financial monitoring and budgeting, procurement, statutory compliance, information technology and facilities management. Corporate Services provides the secretariat and administrative support to the Agency Board, its Sub-Committees, and the SMT. It is also responsible for outsourced services (legal, security, property management, etc.) as well as organisational and administrative responsibility for the Northern Ireland Certification Office (NICO).

Finance and Compliance

From the Statement of Cash Flows for 2015-16, the organisation received £3,627,500 grant-in-aid. Its cash outflows (from operating and investing activities) were £3,570,030 resulting in a net increase in cash and cash equivalents of £52,470. This increased the bank balance at the end of the year to £172,754. Current assets less current liabilities were £8,850.

Due to the Agency's assiduous approach to financial monitoring underspend for this financial year represents only 1.5% of our allocated grant which is a very positive performance.

Ensuring that the Agency observes all public sector accountability protocols and, in particular, strict adherence to Financial Reporting Standards is of critical importance to good governance. The Corporate Services directorate, supported by the other business areas, delivered on all of these commitments to a very high standard as evidenced by the work of our internal auditors and the opinion of the Comptroller and Auditor General in the 2015-16 Report to Those Charged with Governance (RTTCWG).

An up-to-date Register of Board Members' Interests is maintained by the Chief Executive and is available from the Agency's Headquarters. From April 2016, an anonymous version for the prior year is published on the Agency's website. Chair's salary and other Board members' fees amounted to £72,451 excluding social security and pension costs. Current ordinary Board member salary rates are £5,252 per annum; this rate followed a pay increase of 1% from 1 August 2015.

The Agency remains committed to equality of opportunity and continued to meet all corporate commitments as set out in its Equality Scheme. Equality action plans were established on a risk basis under the direction of the Audit and Risk Assurance Committee (ARAC), with progress being reported to the Board at least bi-monthly and annually to the Equality Commission.

IS/IT Systems

The Agency's new Case Management Records System (CMRS) became operational on 13 April 2015 following a successful period of acceptance testing and associated user training. The system has delivered its first full year statistics for the 2015-16 reporting period. As a result, the Agency is now in a very strong position to produce a comprehensive portfolio of data sets related to employment relations across Northern Ireland; this information has the potential to make a very significant contribution to the Executive's research agenda and the Agency plans to meet with NISRA and DfE to explore credible research projects.

During the reporting period our Information Systems Managed Services (ISMS) contract generated a consistently high level of service availability as well as making a very positive contribution to the development of our ICT infrastructure. This expanded infrastructure has enhanced our business continuity capability, provides a new records management environment and delivers the necessary capacity for Early Conciliation (EC) when it is introduced in 2017. A project to procure a new IT system to support all of our HR-related requirements is well advanced. As a result of the previous website platform being deemed end-of-life, a project was established to deliver a new fully functional website for the Agency from 1 January 2016. This was delivered on time in

1.7. CORPORATE SERVICES cont'd ...

partnership with the chosen developers after a period of intensive design work and content migration. The Agency was reaccredited with the ISO27001 2007 standard and subsequently achieved accreditation against the revised and more demanding 2013 standard. Business critical upgrades to the organisation's telephony capability have been undertaken that will deliver a more flexible system integral to overall business continuity planning objectives.

Human Resources and Business

The implementation of the current iteration of the Agency's Human Resources (HR) People Strategy reached a successful conclusion with the award of the Investors in People (IiP) "Gold" Standard in December 2016. This achievement is a very public recognition of the continued improvement in the Agency's people management and development practices since the earlier IiP assessment in 2012. The feedback from the assessor confirmed that we had demonstrated very strong leadership with a compelling vision and a culture of good communication and continuous improvement across the Agency. The reality is that this achievement was only possible because of the collective endeavours of staff across the Agency. This represents the end of one journey and the start of a new endeavour as we begin to implement the findings from the IiP assessment.

The HR section has consolidated work undertaken in previous years to enhance corporate communication by developing a specific HR section on the corporate Intranet and also by introducing a new 'HR Matters' Newsletter. In line with the Agency's Reward and Recognition Policy, the Board took the opportunity after the December Board meeting to meet and commend staff for their continued commitment to the Agency and to recognise the achievements of individual staff (18 employees were presented with certificates for the successful completion of accredited training).

During 2015-16 the average sickness absence level rose to 12.4 days per employee per year compared with 10.4 in 2014-15. Long term sickness absence accounted for a total of 5.4 days per employee per year, an increase from 3.9 days during the previous year. It is encouraging that through effective management intervention some staff members were facilitated to return to work on a phased basis. A number of initiatives have now been introduced to assist in reducing sick absence: a new Health and Wellbeing (H&W) Strategy and Action Plan are

in place; a review of our Absence Management Policy has been commissioned; training in absence management procedures has been rolled out to all line managers focusing on procedural compliance; and the implementation of the recommendations from the 2014 Staff Survey and a more recent Stress Risk Assessment is near completion.

Employee learning and development remained a strong focus in 2015-16 and approximately 2 days per employee of training was undertaken. In terms of VfM the Agency achieved around 6% savings in office supplies compared with the prior year whilst still delivering on all operational staff requirements.

Formal Management and Trade Union consultation is facilitated through the Agency's Joint Negotiating and Consultative Committee (JNCC). The Agency has a very positive employment/industrial relations culture evidenced in the recent self-assessment exercise.

The Agency has now commenced refreshing its HR People Strategy to cover the forthcoming business planning cycle. This will take account of the feedback from the recent IiP report and the key commitments in our business plan. A key focus of the strategy will be staff engagement delivered through the following themes:

- Leadership Development and Succession Planning;
- People Development;
- HR Processes Systems and Analytics;
- Excellence and Innovation;
- Health and Wellbeing;
- Reward and Recognition;
- Organisational Resourcing, and
- Dignity, Respect and Equality.

Environmental Management

At the beginning of September 2015 the Agency entered into a three year fixed term Collaborative Waste Management Contract through CPD/DFPNI. The contract to date has resulted in increased co-mingled recycling and improved value for money.

Dry 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.

1.7. CORPORATE SERVICES cont'd ...

All waste (dry and residual) collections are evidenced, weighed and traced from collection to final destination. However, as the contract is still bedding in, precise figures are not as yet available for publication.

Staff Charitable Participation

The Agency seeks to facilitate staff wishing to contribute to charitable causes on an individual or collective basis. The Agency participates in the Payroll Giving Scheme for which in June 2016 it received a Platinum Award. In October 2015 a member of staff from within the Advisory Helpline spent two weeks visiting shelters in Haryana, India spending time with under privileged children at shelters which provide

development, education and refuge. Practical supplies of pens, crayons, writing pads and books were donated by colleagues and cash donations were made directly to this charity's sponsor World in Need.

October was also Action Cancer's Breast Cancer Awareness Month and the staff of the Agency had a number of fundraising events and activities, all pink themed, raising £375 for Action Cancer.

Following the Board recognition event for staff in December 2015 a Christmas Quiz was organised which raised £320 for the chosen charity, Alzheimer's Society.

PERFORMANCE INDICATORS

<i>Performance at 31 March 2016</i>	<i>Performance at 31 March 2015</i>
Internal audit provided a satisfactory assurance in relation to the overall effective and efficient achievement of Agency objectives; however, a limited assurance was received for one of the audits (Records Management).	Internal audit provided a satisfactory assurance in relation to the effective and efficient achievement of Agency objectives.
The draft 2016 Report to Those Charged with Governance (RTTCWG) indicated that "The overall quality, effectiveness and transparency of financial reporting and accounting were sufficient. There were no significant difficulties encountered during the audit."	The 2015 RTTCWG indicated that "The overall quality, effectiveness and transparency of financial reporting and accounting were sufficient. There were no significant difficulties encountered during the audit."
The CEO provided positive assurances to the DEL Permanent Secretary twice in the accounting period noting control actions in relation to Records Management.	The CEO provided positive assurances to the DEL Permanent Secretary twice in the accounting period.
Performance targets for Service Level Requirements, as set out in the IS Managed Services Contract, have been met for the period 2015-16. This reflects systems availability across all services of greater than 99.8%.	Performance targets for Service Level Requirements, as set out in the IS Managed Services Contract, have been met for the period 2014-15. This reflects systems availability across all services of greater than 99.8%.
No reportable accidents occurred, i.e. accidents resulting in death, major injuries or injuries lasting over seven days.	No reportable accidents occurred, i.e. accidents resulting in death, major injuries or injuries lasting over seven days.
Payments to suppliers within 30 days – 96%.	Payments to suppliers within 30 days – 97%.
Payments to suppliers within 10 days – 62%.	Payments to suppliers within 10 days – 75%.
Sickness absence – 12.4 days.	Sickness absence – 10.4 days.



Chapter 2

Performance Analysis

2.1. THE CORPORATE AND BUSINESS PLANNING PROCESS

The Agency's Corporate and Business Plans are formally approved by the sponsor Department.

The Department of Finance (DoF) reserves the right to ask to see and agree the Agency's Corporate and Business Plans.

The Corporate Plan

The Agency's Corporate Plans are developed on a three year cycle and the 2016-17 year period will be the last year of the current plan. The Board has already agreed to hold a planning workshop to determine what will be the strategic priorities over the lifetime of the 2017-20 Corporate Plan. The Board intends to consult with key stakeholders including the sponsor Department and the main employer and employee representative bodies. The Agency will also consult with its primary delivery partners with a view to improving joint working and achieving greater synergies.

Key drivers will be the Executive's Programme for Government (PfG), public expenditure constraints, the employment and industrial relations environment and any changes to NI and GB employment law. The introduction of Early Conciliation (EC) in 2017 is an example and will present challenges for the Agency. The Corporate Plan sets out the Agency's direction for a three year period in terms of vision, mission, operational and financial objectives. This allows the development of strategies as to how the corporate objectives might be achieved.

The Corporate Plan serves as a blueprint to guide the Agency's policies and strategies and facilitates long term planning which cannot be accommodated within annual operating plans. It uses past, present and forecasted performance of the Agency to determine medium and long term objectives.

Corporate planning is a responsibility carried out by the Board in plenary session supported by the Senior Management Team (SMT) with the involvement of staff across the organisation. There will also be substantive consultation with the local trade union branch.

The Corporate Plan must reflect the Agency's statutory duties and ensure that they are not compromised by any priorities established by the sponsor Department. In particular, the plan must demonstrate how the Agency contributes to the achievement of the Department's strategic aims, to the Executive's PfG and to the economy. A key issue is the need to align the new Corporate Plan to the outcomes set out in the Executive's PfG consultation framework. The corporate planning process provides an opportunity to review whether the existing plans are fit for purpose in terms of structure and strategic direction.

2.1. THE CORPORATE AND BUSINESS PLANNING PROCESS cont'd ...

The Corporate Plan sets out:

- the Agency's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of the Agency's performance in the preceding financial year together with comparable outturns for the previous 2-5 years, and an estimate of performance in the current year;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecasted;
- a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by the Department at the beginning of the planning round. These forecasts represent the Agency's best estimate of all its available income, not just any grant or grant-in-aid; and
- other matters as agreed between the Department and the Agency.

The main elements of the plan, including the key performance targets, are agreed between the Department and the Agency in the light of the Department's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.

The Business Plan

The planning cycle starts with a joint Board/SMT away day to identify strategic projects and to discuss Board and Board meeting effectiveness. Business Plans are then prepared by the SMT following suitable consultations with all staff and are approved by the Board prior to submission to the Department.

The Business Plan is developed on the basis of the strategic commitments established in the Corporate Plan and is a formal statement of business objectives, operational targets and timescales for the achievement of individual targets. It also contains core background information about the Agency and factors from its business environment which impact on priorities and impose constraints.

Each year of the Corporate Plan, amplified as necessary, forms the basis of the Business Plan for the relevant forthcoming year. Where possible, the Agency submits a draft Business Plan to the Department by the end of February. The Business Plan links budgeting information to specific targets/objectives so that resources allocated to achieve specific activities can readily be identified by the Department.

2.2. STRATEGIC REPORT

Strategic Objectives

1. The Agency is the preferred choice when organisations seek guidance on employment relations issues.

The Agency has continued to be proactive in promoting our Advisory and Dispute Resolution services with individual citizens and employers through our Helpline and extensive range of seminars/briefings. Feedback from service users is a key element of our continuous improvement strategy; it is encouraging that 42% of callers had not previously used our Helpline service and 32% of attendees had not previously attended one of our seminars/briefings. A formal qualitative review of our Advisory service offerings was completed in January 2016; the findings from the review have informed the content/delivery of the 2016-17 programme of events. The Agency also responded to emerging needs by hosting additional events to raise awareness of recent changes to employment legislation and case law.

Public sector funding constraints meant that the Agency was unable to finance any advertising campaigns. However, through the goodwill of our many delivery partners the Agency did source a range of positive marketing opportunities targeted at Small/Medium Enterprises (SMEs); our events programme being listed on a number of public databases including Invest Northern Ireland's business portal (nibusinessinfo.com) and the Belfast City Hub. The Agency's events programme was also promoted through a Northern Ireland wide network of local enterprise development units, employer and employee associations, trade federations and professional bodies. The Agency continues to work in partnership with the main employer and trade union representative bodies to ensure that our services are valued and relevant to the needs of the Northern Ireland labour market.

The Agency is cognisant of the need to make greater use of technology/social media in the promotion and delivery of our services; our website has been redesigned and we have

recently established a partnership with Belfast Metropolitan College to develop a number of web-based applications that will more effectively target existing and new service users.

2. Help prevent and resolve individual and collective disputes relating to employment relations and employment rights.

The 2015-16 year saw the culmination of the DEL Review of Employment Law. The Agency provided evidence during the Committee Stage of the 2015 Employment Bill and has continued to refine the delivery model for the new Early Conciliation (EC) service, one of the key commitments in the Employment (Northern Ireland) Act 2016. This work has in part been informed by Acas experiences of delivering a similar service in GB since May 2014 and emerging case law. The Agency has also consulted with a wide range of stakeholders on the EC delivery model and the feedback from these very positive engagements has been invaluable. The Agency has made good progress in identifying the operational and resource implications of introducing the new EC service from 2017. A key element of this work has been the development of a new case management system to support all of our Conciliation, Mediation, Arbitration and Helpline services. The system is now fully operational with further upgrades being planned to enhance connectivity with the Tribunal Service and to ensure that all of our frontline services are fully supported.

At an operational level our Advisory service continues to provide bespoke support to companies on a wide range of Employment/Industrial Relations matters. It is very encouraging to be able to report that 100% of targeted companies reported they had amended their documentation/systems following assistance from the Agency. The Agency's Helpline answered over 20,000 calls during 2015-16.

2.2. STRATEGIC REPORT cont'd ...

3. Enhance the capacity of SME and Micro organisations to demonstrate good employment relations as a contribution to sustainable growth.

The Agency developed a new SME support strategy based on a review of our current service offerings and relevant external research. That review has reinforced the need to continue to deliver our existing suite of services updated in line with customer feedback. The review also highlighted the need to specifically target micro employers where the impact of workplace disputes can be most damaging. A key driver for companies is productivity and the Agency has been proactive in developing performance-focused marketing materials; a number of case summaries illustrating the business sense of operating good employment relations are now on our website. The Agency has also continued to strengthen its relationship with key stakeholders to increase awareness of our services and to deliver collaborative programmes.

Improving Northern Ireland's skills profile is one of the key indicators within the Executive's Programme for Government (PfG) framework. Over the reporting period the Agency has delivered a range of seminars/workshops designed to enhance the employment relations skills of people working in the SME/Micro sector. The Agency has also worked in partnership with the Equality Commission, Invest NI and other delivery partners to deliver initiatives designed to build employer confidence in relation to recruitment and in the handling of people issues, thereby providing a basis for sustainable growth. During 2015-16 the Agency delivered over 140 in-company seminars designed to raise awareness of employers' legal responsibilities and to promote and develop good practice.

4. Support public sector organisations as they address the major employment relations challenges deriving from the public sector reform agenda.

The Agency recognises that the current programme of public sector reform in both central and local government is creating significant employment relations challenges. The Agency conducted a public sector scoping study to identify potential development areas and we are now actively supporting a number of

development projects. The Agency is currently facilitating discussions within local government around the creation of a regional industrial relations forum and the embedding of employment relations best practice at an individual council level. The Agency has also established a pilot project with Belfast Metropolitan College involving the delivery of an employment relations module within a number of vocational disciplines. The intention is to evaluate this project with a view to promoting a similar approach across the wider Education sector.

5. Contribute to the development of public policy including the design and delivery of a system of employment relations for Northern Ireland.

The Agency provided advice to our sponsor Department on a range of employment relations policy issues at each of the quarterly accountability review meetings. The 2015 DEL Employment Bill has been the primary focus of these engagements; the Agency also met with a number of key stakeholders to seek views on the merits of introducing Early Conciliation and Neutral Assessment as part of our existing suite of dispute resolution services. The Agency gave evidence at the Committee Stage of the Employment Bill on the Early Conciliation and Neutral Assessment proposals.

The Agency has also met with DEL officials to discuss the terms of reference and methodology for the planned review of the Agency's Statutory Arbitration Scheme. A critical issue for the Agency is to understand how the uptake of our Arbitration services can be increased.

The Agency Board held a planning workshop to discuss future priorities mindful that the political, governance and public policy landscape is likely to change post the May 2016 Assembly Elections. The Board agreed that the development of a new Employment Relations model for Northern Ireland should be taken forward in 2016-17 in consultation with key stakeholders and the Department for the Economy (DfE). The Agency wants to have a very open dialogue with key stakeholders about how to strengthen employment/industrial relations practice here in Northern Ireland.

2.2. STRATEGIC REPORT cont'd ...

6. Build partnerships with key stakeholders to expand LRA's reach and influence in improving employment relations.

Under Article 83 of the Industrial Relations (Northern Ireland) Order 1992 the Agency is empowered to promote the improvement of industrial relations. The Agency Board approved a new stakeholder engagement strategy which underscored the importance of regular dialogue with our customers and their representative organisations about the quality and relevance of our services. All of our engagements now have an evaluative focus. Delivering our services in partnership with other providers is another key priority. During 2015-16 the Agency completed a programme of engagements with a number of delivery partners to evaluate the effectiveness of the existing partnership arrangements, to explore further development opportunities and to develop a shared understanding of how Northern Ireland's employment relations systems can be improved. In addition the Agency continued to facilitate meetings of the NI Employment Relations Roundtable around a number of key drivers (skills, best practice and research). The Agency recognises the positive impact that the collective voice of Northern Ireland's employment relations community can have and is committed to supporting the work of the NI Employment Relations Roundtable.

7. Act as a creative and innovative influence in the employment relations field.

The Agency has been proactive in championing innovative approaches to employment relations. In developing responses to the DEL Review of Employment Law the Agency drew on lessons from the significant programmes of reform taking place in the rest of the UK and the Republic of Ireland. At a practical level the Agency, in developing the EC delivery model, has sought to accommodate local views and circumstances instead of simply replicating the GB approach. The Agency has also developed an employment relations curriculum module for the Further Education sector. The Agency is a founding member of the International Dispute Resolution Agencies Group which was established to promote and share employment relations good practice. The Agency was represented at the 2015 annual conference in South Africa which

provided an important opportunity to share good practice and to discuss global trends impacting the labour market. There was a very thought provoking presentation from our South African hosts on a study looking at the Return on Investment (ROI) from aspects of their dispute resolution services. This reinforced the findings from the Social Return on Investment (SROI) study which was commissioned by the Agency in 2012.

The visiting speaker at the Agency's annual public meeting in November 2015 was Kieran Mulvey, Director General of the Republic of Ireland's recently established Workplace Relations Commission. His presentation covered recent employment relations developments across the EU and Ireland and was very well received.

8. Alternative dispute resolution processes e.g. conciliation, mediation and arbitration are the norm for the third party resolution of all employment relations disputes.

A priority for the Agency is to ensure that our services continue to meet the needs of both employers and individual employees through the active promotion and delivery of our Advisory, Conciliation, Mediation and Arbitration services. The Agency also recognises that it has to be flexible in terms of how it presents and delivers services and during the reporting period explored opportunities for a more integrated approach to service delivery. One example was the joint delivery of workshops on Handling Difficult Conversations and Resolving Workplace Disputes. In the previous reporting period the Agency had developed a programme for supporting the introduction of in-house dispute resolution processes. Initial positive engagements have taken place with HR Directors of the Health Trusts and representatives of the Department of Finance and Personnel (DFP), local councils and the implementation team of the new Education Authority (EA). Understandably, progress on this initiative has been constrained by the impact of the change agenda taking place across the public sector; that said a number of projects are now being progressed.

2.2. STRATEGIC REPORT cont'd ...

The demand for our Dispute Resolution services continues to grow. We received just over 8,300 individual claims which represent an increase of 3.2% on the previous year. We dealt with over 7,000 claims with only 17% progressing to a tribunal; the challenge will be to achieve this level of success when EC is introduced which will require all potential claimants to engage with the Agency in the first instance. The view that collective disputes are in decline is challenged by our latest statistics; 33 collectives were dealt with compared to 27 in the previous reporting period.

9. Enhance the employment relations skills of managers and in particular first line owner managers/supervisors.

Developing the capacity, competence and confidence of employers, line managers and employees to resolve employment relations issues quickly and as close to source as possible continues to be a high priority for the Agency. This is particularly relevant given the structure of the Northern Ireland economy where micro businesses (those businesses with fewer than 10 employees) account for approximately 90% of all employers. Our programme of events is regularly reviewed and updated to take account of legislative and case law developments and is increasingly focussed on developing the skills of first line owner managers/supervisors. Our one-hour briefing sessions on topical employment relations issues seem to be meeting the demand for the acquisition of practical knowledge and skills with least disturbance to business continuity. This is supported by our evaluation of all events with 85% of attendees reporting that they feel better equipped in dealing with workplace employment matters.

The work of the Agency is very resource intensive which means that we cannot provide direct support to every workplace on an annual basis. The Agency has therefore conducted a feasibility study on the merits of developing a self-help employment relations diagnostic tool. That project has produced two self-assessment checklists for use in both union and non-unionised workplaces.

10. Develop Agency staff to ensure they are able to make the very best of their skills and abilities.

The Agency is 100% focused on the delivery of high quality, responsive services to our customers. We depend on our staff to deliver on that commitment and during the reporting period the Agency implemented a programme of learning and development that has ensured that staff are equipped to provide high quality services to our customers and that as an organisation we have delivered on all equality and corporate governance commitments. Effective employee engagement is critical; pursuant to that objective the Agency has embedded coaching as its preferred management style. The views and aspirations of our staff are also hugely important; in this regard we developed an action plan in response to the 2014-15 staff survey with all agreed actions now implemented. The Agency also recognises the importance of enhancing the capacity of our workforce in a way that will allow for effective succession planning. We have recently consulted with the Board on a new HR People Strategy. The feedback was very positive but with a strong recommendation that the strategy needs to be mapped against the core commitments within the 2016-17 Business Plan. The Agency has also started the process of developing an organisation-wide Leadership and Management development programme, which will be launched later this year.

A very effective barometer for measuring staff welfare/morale is the way in which employment/ industrial relations are managed. The Agency has a very positive and collaborative approach to industrial relations reflected in the operation of the management/trade union Joint Negotiating and Consultative Committee (JNCC). In December 2015 the Agency was awarded IIP "Gold" which again demonstrates our commitment to investing in our people. This represents the culmination of a huge investment/ commitment by staff at all levels and from across the organisation in articulating to the Assessor what it means to work for the Agency.

2.2. STRATEGIC REPORT cont'd ...

11. Comply with statutory Equality obligations.

The Agency met its target of submitting the annual equality report to the Equality Commission by 31 August 2015. In consultation with the Equality Commission the Agency continues to review the composition (community background and gender) of its workforce in compliance with Article 55 of the Fair Employment and Treatment (Northern Ireland) Order 1998. The Agency adopts a risk based approach to all equality commitments; these risks were reviewed and endorsed by our Audit and Risk Assurance Committee (ARAC) at each of its meetings in 2015-16 and at formal meetings of the SMT.

Responding to customer needs, behaving with integrity and respecting diversity and opinions are core values of the Agency and provide an appropriate framework for how we treat our customers and our work colleagues.

12. Consistently look for efficiencies in all that we do without detriment to maintaining high levels of service delivery.

The Agency's funding has been capped since 2010 and over that time we have had to absorb annual pay and price increases while continuing to maintain levels of service in line with customers' expectations. The Agency introduced a very detailed system of budget monitoring to ensure that year end spend did not exceed our baseline and to ensure that we derived best value from our funding. A review of all discretionary expenditure was completed with more strict approval controls being introduced. The Agency's 2015-16 out-turn represented less than a 1.5% underspend which is a very positive achievement. The Agency has completed a major IT capital investment project with the development of its new software-based Case Management Records System (CMRS) to support our Helpline and Conciliation, Mediation and Arbitration services. This new system provides the Agency with increased capability to deliver more efficient and responsive services with enhanced reporting facilities. The new system will also provide a very powerful information source that can inform future research on Northern Ireland's employment relations system.

13. Ensure that the Agency operates in a sustainable and environmentally responsible manner.

The Agency takes very seriously its corporate commitment to comply with environmental best practice and to seek opportunities to reduce our carbon footprint. In that regard the Agency completed an energy usage review and has developed an implementation plan that will be incorporated in the 2016-17 Business Plan. Two critical actions arising from the review is the need to establish a dedicated Environmental Policy and to raise staff awareness of their responsibilities through appropriate training. Environmental issues will also be a key consideration as the Agency reviews its future accommodation requirements.

14. Demonstrate the Value for Money (VfM) of the Agency's services.

The Agency sought to demonstrate that it is achieving VfM at both a corporate and individual service delivery level. A VfM review of our purchasing activities was undertaken to ensure that the Agency was managing all procurements in line with best practice and to identify areas where improvements could be realised. At a service delivery level the Agency exceeded targets in relation to Helpline waiting times/lost call rates and the completion of advisory cases within three months of receipt. We also substantially outperformed our target in relation to the numbers of individual cases referred to the Agency being subsequently dealt with by an employment tribunal.

15. To operate the best and most appropriate channels of communication for clients to promote good employment relations.

The Agency has been actively engaged in rolling out its digital strategy as part of its commitment to deliver more on-line services. The Agency's new CMRS has been enhanced with the inclusion of an accessible web portal and an on-line functionality which will allow for a series of transactions to be completed remotely. This new facility will allow claimants, respondents and their representatives to deposit all case related documentation electronically on-line via a secure and encrypted web portal. This will make the receipt and handling of this documentation quicker and more efficient as well as making the Agency more accessible to our customers. The Agency has just established a partnership with Belfast Metropolitan College whereby placement students began work on the development of an 'app' running on various computer environments that would make the Smartphone a key channel of communication with the Agency.

2.3. OPERATIONAL STATISTICS

THE YEAR IN FIGURES



41% of callers had not previously used the Helpline.

53 seconds – average waiting time for callers using the Helpline.



85% of Advisory seminar delegates reported that they would now feel confident or very confident in dealing with employment relations matters in the workplace.

71% of Advisory seminar delegates reported that they found the information and guidance very easy to understand.



Page views > **544K**

Downloads > **31.5K**

(extrapolated figure due to change in website)



89% of Advisory cases were completed within 3 months.

96% of Advisory case customers reported that they amended documentation following Agency assistance.



Staff initiatives raised **£700** for charity.



62% of payments to suppliers in 10 days.

96% of payments to suppliers in 30 days.



Agency waste management expense reduced by **38%**.



£745.69 spent on water.

£40,643.06 spent on heating and lighting.

£50,518 spent on office consumables.



>**2.0K** claims withdrawn during Conciliation.

>**3.7K** claims were settled.

>**1.2K** proceeded to tribunal.



6 Collective Conciliation cases brought forward from 2014-15.

31 Collective Conciliation cases received in 2015-16.

4 Collective Conciliation cases carried into 2016-17.



12 Mediation cases brought forward from 2014-15.

93 Mediation cases received in 2015-16.

10 Mediation cases carried into 2016-17.



14 Independent Appeals / Arbitration cases brought forward from 2014-15.

43 Independent Appeals / Arbitration cases received in 2015-16.

22 Independent Appeals / Arbitration cases carried into 2016-17.

ADVISORY FACTS AND FIGURES

Table 1: General Enquiries

	2015-16	2014-15
Telephone Calls Handled	20,795	22,505
Callers	51	74
Total	20,846	22,579

Table 2: General Enquiries by Type

	2015-16	2014-15
Dismissal & Discipline/Grievance	10,975	12,017
Bullying/Harassment	777	1,096
Wages	2,817	2,868
Holidays	3,247	3,505
Other Contractual Rights	2,874	5,323
Discrimination	2,699	5,457
Redundancy	2,476	2,994
Family Friendly	2,044	2,140
Other Statutory Rights	2,281	5,268
Absence/Statutory Sick Pay	2,868	2,850
Pre-Claim Conciliation	1,474	1,613
Stress at Work	467	707
Social Media	36	46
Agency Workers	220	189
Other Agency Services	4,675	3,561
Other	5,591	4,696
Recruitment & Selection	851	942
Total	46,372	55,272

Table 3: Advisory Cases Received

	2015-16	2014-15
Micro Business (0-9 employees)	92	113
Small Business (10-49 employees)	95	107
Small/Med Enterprises (50-249 employees)	23	18
Large Enterprises (250+ employees)	3	5
Total	213	243

ADVISORY FACTS AND FIGURES cont'd ...

Table 4: No. of Good Practice Seminars on Employment Law & Practice Held

	2015-16	2014-15
Belfast	34	42
Regional Office	23	20
In-Company	140	162
Joint	18	15
Total to Date	215	239
Number of Attendees	3,565	3,991

Table 5: Advisory Workshops on Employment Documentation

	2015-16	2014-15
Number of workshops held	7	5
Total Number of Organisations Represented	31	25

Table 6: Web Trends

	2015-16	2014-15
Page Views	544,046	574,101
Downloads	31,952	36,011

Table 7: Top 10 Downloads

Top 10 Downloads (account for 44% of all downloads)	2015-16*	2014-15
1. Code of Practice – Disciplinary and Grievance Procedures (2011)	12.6%	11.1%
2. Sample Letters – Discipline and Grievance	4.5%	5.4%
3. Advisory Guide – Advice on Handling Discipline & Grievance at Work	5.2%	5.1%
4. Self Help Guide – Sample Written Statement	5.0%	3.9%
5. Advisory Guide - Advice on Handling Redundancy	3.5%	3.4%
6. Advisory Guide – Managing Sickness and Absence	3.5%	3.3%
7. Advisory Guide – Advice on Agreeing and Changing Contracts of Employment	2.9%	3.1%
8. Joint LRA/ECNI Guide - Harassment and Bullying in the Workplace	2.6%	2.9%
9. Information Note 3: Holidays and holiday pay	2.5%	n/a
10. Information Note 6: TUPE	2.1%	n/a

* 2015-16 figures relate to April - December 2015 only due to change in website.

CONCILIATION AND ARBITRATION FACTS AND FIGURES

Table 8: Individual Conciliation Claims Received and Dealt With Other than Fair Employment

Jurisdiction	Claims Received		Claims Dealt With	
	2015-16	2014-15	2015-16	2014-15
Unfair Dismissal	2,484	2,163	2,420	2,238
Wages Order	1,665	1,407	1,244	999
Breach of Contract	600	728	648	830
Other Employment Rights	2,773	2,911	2,035	2,029
Equal Pay	83	116	86	180
Age Discrimination	104	114	120	182
Sex Discrimination	282	300	266	436
Disability Discrimination	233	206	236	199
Race Discrimination	83	94	76	91
Sexual Orientation Discrimination	12	19	15	19
Flexible Working	8	12	9	20
Total	8,327	8,070	7,155	7,223

Table 9: Individual Conciliation Claims Dealt With and Their Outcome Other than Fair Employment

Jurisdiction	Settled by Conciliation		Withdrawn During Conciliation		Referred to a Tribunal		Total Claims Dealt With	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Unfair Dismissal	2,018	1,635	225	421	136	182	2,431	2,238
Wages Order	427	451	371	451	402	97	1,244	999
Breach of Contract	316	312	192	257	136	261	648	830
Other Employment Rights	679	894	858	648	468	487	2,035	2,029
Equal Pay	15	136	67	40	4	4	86	180
Age Discrimination	43	48	66	117	9	17	120	182
Sex Discrimination	95	208	141	203	28	25	266	436
Disability Discrimination	94	89	103	92	31	18	236	199
Race Discrimination	32	31	32	44	11	16	76	91
Sexual Orientation Discrimination	4	5	6	11	5	3	15	19
Flexible Working	3	9	4	8	2	3	9	20
Total	3,726	3,818	2,065	2,292	1,232	1,113	7,166	7,223

CONCILIATION AND ARBITRATION FACTS AND FIGURES cont'd ...

Table 10: Fair Employment Claims Received and Dealt With

	2015-16	2014-15
Received for Conciliation	119	115
Dealt With	93	111

Table 11: Analysis of Fair Employment Claims Dealt With

	2015-16	2014-15
Withdrawn	56	54
To Tribunal	9	13
Settled by Conciliation	28	44
Total Dealt With	93	111

Table 12: All Individual Rights and Fair Employment Claims Received and Dealt With

Category	Carried Over	Claims Received 2015-16	Claims Dealt With 2015-16	Carried Over to 2016-17
Employment Claims	5,634	7,522	6,358	6,798
Equality Claims	1,455	924	902	1,477

Table 13: Pre-Claim Conciliation (PCC) Referrals

	2015-16	2014-15
1. Total number of PCC referrals from the Helpline	116	163
2. Total converted to IC cases	116	98
3. Un-progressed – employee unwilling	7	7
4. Un-progressed – employer unwilling	17	27
5. Un-progressed – Resolved in initial discussions, referral inappropriate for conciliation or parties un-contactable	9	16

Table 14: Independent Appeals/Arbitration Cases Received and Dealt With

	2015-16	2014-15
Cases brought forward from previous year	14	16
Cases received in year	43	30
Total cases in hand	57	46
Cases dealt with	25	17
Cases withdrawn	10	15
Cases carried forward into next year	22	14

Note: Figures for the year 2014-15 have been revised.

CONCILIATION AND ARBITRATION FACTS AND FIGURES cont'd ...**Table 15: Source of Requests for Independent Appeals/Arbitration**

	No. Received 2015-16
Teaching Sector of Education Service	24
Non-Teaching Sector of Education Service	11
Board Officers of Education Service	3
Procedures agreed within local Government	3
Further Education Sector	1
Public Bodies/Voluntary	1
PSNI	0
Total	43

Table 16: Subject of Requests for Independent Appeals/Arbitration

	No. Received 2015-16
Grievance	16
Grading/Job Evaluation	0
Harassment	10
Interpretation of Agreement	0
Pay/Conditions of Employment	0
Redundancy	10
Discipline/Dismissal	7
RPA	0
Total	43

Table 17: Cases received under the Statutory Arbitration Scheme

	2015-16	2014-15
Cases brought forward from previous year	2	2
Arbitration Agreements received	2	6
Arbitration Agreements accepted	2	6
Number of Arbitration hearings held	3	5
Number of Arbitration Awards issued	3	6
Cases settled without a hearing	0	1
Carried forward to following year	1	2

CONCILIATION AND ARBITRATION FACTS AND FIGURES cont'd ...

Table 18: Mediation Cases

	2015-16	2014-15
Brought Forward from previous year	12	7
Received in period	93	86
Total	105	93
Broken down as follows:		
Mediations Undertaken and Completed in period	64	55
Of these:		
♦ Issues resolved	52	44
♦ Issues unresolved	10	9
♦ Pre-Claim Conciliation Settlements	2	2
Referrals Withdrawn in period	31	26
Carried forward to following period	10	12

Table 19: Collective Conciliation Cases Received and Dealt With

	2015-16	2014-15
Brought forward from previous year	6	3
Received for conciliation	31	30
Total	37	33
Dealt with during the year	33	27
Carried forward to following year	4	6

Table 20: Sources of Requests for Collective Conciliation

	2015-16	2014-15
Trade Union Approach	16	7
Employer Approach	11	13
Joint Approach	3	6
LRA	1	4
Industrial Court	0	0
Total	31	30

CONCILIATION AND ARBITRATION FACTS AND FIGURES cont'd ...

Table 21: Collective Conciliation Cases Received by Industry Classification

Type of Industry	2015-16	2014-15
Retail	6	1
Transport	2	4
Education	2	1
Miscellaneous Manufacturing	10	12
Other	11	12
Total	31	30

Table 22: Nature of Disputes

	2015-16	2014-15
Conditions of Employment	8	3
General Pay Claim	11	10
Other	10	7
Trade Union Recognition	3	10
Total	32	30

Note: 1 referral had two separate issues in dispute.

CORPORATE SERVICES FACTS AND FIGURES

Table 23: Consumables and Resources

Item	2015-16	2014-15
Office Consumables	£50,518	£53,655
Waste Management	£1,782	£2,873
Water	£746	£1,027
Heat/Light	£40,643	£43,634
Totals	£93,689	£101,189



ACCOUNTABILITY REPORT



Chapter 3

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

The Agency has developed a corporate governance framework that is consistent with best practice standards and the requirements of Managing Public Money (Northern Ireland). This aspect of the report provides a brief overview of the governance framework which is explored in more detail in the Governance Statement.

The Board of the Agency comprises the Chair and nine other members appointed by the sponsor Department on the basis of their knowledge of, and experience in, employment relations. All Board members are non-executives and their backgrounds reflect the Agency's statutory role in providing impartial services to employees, employers and their representative bodies.

The Board is responsible for establishing the strategic direction of the Agency and constructively challenging the Agency's Executive team in their planning, target setting and delivery of performance. The Board establishes the Agency's values and standards and ensures that its obligations to its stakeholders and others are understood and met. A number of sub-committees have been established to ensure that there is adequate oversight of the Agency's operations. The Board recently reviewed the sustainability of the sub-committees and agreed that they should be retained but that there was a need to review individual terms of reference.

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 terms of reference for the ARAC were reviewed and amended in 2015. The Committee meets at least three times per year but has recently agreed to move to a four meeting cycle.

There is also a Finance and Personnel (F&P) Sub-Committee which was reconstituted in 2015 under revised terms of reference. The role of this Committee is to focus in greater detail on the effectiveness of corporate management in the Agency (Finance, HR, IS/IT and Premises); to challenge/support the work of the Executive team; and to provide advice that will better inform the Board's decision making.

A third sub-committee has been established to advance the Agency's research agenda. The Research Committee met on one occasion in the reporting period to review its terms of reference.

The Chairs of the Board sub-committees provide updates at Board meetings.

Members of the Board are appointed under the Commissioner for Public Appointments Regulations administered through the Agency's sponsor Department, DEL (to May 2016) and thereafter by the DfE.

Each Board member receives an annual performance appraisal which includes a written assessment of their effectiveness on the Board. Completed assessments are returned to the sponsor Department.

By statute, the Agency is required to pay the Certification Officer's (CO) remuneration and to provide administrative support services. The relationship between the CO, the Agency and the sponsor Department was reviewed during the reporting period. The outworking from that review has been the agreement of a revised Memorandum of Understanding (MoU) which more accurately reflects the tripartite relationship that exists between the CO, the Agency and the sponsor Department and also clarifies lines of accountability.



Chapter 4

Directors' Report

4.1. PEN PORTRAITS OF CHAIR AND BOARD MEMBERS



Ms Marie Mallon (Chair)

Ms Mallon was appointed to the Chair of the Labour Relations Agency with effect from 1 August 2014 following her retirement from the post of Deputy Chief Executive/Director of HR in the Belfast Health and Social Care Trust. Prior to this Marie held many senior posts within Health and Social Care and was a member of the Industrial and Fair Employment Tribunals for 15 years. She is currently an independent member on the Board of the Department of Culture, Arts and Leisure (DCAL), is an associate of the Health and Social Care Leadership Centre and also undertakes independent HR consultancy.



Ms Louise Crilly (from 16 November 2015)

Ms Crilly, appointed as an Independent Member to the Board, is a practising lawyer with over 18 years' experience of legal practice in both the private and public sectors in Northern Ireland. For the last 14 years she has specialised in employment law and is currently the senior legal advisor working in the Police Service of Northern Ireland (PSNI).



Mrs Deirdre Fitzpatrick

Mrs Fitzpatrick was appointed as an Independent Member to the Board. Deirdre is a management consultant, and runs her own consultancy practice. She works across the public, private, and voluntary sectors, and is very active in training and consultancy work with Small and Medium-Sized Enterprises (SMEs). Deirdre set up Northern Ireland's first Business Incubation Centre, and she also established a property management company. Deirdre is a Board member of The Gerry Rogan Initiative Trust which works with disengaged young people, helping them back into education, training and employment. She is a former Board member of the Northern Ireland Consumer Council, and was a member of their Audit Committee. Deirdre holds an honours degree in Business with Accounting and MBA from Queens University, Belfast.



Ms Michelle M'Ginley (from 16 November 2015)

Ms M'Ginley, appointed as an Employer Representative to the Board, is a qualified solicitor who works for Engineering Employers Federation (EEF), a not for profit organisation advising and supporting a wide range of businesses throughout Northern Ireland on employment matters. Prior to joining EEF in 2003, Michelle worked in private practice in both Great Britain and Northern Ireland specialising in defence employment litigation. Michelle also taught at a London Law School. Michelle advises and represents a wide range of organisations before the Industrial and Fair Employment Tribunals and is an accredited Solicitor Advocate and Mediator with the Law Society.



Mrs Sally M'Kee (Vice Chair)
(to 31 December 2015)

Mrs M'Kee is currently Honorary Secretary of the Disability Committee of Northern Ireland Committee – Irish Congress of Trade Unions (NIC-ICTU), is on the Board of Governors of Lakewood Special School and is Chairperson of Glenlola Collegiate School. Sally is a Board member of the General Teaching Council NI (GTCNI) and was its Chairperson from 2006 to 2010. She is a past President of the Ulster Teachers' Union and a former Board member of the South Eastern Education and Library Board.



Mr Gary McMichael

Mr M'cMichael has been the Chief Officer of the Northern Ireland charity Action on Substances through Community Education and Related Training (ASCERT) since 2001. He formerly served on Lisburn City Council for 12 years and was a member of the NI Civic Forum.



Mrs Alison Millar (Vice Chair)

Mrs Millar is the General Secretary of the Northern Ireland Public Service Alliance (NIPSA). She has overall responsibility for the general work of the union as well as for the management of all the staff and finances of the union. Alison is the main representative on many of the civil and public service negotiating bodies. Alison was previously the Deputy General Secretary for NIPSA and had responsibility for major policy issues including Welfare Reform, the Review of Public Administration and matters relevant to the Health Service, Education, Libraries, Housing Executive and Local Government and had lead responsibility in these multi-union environments. She is a member of the Executive Council of the Irish Congress of Trade Unions and a member of the Northern Ireland Committee of the Irish Congress of Trade Unions.



Mr Albert Mills

Mr Mills is a trade unionist. From 2006, he was Chairman of the Amalgamated Transport and General Workers Union (ATGWU) Officers Negotiating Committee for Great Britain and Ireland, and played a major role during merger talks between ATGWU and Amicus to create Unite the Union. Albert was a Board member with the Civil Service Appeal Board from 1996 to 2010, and with the NI Local Government Superannuation Committee from 2000 to 2010.

Ms Jill Minne

Ms Minne is a Strategic Director at Belfast City Council and leads the Council's organisation change programme. She also leads the Council's work on addressing poverty and employability and skills and is responsible for delivery of the City Council's Gender Action Plan. She manages the Council's Chief Executive's department, which includes strategic policy and planning, communications and organisational development functions and the City's Lord Mayor's Unit. Jill is a member of the Northern Ireland Joint Council and a Board member and Ambassador for the Women's Fund NI.



Mr Daire Murphy

Mr Murphy, who was appointed as an Employee Representative, practised as a barrister across all areas of law for eight years before joining the Law Centre (NI) as a specialist employment legal adviser in 2003. As a specialist employment legal adviser, Daire's work addresses employment relations issues intensively on a daily basis. Daire is an elected trade union representative, dealing with both organisational and individual issues on behalf of colleagues and is also an accredited Centre for Effective Dispute Resolution (CEDR) Mediator, trained in developing relationships and constructively challenging assumed positions in order to work through disagreements and disputes.



**Mr Gordon Parkes
(to 31 December 2015)**

Mr Parkes is HR Director of Northern Ireland Electricity Networks Limited and a member of the Employment and Skills Committee, Confederation of British Industry (CBI) (NI). Previously he held the position of Director or Head of Human Resources in a number of companies in the pharmaceutical, textile and engineering sectors and prior to his current role was General Manager, Group Human Resources of the Viridian Group Ltd. Gordon was Chair of the Agency's Audit and Risk Assurance Committee (ARAC) until 31 December 2015.



Ms Pauline Shepherd

Ms Shepherd is currently the CEO for the Independent Health and Care Providers (IHCP) which is a membership organisation for private, charity and church-affiliated organisations providing health and care services to vulnerable adults and older people in Northern Ireland. Pauline's experience includes working at board, chief executive and non-executive director levels in the public and voluntary sectors. Past positions include Interim Chief Executive of the charity Extern, HR Director in NI Water and Director of Finance and Personnel in NI Prison Service. She is also currently a Board member for the Probation Board NI.



4.2. ACCOUNTING OFFICER 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 Officer (CEO) who is the most senior executive reporting to the Board and responsible for the performance of the organisation.

The CEO is also appointed by the Principal Accounting Officer of the sponsor Department as the Accounting Officer for the Agency. As the Accounting Officer the CEO 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 Financial Memorandum.

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

- regularity and propriety, including seeking DFP approval for any expenditure outside the normal delegations;
- selection and appraisal of programmes and projects: using the Green Book (supported by additional DFP 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.

The Accounting Officer is also responsible for ensuring the preparation of resource accounts for each financial year. The accounts are prepared on an accruals basis and comply with the requirements of the latest version of the Treasury's Government Financial Reporting Manual.

The CEO as the Accounting Officer personally signs:

- the Agency's accounts;
- the Annual Report; and
- the Governance Statement.

As the Agency's Accounting Officer is not a member of the Board, the accounts are therefore also signed by the Board Chair.

The Management Statement and Financial Memorandum (MSFM) agreed between the Agency and its sponsor Department always envisages the sponsor Department exercising meaningful oversight of the Agency's strategy and performance, pay arrangements and/or major financial transactions, e.g. by monthly returns, standard delegations, exception reporting or other techniques. The Agency refers to their sponsor Department any activities which appear novel, contentious, or repercussive; in turn the sponsor Department may need to seek DFP approval.

There is at times some sensitivity around the role of the Accounting Officer of an ALB which is governed by an independent Board. Where the Chair or Board is minded to instruct the Accounting Officer to carry out some course of action which appears inconsistent with his role as Accounting Officer, then he should make his reservations clear, preferably in writing. If the Board is minded nevertheless to proceed, the Accounting Officer will then:

- inform the Accounting Officer of the sponsor Department without undue delay who will need to consider intervening to resolve the difference of view, preferably in writing;
- if the Board's decision stands, seek its written direction and ask the sponsor Department to inform DFP;
- proceed to implement without delay; and
- inform the Comptroller and Auditor General (C&AG) of what has happened.

4.3. GOVERNANCE STATEMENT 2015-16

1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining an effective system of governance and internal control that supports the achievement of the Agency's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money (NI)*. In delivering this role I provide regular updates to the Agency's Board on performance against the targets specified in the annual business plan supported by my Senior Management Team (SMT) and the Audit and Risk Assurance Committee (ARAC) which regularly monitors the Agency risk management activities.

2. The Purpose of the System of Internal Control

This Governance Statement for which I, as Accounting Officer, take responsibility is designed to give a clear understanding of how the duties detailed above have been carried out during the 2015-16 reporting period.

The Agency is a Non-Departmental Public Body (NDPB), governed by a Board. The Board is responsible for determining the Agency's strategic direction, policies and priorities, and for ensuring that the Agency's statutory duties are carried out effectively. In relation to governance the Board is supported by two sub-committees, the Audit and Risk Assurance Committee and the Finance and Personnel (F&P) Sub-Committee. Day-to-day operations are managed by a SMT comprising the Chief Executive (Chair) and three Heads of Business, namely Director (Advisory Services), Director (Conciliation and Arbitration) and Director (Corporate Services).

In 2015-16 the Agency was sponsored by the Department for Employment and Learning (DEL), with whom it had regular accountability review meetings. In addition the Agency provided DEL with copies of all Board papers, the Corporate Risk Register, audit papers/reports and regular financial management information. The respective roles of the Agency and the sponsor Department are set out in the DEL/LRA Management Statement and Financial Memorandum (MSFM). I report to the Board on the Agency's compliance with our MSFM and provide a mid-year and end of year assurance statement to the sponsor Department's Accounting Officer. Given that the Agency will now be sponsored by the Department for the Economy (DfE) from 9 May 2016 I intend to explore with the new sponsor Department any adjustments that may be required to the existing MSFM.

3. The Agency's Governance Structure

The governance structure is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to: identify and prioritise the risks to the achievement of the Agency's policies, aims and objectives; to evaluate the likelihood and impact of those risks being realised and to manage them efficiently, effectively and economically.

The system of governance has been in place throughout the year ended 31 March 2016 and up to the date of approval of the Annual Report and Accounts 2015-16, and accords with the Corporate Governance in Central Government Departments Code of Good Practice (NI) 2013. While the 2013 Code is written for departments, it is based on key principles that apply equally to NDPB. The Agency considers and adopts the practices set out in the Code wherever it is relevant and practical and in a way that is consistent with its business needs.

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.

4.3. GOVERNANCE STATEMENT 2015-16 cont'd ...

The Agency's Board

The Board establishes the strategic direction, policies and priorities for the Agency, and through regular monitoring ensures that all agreed strategic objectives and targets are met. The Board also strives to observe the highest standards of corporate governance, in line with the provisions of the Code of Good Practice (NI). The Agency Board Code of Good Practice, Standing Orders and the Code of Conduct for Board members set out the general responsibilities of Board members.

The Board consists of the Chair and nine members from employer, employee and independent backgrounds, appointed by the DEL Minister. The Board considers itself to be effective in:

- establishing the Agency's overall strategic direction within the policy framework set out in statute and the resources framework agreed with the sponsor Department;
- overseeing the delivery of planned outcomes by monitoring performance against agreed strategic objectives and targets;
- ensuring that the Board operates within the limits of its statutory authority, within the limits of the Board's financial delegated authority agreed with DEL 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;
- ensuring 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;
- ensuring that the Agency operates sound environmental policies and practices in accordance with relevant Government guidance; and
- ensuring that high standards of corporate governance are observed at all times.

The Board's quorum is five. The Board Chair and members' attendance at Board meetings for 2015-16 was as follows:

Marie Mallon		9/9
Sally M^cKee	(last meeting Dec 2015)	6/7
Gordon Parkes	(last meeting Dec 2015)	6/7
Louise Crilly	(first meeting Nov 2015)	4/4
Michelle M^cGinley	(first meeting Nov 2015)	4/4
Deirdre Fitzpatrick		8/9
Gary M^cMichael		7/9
Alison Millar		9/9
Albert Mills		7/9
Jill Minne		9/9
Daire Murphy		9/9
Pauline Shepherd		5/9

4.3. GOVERNANCE STATEMENT 2015-16 cont'd ...

The Audit and Risk Assurance Committee (ARAC)

The ARAC is a sub-committee of the Agency Board and supports the Chief Executive in his responsibilities for issues of risk, control and governance, finance and associated assurance. The Committee is an advisory body with no executive powers. The Committee's membership is constituted by members of the Board with members of the SMT, Internal and External Audit, and the sponsor department in attendance.

The specific duties of the Committee are to:

- review corporate governance assurances including the Agency's systems for the assessment and management of risk, the Governance Statement and monitoring arrangements for maintaining standards of business conduct and probity;
- review the accounting policies and accounts 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;
- consider the planned activity and results of both internal and external audit work;
- consider the adequacy of management's response to issues identified by audit activity, including external audit's Management Letter; and
- consider assurances relating to corporate governance requirements.

Under the direction of the Chair, the ARAC is assiduous in ensuring that the Committee delivers on its terms of reference; conducts a detailed self-assessment using a tailored version of the National Audit Office checklist; and where appropriate adjusts its agenda to address any emerging business critical matters.

There were four ARAC meetings in 2015-16. The ARAC held the deferred March 2015 meeting on 4 June 2015. It thereafter resumed its established cycle of three meetings for each financial year. The 18 June 2015 meeting primarily focused on the outcomes from the external audits as set out in the 'Report to Those Charged with Governance' (RTTCWG) as well as consideration of the Annual Report and Accounts. The 3 December 2015 meeting concentrated on general corporate governance matters which included a detailed review of the Agency's Corporate Risk Register and the 2 March 2016 meeting approved the Northern Ireland Audit Office's (NIAO) audit strategy and considered internal audit reports for the year and more particularly Internal Audit's Annual Statement of Assurance. The ARAC has recently agreed to meet four times in each financial reporting period. The ARAC's quorum is three. For the meetings held in 2015-16, membership and attendance were as follows:

Gordon Parkes	(Chair to Dec 2015)	3/3
Deirdre Fitzpatrick	(Chair from Jan 2016)	4/4
Alison Millar		4/4
Gary M^cMichael		2/4
Pauline Shepherd		3/4
Daire Murphy		4/4

The Chair of the ARAC submitted a formal annual report to the Board in June covering the following matters:

- the monitoring and control ethos of the Committee with a particular focus on the content of the Agency's Corporate Risk Register;
- number of Committee meetings held and record of attendance;
- the methods and outcome of the Committee's formal self-assessment;
- the Committee's review of audit arrangements including their quality as well as advice on the appropriateness of the internal audit programme for the upcoming financial year;
- progress on audits including report findings, actions taken by management, conclusions of the annual (internal) audit assurance and content of the NIAO's RTTCWG.

4.3. GOVERNANCE STATEMENT 2015-16 cont'd ...

The Finance and Personnel (F&P) Sub-Committee

The F&P Sub-Committee fulfills an advisory role to the Board and its quorum is three. At its March 2015 meeting the Board agreed to re-evaluate the merits of retaining the F&P Sub-Committee. To inform the Board's thinking advice was sought from the Chartered Institute of Public Finance and Accountancy (CIPFA) on what constituted good practice in relation to the constitution of Board sub-committees. On the basis of a report from the Chief Executive, the Board determined that the F&P Sub-Committee should be retained but that there was a need to review its terms of reference. Revised terms of reference were approved at the Board's December meeting.

The F&P Sub-Committee's terms of reference are:

- (a) consider and report to the Board on planning for and the management of Agency resources e.g. financial, staffing and accommodation;
- (b) consider and report to the Board on policy and strategic matters relating to finance and personnel;
- (c) monitor, in line with the annual business plan, the financial performance of the Agency;
- (d) monitor, in line with the annual business plan, staffing, equality and organisational development matters;
- (e) monitor the evaluation of Agency services in respect of performance and quality;
- (f) undertake such duties as determined by the Board under agreed Agency employment policies and procedures e.g. the Agency Discipline and Grievance Procedures;
- (g) consider a report from the Chair of the Board on the annual performance appraisal of the Chief Executive;
- (h) undertake such other duties as may, from time to time, be determined and delegated by the Board;
- (i) in relation to the above duties, receive reports, advice and recommendations from the Chief Executive.

The first meeting of the reconstituted F&P Sub-Committee was held in March 2016.

The F&P Sub-Committee's membership, and their attendance at meetings held in 2015-16, was as follows:

Sally M^cKee	(Chair to Dec 2015)	1/1
Albert Mills	(Chair from Jan 2016)	2/2
Alison Millar	(to Dec 2015)	1/1
Michelle M^cGinley	(from Jan 2016)	1/1
Jill Minne		2/2

The Senior Management Team (SMT)

Membership of the SMT consists of the Chief Executive and the three Directors responsible for Advisory, Conciliation & Arbitration and Corporate Services. The SMT is responsible for the day-to-day management of the Agency ensuring that all major policies are implemented and significant operational priorities are addressed. Meetings are held weekly with a flexible agenda based on time-critical operational issues with a formal SMT meeting held on a monthly basis where a standard agenda applies. The Directors also have monthly management/team meetings which provide the opportunity to consult and communicate on the strategic direction of the Agency.

The terms of reference for the SMT are as follows:

- protect and enhance the Agency's reputation through the delivery of high quality, responsive services that contribute to the improvement of employment relations and working life;
- under the direction of the Board develop the Corporate and annual Business Plans;
- monitor, improve and report on the performance against objectives set out in annual Business Plans;
- ensure the delivery of the Agency's statutory duties, powers and strategic objectives making certain that appropriate processes and reasonable controls are maintained;

4.3. GOVERNANCE STATEMENT 2015-16 cont'd ...

- ensure that all public funds made available to the Agency, including any approved income or other receipts, are used in accordance with the statutory duties, and that these, together with the Agency's assets, equipment and staff, are used economically, efficiently and effectively;
- maintain effective change management systems, enabling the Agency to continuously improve in relation to the delivery of its mission and objectives; and
- ensure that the Agency meets its statutory duties under Section 75 of the Northern Ireland Act (1998).

Board Effectiveness

In line with established corporate governance standards, all Boards and Board Sub-Committees should carry out an annual assessment of their effectiveness.

The Agency's Board Chair is appraised by the Department annually. The Chair also undertakes Board member appraisals on an annual basis. Board member training and development along with conflicts of interest are standing agenda items at each Board meeting. In addition, the Board completed an assessment of its performance for the year 2015-16 using the CIPFA self-assessment checklist. The response to the self-assessment exercise was very positive with substantial assurance that the Agency is in compliance with generally accepted governance standards for Boards in Northern Ireland. The following themes were identified through the self-assessment process as areas for further development: clarity of strategic direction, strategic planning, relationships with sponsor Department, explicitness of delegation, meeting dynamics and stakeholder development. In February 2016 the Board held a planning workshop to identify the strategic priorities to be taken forward through the 2016-17 annual Business Plan. The Board has also committed to a further away day to develop the 2017-20 Corporate Plan in the context of the Executive's new outcome-based Programme for Government (PfG). The Board will also use the corporate planning process to address development themes identified through the 2015-16 self-assessment exercise.

The review of the Board's performance was in part informed by the ARAC's detailed self-assessment using a tailored version of National Audit Office checklists specifically designed for audit committees. The 2015-16 self-assessment, confirms that the ARAC is in compliance with the National Audit Office requirements. However, the ARAC has decided to move to four meetings per year in full compliance with the Audit Committee Handbook and has asked for the anti-fraud policy and response plan to be upgraded as a matter of priority.

A critical priority for the Board is to monitor performance against targets within the Business Plan. In 2015-16, the SMT revised the format of the Business Plan performance report and the more general presentation of papers to the Board. The Board has commented favorably on the scope, quality and efficacy of the revised management reporting which allows for budget reporting at every meeting combined with a greater frequency of presentations from the executive team on critical development projects. Information received by the Board during the reporting period was considered adequate to allow the Board to exercise its overall functions of (1) keeping in touch with current employment relations issues and stakeholders, (2) determining the policy, strategy and business agenda of the Agency and (3) ensuring the effective performance of the Agency through acceptable general governance and management arrangements as delivered by the Chief Executive/Accounting Officer and the SMT.

The Agency Board is committed to strengthening the existing governance arrangements; in this regard the terms of reference for all Board Sub-Committees were reviewed and updated in 2015-16. The Board is also considering the suitability of a range of external governance frameworks as a mechanism for strengthening and bringing greater coherence to all of the Agency's governance activities.

4.3. GOVERNANCE STATEMENT 2015-16 cont'd ...

4. The Risk and Internal Control Framework

It is the Board/ARAC on the advice of the Chief Executive which decides on the risk appetite of the Agency. In policy terms, the position of the Agency is as follows:

- (a) For matters of statutory and legal compliance and for matters linked with public sector values such as fairness and openness, the Agency is risk averse. This means that it will maximise its controls in this area and avoid significant levels of residual risk wherever possible. Where not avoidable, the Agency will protect itself, for example through the provision of contingencies and insurance.
- (b) For matters which are in the realm of developing good employment relations within the province and which have the potential to directly or indirectly stimulate the economy, the Agency will be willing to accept a degree of risk which is commensurate with that in the province's economic and business environment. However, in that context, the formality of its risk assessment and the management arrangements and controls put in place to mitigate risk will be scrutinised firstly by the SMT and thereafter by the Board through its ARAC.

The Agency Board retains overall responsibility for the management of risk in the organisation. At least annually, the Board reviews and challenges the Corporate Risk Register including the Agency's appetite for risk. At each ARAC meeting, the risks are reviewed to ensure that risk management processes are in place and working. The Chair of the ARAC reports back to the Board after each meeting and submits an annual report to the Board.

The SMT meets regularly to consider the plans and strategic direction of the Agency and assesses and monitors key strategic risks within the business planning cycle. The risk management policy defines how risk is managed and is explicit on the roles and responsibilities of all relevant staff. Individual members of the SMT have lead responsibility for monitoring each of the Agency's corporate risks.

The identification and assessment of risk is fully embedded within the Agency's business planning cycle. The annual Business Plan and programme/project plans are factored into the development and review of the risk register. All projects contain an explicit assessment of risk. The Agency's (Section 75) Equality Scheme is highly influenced by an "Audit of Inequalities", the output of which is a statement of Equality Risk which is incorporated in the risk register.

The level of risk is determined by assessing the impact and time weighted likelihood of particular scenarios arising. Internal Audit findings, the wider policy, funding and economic context are all considered when reviewing the risk register. The Agency currently recognises the following eight high level risks:

1. The Agency loses credibility and does not adequately influence changes in the NI employment relations environment;
2. The loss of the Agency's reputation for the provision of high quality, independent and impartial employment relations services;
3. Failure to deliver key 2014-17 corporate and business objectives due to budget pressures;
4. The Agency's information systems do not adequately support business-critical operations;
5. Non-compliance with relevant legislation results in the loss, misuse of data and a failure to properly disclose information leading to reputational damage;
6. Failure to demonstrate value for money (VfM);
7. The Agency fails to meet its statutory equality duties and equality best practice standards;
8. The Agency may encounter significant skills deficits following the retirement/departure of Board members/senior staff.

Even though none of the above risks were realised during 2015-16 the Agency continued to strengthen its internal control measures. This has generated a number of positive outcomes; most notably in the areas of HR as highlighted by the achievement of IIP "Gold" and also in relation to information security management evidenced by our ISO27001 re-accreditation. However, following a recent review of the Agency's records management arrangements a new corporate risk ("5" above) has been included as an area requiring improvement as described in the next section.

4.3. GOVERNANCE STATEMENT 2015-16 cont'd ...

5. Review of Effectiveness

As Accounting Officer, I have responsibility for conducting an annual review of the effectiveness of the Agency's governance, risk management and internal control systems. My assessment is informed by the following mechanisms; the findings/recommendations arising from Internal Audit's annual plan and the annual Internal Audit Assurance Report; the assurances provided by the Agency's executive managers who have responsibility for the development of/and adherence to the internal control framework; the opinion of the Comptroller and Auditor General as set out in the Northern Ireland Audit Office's Report to Those Charged with Governance; and the work of the ARAC, the Board and the F&P Sub-Committee. During the reporting period, following consultation with the Chair of the ARAC, I commissioned Internal Audit to review the Agency's record management arrangements. That review provided only a limited assurance and an action plan is now in place to implement all of the recommendations. I have asked Internal Audit to conduct a follow-up review in November 2016.

This Governance Statement represents the end product of my assessment of the effectiveness of the Agency's governance, risk management and control framework for 2015-16, which has provided a satisfactory level of assurance.

In summary, the following actions/factors have been deployed to ensure that the Agency's system of controls is fit for purpose:

- the Board meets regularly to monitor performance against the targets in the operational plan;
- the SMT meets regularly to consider the strategic direction, plans and operational performance;
- the ARAC's detailed consideration of internal and external audit reports;
- Internal Audit reporting is to Public Sector Internal Audit Standards. Each year, through its annual assurance, the Head of Internal Audit provides an opinion on the adequacy and effectiveness of the Agency's internal controls together with any recommendations for improvement;
- the Chair of the ARAC reports to the Board after each Audit Committee meeting;
- the SMT discusses progress made in implementing outstanding Internal Audit recommendations;
- Internal Audit gave an overall "Satisfactory" annual assurance in relation to risk management, control and governance notwithstanding the significant control issues identified though the review of records management. In all respects the recommendations associated with the audit opinion have been accepted fully by management and are being implemented;
- an organisation-wide Strategic Risk Register has been reviewed and updated;
- monthly performance reports to the Board are provided which detail progress against business plan objectives and the extent of achievement of key performance indicators. These reports allow the Board and the SMT to make detailed decisions in relation to priorities and resources.

During this financial year, the Agency has continued to optimise the use of its resources in light of reducing budgets. Significant progress has been made. The impact of in-year budget constraints has resulted in permanent vacancies not being filled as well as a substantial reduction in the learning and development opportunities for both staff and Board members. The Agency has taken steps to mitigate any negative impacts but does recognise that this may not be sustainable in the longer term.

The Agency has continued to identify savings in areas of discretionary expenditure; however the potential to identify further reductions is limited given the current public sector funding constraints. In this context, the Agency is finding it much more difficult to plan for and resource emerging employment relations initiatives such as the introduction of Early Conciliation. In this regard the Agency has developed a robust business case in support of a bid for additional resources.

Other than the records management audit report there have been no other significant control issues during the course of this financial year.

I have considered all available evidence in the production of this Governance Statement; my assessment is that the Agency's governance structures and control measures have been appropriate and have been working satisfactorily throughout 2015-16.



Accounting Officer LRA

23rd June 2016

Date

4.4. REMUNERATION AND STAFF REPORT FOR YEAR ENDED 31 MARCH 2016

A. REMUNERATION REPORT

REMUNERATION POLICY

As an NDPB, members of staff of the Labour Relations Agency are not civil servants. However, staff of the Agency, whether on permanent or temporary contract, are subject to levels of remuneration and terms and conditions of service (including superannuation) within the general NICS pay structure as approved by the Department and DFP.

The Minister of Finance approves the pay remit for Senior Civil Service (SCS) staff. The SCS remuneration arrangements are 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. In 2012, upon creation, there were 11 points on each scale. This was subsequently reduced to 10 points in 2014 and 9 points in 2015 to allow progression through the pay scales within a reasonable period of time.

SERVICE CONTRACTS

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials 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.

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

SALARY AND PENSION ENTITLEMENTS

The following sections provide details of the remuneration and pension interests of the most senior officials of the Agency.

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 to Board members or staff 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.

There were no benefits in kind paid to any member of staff or to members of the Board of the Agency.

BONUSES

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. No bonuses were paid in 2015-16 or 2014-15.

Remuneration (including salary) and pension entitlements (Audited information)

	2015-16			2014-15		
	Salary £000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1,000)	Salary £000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1,000)
Board members						
*Mr J McCusker	Nil	Nil	Nil	5-10	Nil	16
*Ms M Mallon	20-25	Nil	10	15-20	Nil	6
*Mr T Morrow	Nil	Nil	Nil	0-5	Nil	Nil
*Mr S L Fawcett	Nil	Nil	Nil	0-5	Nil	Nil
*Mr N Willis	Nil	Nil	Nil	0-5	Nil	Nil
Mr G Parkes to 31/12/15	0-5	Nil	Nil	5-10	Nil	Nil
Mrs S McKee to 31/12/15	0-5	Nil	Nil	5-10	Nil	Nil
Mrs A Millar	5-10	Nil	Nil	5-10	Nil	Nil
Mr G McMichael	5-10	Nil	Nil	5-10	Nil	Nil
Mr A Mills	5-10	Nil	Nil	5-10	Nil	Nil
Ms P Shepherd	5-10	Nil	Nil	5-10	Nil	Nil
*Mrs D Fitzpatrick	5-10	Nil	Nil	0-5	Nil	Nil
*Ms J Minne	5-10	Nil	Nil	0-5	Nil	Nil
*Mr D Murphy	5-10	Nil	Nil	0-5	Nil	Nil
**Ms L Crilly	0-5	Nil	Nil	Nil	Nil	Nil
**Ms M McGinley	0-5	Nil	Nil	Nil	Nil	Nil
Management						
*T Evans Chief Executive (appointed 16/03/15)	65-70	Nil	63	0-5	Nil	2
*W Patterson Chief Executive (retired 13/03/15)	Nil	Nil	Nil	65-70	Nil	(807)
P Holloway	50-55	Nil	7	50-55	Nil	13
D McGrath	50-55	Nil	7	50-55	Nil	13
G O'Neill (part-time from 01/01/13)	40-45	Nil	11	40-45	Nil	9
The Certification Office:						
S Havlin (part-time)	20-25	Nil	9	20-25	Nil	-

* Mr J McCusker resigned from the Board on 31/07/14 and was replaced by * Ms M Mallon on 01/08/14. Mr McCusker's full-time equivalent salary was £20-25k and Ms Mallon's full-time equivalent salary is £20-25k.

* Mr T Morrow, * Mr S L Fawcett and * Mr N Willis resigned from the Board on 30/11/14 and were replaced by * Mrs D Fitzpatrick, * Ms J Minne and * Mr D Murphy on 01/12/14. All of their full-time equivalent salaries are **£5-10k**.

* Mr W Patterson left office on 13/03/15 and was replaced by * Mr T Evans on 16/03/15. Mr Patterson's full-time equivalent salary was **£80-85k** and Mr Evans full-time equivalent salary is **£65-70k**.

** Ms L Crilly & Ms M McGinley joined the Board on 16/11/15 to replace Mr G Parkes and Mrs S McKee.

Pension Benefits (Audited information)

Chairman/Officials	P Holloway £	D McGrath £	G O'Neill £	S Havlin £
Value of pension benefits for single total figure of remuneration in 2015-16 (£)	5-10,000	5-10,000	10-15,000	5-10,000
Value of pension benefits for single total figure of remuneration in 2014-15 (£)	10-15,000	10-15,000	5-10,000	0-5,000
Real increase in pension (£) in 31/03/15 – 31/03/16	0-2,500	0-2,500	0-2,500	0-2,500
Real increase in lump sum (£) in 31/03/15 – 31/03/16	0-2,500	0-2,500	0-2,500	0-2,500
Accrued pension at 31/03/16 or date of leaving	25-30,000	25-30,000	10-15,000	0-5,000
Accrued lump sum at 31/03/16 or date of leaving	75-80,000	75-80,000	30-35,000	*
CETV @ 31/03/16 or at date of leaving (nearest £k)	560	527	223	18
CETV @ 31/03/15 or at date of leaving (nearest £k)	560	529	216	13
Employee Contributions and transfers-in (£)	3,808	3,808	2,259	953
Real increase in CETV as funded by employer (nearest	6	6	10	4

Chairman/Officials	M Mallon £	T Evans £
Value of pension benefits for single total figure of remuneration in 2015-16 (£)	5-10,000	60-65,000
Value of pension benefits for single total figure of remuneration in 2014-15 (£)	5-10,000	0-5,000
Real increase in pension (£) in 31/03/15 – 31/03/16	0-2,500	2,500-5,000
Real increase in lump sum (£) in 31/03/15 – 31/03/16	0-2,500	7,500-10,000
Accrued pension at 31/03/16 or date of leaving	0-5,000	35-40,000
Accrued lump sum at 31/03/16 or date of leaving	*	105-110,000
CETV @ 31/03/16 or at date of leaving (nearest £k)	14	783
CETV @ 31/03/15 or at date of leaving (nearest £k)	6	730
Employee Contributions and transfers-in (£)	1,318	4,878
Real increase in CETV as funded by employer (nearest £k)	7	62

Mr T Evans commenced employment with LRA on 16/03/15.

Ms M Mallon commenced employment with LRA on 01/08/14.

* A lump sum for M Mallon and S Havlin is not fixed, so is not determinable.

NORTHERN IRELAND CIVIL SERVICE PENSION ARRANGEMENTS

Pension benefits are provided through the Northern Ireland Civil Service (NICS) pension arrangements which are administered by Civil Service Pensions (CSP). 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). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011, pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a "Career Average Revalued Earnings" (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were with 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a "Career Average Revalued Earnings" (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in CPI.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2015 was negative (-0.1%) and HM Treasury has announced that there will be no increase to public service pensions from April 2016. Therefore public service pensions will remain at their current level.

The employee contribution rates for all members for the period covering 1 April 2016 to 31 March 2017 year are as follows:

SCHEME YEAR 1 APRIL 2016 TO 31 MARCH 2017

Pay band – assessed each pay period	Contribution rates - Classic members	Contribution rates - Classic plus, premium,
From – To	From 01 April 2016 to 31 March 2017	From 01 April 2016 to 31 March 2017
From £0 to £15,000.99	3.8%	4.6%
From £15,001 to £21,210.99	4.6%	4.6%
From £21,211 to £47,471.99	5.45%	5.45%
From £47,472 to £150,000.99	7.35%	7.35%
£150,001 and above	8.05%	8.05%

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

SCHEME YEAR 1 APRIL 2016 TO 31 MARCH 2017 cont'd ...

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 14.7% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal pension age in alpha will be linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website www.dfpni.gov.uk/civilservicepensions-ni.

CASH EQUIVALENT TRANSFER VALUES

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV 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 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. The actuarial factors used to calculate CETVs changed during the 2015-16 year and, consequently, CETV figures increased even without any further pension accrual. 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.

ILL-HEALTH RETIREMENT

There were no staff retiring due to ill-health in the 2015-16 year.

EXIT PACKAGES

No exit packages were provided to staff in the 2015-16 year.

COMPENSATION FOR LOSS OF OFFICE

No members of staff leaving the Agency in 2015-16 received compensation for loss of office.

PAY MULTIPLES

	2015-16			2014-15		
	Salary (exc non-consol perf pay) £'000	Non-Consolidated Performance Pay £'000	Benefits in Kind nearest £100	Salary (exc non-consol perf pay) £'000	Non-Consolidated Performance Pay £'000	Benefits in Kind nearest £100
Chief Executive	65-70	Nil	Nil	80-85	Nil	Nil
Midpoint of the banded remuneration of the highest paid director.	70-75	Nil	Nil	80-85	Nil	Nil
Median Total Remuneration	28.50	Nil	Nil	29.02	Nil	Nil
Ratio	2.55			2.84		

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.

To calculate the median salary all salaries (other than that of the highest paid "director") were listed in order of value and the median between the highest and lowest was taken.

In 2015-16, one employee, the Chief Executive was the highest-paid director with remuneration of £65-70k. In 2014-15, the Chief Executive was also the highest-paid director with remuneration of £80-85k.

The banded remuneration of the highest paid directors was £70-£75k. The ratio between the Median Total Remuneration and the mid-point of the banded remuneration of the highest paid director was 2.55.

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.

B. STAFF REPORT

STAFF NUMBERS AND RELATED COSTS

B.1 Staff costs comprise:-	2015-16	2014-15
	£	£
Agency (excluding Certification Office):-		
Permanently employed staff:		
Wages and salaries (includes childcare vouchers)	1,945,031	1,938,127
Social security costs	135,252	119,402
Other pension costs – superannuation	415,329	365,550
	2,495,612	2,423,079
Others:		
Employment Agency Staff	61,159	24,400
Sub Total (excluding Certification Office)	2,556,771	2,447,479
Less recoveries in respect of outwards secondments	(84,146)	(28,373)
Total net Agency costs	2,472,625	2,419,106
The Certification Officer and assistants		
Wages and salaries	124,404	128,793
Social Security Costs	9,041	9,151
Other pension costs – superannuation	41,303	20,156
Total net Certification Office costs	174,748	158,100
TOTAL STAFF COSTS	<u>2,647,373</u>	<u>2,577,206</u>

STAFF NUMBERS AND RELATED COSTS cont'd ...

B.2 The above staff costs are analysed as follows:	2015-16	2014-15
	£	£
Board members		
Chairman's salary and other Board members fees	72,451	70,776
Social security costs	1,605	1,972
Other pension costs – superannuation re Chairman	6,404	5,666
	80,460	78,414
Staff: Chief Executive and other management		
Salary	211,256	214,108
Social security costs	22,242	20,860
Other pension costs – superannuation	50,536	50,247
	284,034	285,215
Operational: Salaries (includes child care vouchers)	1,249,042	1,268,944
Social security costs	84,218	74,689
Other pension costs – superannuation	261,800	242,048
	1,595,060	1,585,681
Support: Salaries (includes travel card)	347,842	355,926
Social security costs	22,173	21,881
Other pension costs – superannuation	81,897	67,589
Employment agency staff	61,159	24,400
	513,071	469,796
Total staff costs (excluding Certification Officer)	2,472,625	2,419,106
Certification Officer: Salary	20,726	20,943
Social security costs	1,743	1,791
Other pension costs - superannuation	18,262	-
	40,731	22,734
Certification Office Support: Salaries	103,678	107,850
Social security costs	7,298	7,360
Other pension costs - superannuation	23,041	20,156
Total Certification Office staff costs	174,748	158,100
TOTAL STAFF COSTS	2,647,373	2,577,206

STAFF NUMBERS AND RELATED COSTS cont'd ...

B.3 Pension Costs

The Principal Civil Service Pension Schemes (Northern Ireland) [PCSPS(NI)] are unfunded multi-employer defined benefit schemes but the Labour Relations Agency is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. The valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2016.

For 2015-16, employers' contributions of £441,940 were payable to the PCSPS(NI) pension arrangements (2014-15, £385,706) at one of four rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new funding valuation scheme based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earnings scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employees of the Agency have opted to do this. Accordingly, these financial statements do not reflect any costs in this regard.

There were no prepaid pension costs at 31 March 2016.

B.4 Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

The number of Board members serving at any one time during the year was:	2015-16 No	2014-15 No
Board members (including Chairman)	10	10
The average number (full-time equivalent) of:-		
Management (including Chief Executive)	4	4
Operational	44	44
Support	12	14
The Certification Officer (part-time)	1	1
Certification Office Support Staff	4	4
	65	67
Employment Agency Staff	3	1
Total (including The Certification Officer)	78	78



Chief Executive

23rd June 2016

Date



FINANCE REPORT



Financial Statements
of
The Labour Relations Agency
and
The Certification Officer
for Northern Ireland
31 March 2016



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STATEMENT OF THE AGENCY'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Background Information

The Labour Relations Agency is an executive Non-Departmental Public Body sponsored by the Department for Employment and Learning established in 1976 under the Industrial Relations (Northern Ireland) Order 1976 and continued by the Industrial Relations Order (Northern Ireland) 1992.

Under paragraph 15(2) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992 the Agency is required to prepare a statement of accounts in the form and on the basis determined by the Department for Employment and Learning, with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, statement of change in reserves and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- observe the accounts direction issued by the Department for Employment and Learning, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable IFRS accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Labour Relations Agency will continue in operation.

The Accounting Officer of the Department for Employment and Learning has designated the Chief Executive of the Agency as the Accounting Officer. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officer's Memorandum (Chapter 3 – Managing Public Money Northern Ireland), issued by the Department of Finance and Personnel.

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

I certify that I have audited the financial statements of the Labour Relations Agency for the year ended 31 March 2016 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Industrial Relations (Northern Ireland) Order 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Labour Relations Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Labour Relations Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

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.

Opinion on financial statements

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 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial Relations (Northern Ireland) Order 1992 and the Department for the Economy (formerly under the control of the Department for Employment and Learning) directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff 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

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 Remuneration and Staff Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's (formerly Department of Finance and Personnel) guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

7th July 2016

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Agency £	Certification Officer £	2015-16 Total £	2014-15 Total £
Expenditure					
Staff costs	See Remuneration & Staff Report	2,472,625	174,748	2,647,373	2,577,206
Depreciation	4	163,406	217	163,623	123,618
Other expenditure	4	845,944	38,243	884,187	931,484
Total expenditure		3,481,975	213,208	3,695,183	3,632,308
Income	3	-	-	-	-
Net operating cost		<u>3,481,975</u>	<u>213,208</u>	<u>3,695,183</u>	<u>3,632,308</u>

OTHER COMPREHENSIVE NET EXPENDITURE

	Notes	2016 £	2015 £
Items that will not be reclassified to net Operating cost:			
Net gain on revaluation of Property, Plant and Equipment	5	3,073	4,050
Net gain on revaluation of Intangibles	6	2,529	-
Total Comprehensive Net Expenditure for the year ended 31 March 2016		<u>3,689,581</u>	<u>3,628,258</u>

All amounts above relate to continuing activities.

The notes on pages 75 to 85 form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016 £	2015 £
Non-current assets:			
Property, plant and equipment	5	256,852	274,436
Intangible assets	6	<u>172,775</u>	<u>270,460</u>
Total non-current assets		429,627	544,896
Current assets:			
Trade and other receivables	7	40,095	53,310
Cash and cash equivalents	8	<u>172,754</u>	<u>120,284</u>
Total current assets		<u>212,849</u>	<u>173,594</u>
Total assets		642,476	718,490
Current Liabilities			
Trade and other payables	9	<u>(203,999)</u>	<u>(217,932)</u>
Total assets less liabilities		<u>438,477</u>	<u>500,558</u>
Taxpayers' equity			
Revaluation reserve		49,803	44,201
General reserve		<u>388,674</u>	<u>456,357</u>
Total taxpayers' equity		<u>438,477</u>	<u>500,558</u>

The financial statements on pages 71 to 85 were approved by the Board on 23 June 2016 and were signed on its behalf by:



Marie Mallon,
Chair



Tom Evans,
Chief Executive and Accounting Officer

The notes on pages 75 to 85 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2015-16 £	2014-15 £
Cash flows from operating activities			
Net operating cost		(3,695,183)	(3,632,308)
Adjustments for non-cash transactions	4	163,623	125,901
Decrease in trade and other receivables		13,215	3,896
Increase in trade payables exc. capital creditors		<u>69,901</u>	<u>86,153</u>
Net cash outflow from operating activities		<u>(3,448,444)</u>	<u>(3,416,358)</u>
Cash flows from investing activities			
Purchase of plant, property and equipment		(19,609)	(53,910)
Purchase of intangible assets		<u>(106,977)</u>	<u>(238,262)</u>
Net cash outflow from investing activities		<u>(126,586)</u>	<u>(292,172)</u>
Cash flows from financing activities			
Financing – grant drawn down from Department for Employment & Learning			
- Agency		3,432,500	3,577,000
- Certification Officer		<u>195,000</u>	<u>195,000</u>
Net financing		<u>3,627,500</u>	<u>3,772,000</u>
Net increase in cash and cash equivalents in the period	8	52,470	63,470
Cash and cash equivalents at the beginning of the period	8	<u>120,284</u>	<u>56,814</u>
Cash and cash equivalents at the end of the period	8	<u><u>172,754</u></u>	<u><u>120,284</u></u>

Notes:

- The grant drawn down is intended to finance both revenue and capital expenditure, details of which are summarised in the Statement of Comprehensive Net Expenditure and Notes 3, 4, 5 & 6 to the accounts respectively.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Capital Reserve £	Revaluation Reserve £	SoCNE Reserve £	Total Reserves £
Balance at 31st March 2014	18,065,144	43,247	(17,751,575)	356,816
Changes in Taxpayers' Equity 2014-15				
Grant from Department for Employment & Learning – drawn down	3,772,000	-	-	3,772,000
Transfers between reserves	-	(3,096)	3,096	-
Comprehensive Expenditure for the year	-	-	(3,632,308)	(3,632,308)
Movements in Reserves	-	-	-	-
Net gain (loss) on revaluation of property, plant & equipment	-	10,934	-	10,934
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost	-	(6,884)	-	(6,884)
Balance at 31st March 2015	21,837,144	44,201	(21,380,787)	500,558
Changes in Taxpayers' Equity 2015-16				
Grant from Department for Employment & Learning - drawn down	3,627,500	-	-	3,627,500
Transfers between reserves	-	-	-	-
Comprehensive expenditure for the year	-	-	(3,695,183)	(3,695,183)
Movements in Reserves				
Net gain/(loss) on revaluation of property, plant & equipment and intangible assets (Notes 5&6)	-	15,765	-	15,765
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost (Notes 5&6)	-	(10,163)	-	(10,163)
Balance as at 31st March 2016	25,464,644	49,803	(25,075,970)	438,477

The general fund serves as the chief operating fund. The general fund is to be used to account for all financial resources except those required to be accounted for in another fund.

The revaluation reserve records the unrealised gain or loss on the revaluation of assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2015-16 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FRoM 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.

1.1 Accounting Convention

The Agency has the 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 the 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 the Department for Employment & Learning are credited direct to the General Fund reserve on a cash draw-down basis. The annual recurrent allocations from the Department for Employment & Learning 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 £250 (excluding VAT) for IT assets and Building Adaptations and £1,000 (excluding VAT) for all other 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 Office for National Statistics. Surpluses on revaluation of assets are credited to revaluation reserve pending their realisation.

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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 £250 (excluding VAT) (2015: £250). These assets have been restated using valuation techniques produced by the Office for National Statistics.

1.5 Treatment of Pension Liabilities

During the year the Agency participated in the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The Agency meets the cost of pension cover provided for staff they employ by payment of charges calculated on an accruing basis.

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.

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 derecognition. 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 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT

The two main segments operating in the Labour Relations Agency are Labour Relations and the Certification Office. The principal activities of the Labour Relations 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 Office is responsible for ensuring that Trade Unions and Employer's Associations comply with statutory provisions relating to the regulation of Trade Unions and Employer's Associations. The non-current assets of the Labour Relations Agency are all located in Northern Ireland.

	2015-16		2014-15	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Gross Expenditure	3,481,975	213,208	3,436,110	196,198
Income	-	-	-	-
Net Expenditure	3,481,975	213,208	3,436,110	196,198

2.1 Reconciliation between Operating Segments and SoCNE/SoFP

	2015-16		2014-15	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Total net expenditure reported for operating segments	3,481,975	213,208	3,436,110	196,198
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	3,481,975	213,208	3,436,110	196,198

3. INCOME

The only monies received in the year related to recoveries in respect of an outward secondment. This amount was netted off total salaries.

	2015-16 £	2014-15 £
Recoveries in respect of outward secondment	84,146	28,373
Total	84,146	28,373

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2016**

4. OTHER EXPENDITURE

	Agency £	Certific. Officer £	2015-16 Total £	Agency £	Certific. Officer £	2014-15 Total £
Cash items						
Premises Costs:						
Rent, under operating leases, including car parks	204,348	13,872	218,220	205,664	13,872	219,536
Rates, including car parks	87,989	4,349	92,338	94,687	4,349	99,036
Service charges maintenance, cleaning, security, heating, lighting and insurance*	137,420	4,261	141,681	137,680	3,755	141,435
Other Office Running Costs:						
Staff training	15,934	833	16,767	32,371	3,832	36,203
IT Managed Services, Maintenance and licenses	142,489	3,000	145,489	117,587	3,000	120,587
IT Development and implementation	2,378	-	2,378	39,918	-	39,918
Postage and telephones	58,070	459	58,529	49,869	347	50,216
Library services	30,112	-	30,112	29,684	-	29,684
Office, supplies, photocopying, printing and stationery	49,684	834	50,518	53,197	458	53,655
Publications and advertising	7,789	1,967	9,756	6,629	432	7,061
Conference & Seminars	1,463	635	2,098	3,817	-	3,817
Travel and subsistence	26,426	333	26,759	35,162	-	35,162
Hospitality	3,869	-	3,869	6,042	-	6,042
Miscellaneous expenditure	8,398	6,340	14,738	6,853	6,164	13,017
Interpreter fees and venue hire	-	-	-	3,195	-	3,195
Professional subscriptions	7,542	-	7,542	8,446	-	8,446
Advertising (staff vacancies)	3,939	-	3,939	5,105	-	5,105
Bank charges	830	229	1,059	1,054	273	1,327

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4. OTHER EXPENDITURE cont'd ...

	Agency £	Certific. Officer £	2015-16 Total £	Agency £	Certific. Officer £	2014-15 Total £
Fees and Expenses:						
Other professional fees	22,748	296	23,044	22,644	339	22,983
Arbitration fees and expenses	20,056	-	20,056	17,509	-	17,509
Legal fees	-	-	-	60	-	60
Internal auditors' remuneration	7,844	451	8,295	7,322	478	7,800
External auditors' remuneration	6,616	384	7,000	7,000	407	7,407
Total cash expenditure	845,944	38,243	884,187	891,495	37,706	929,201
Non-cash items						
<i>Depreciation</i>						
Depreciation of property, plant and equipment	61,827	217	62,044	80,564	392	80,956
Amortisation of intangible assets	101,579	-	101,579	42,662	-	42,662
Sub Total Depreciation	163,406	217	163,623	123,226	392	123,618
Impairment	-	-	-	2,283	-	2,283
Total net non-cash expenses	163,406	217	163,623	125,509	392	125,901
Total	1,009,350	38,460	1,047,810	1,017,004	38,098	1,055,102

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

5. PROPERTY, PLANT AND EQUIPMENT

2015-16

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certific. Officer Office Furniture Fittings £	Certific. Officer Computer Equipment £	Total £
Cost or valuation						
At 1 April 2015	588,075	240,358	259,244	6,331	4,972	1,098,980
Additions	18,763	4,000	18,624	-	-	41,387
Disposals	-	-	-	-	-	-
Impairment/ Adjustment arising on revaluation	6,950	2,261	2,428	-	47	11,686
At 31 March 2016	613,788	246,619	280,296	6,331	5,019	1,152,053
Depreciation						
At 1 April 2015	364,963	219,978	228,517	6,114	4,972	824,544
Provision for year	37,714	8,888	15,225	217	-	62,044
Disposal	-	-	-	-	-	-
Impairment/ Adjustment arising on revaluation	4,310	2,116	2,140	-	47	8,613
At 31 March 2016	406,987	230,982	245,882	6,331	5,019	895,201
Carrying amount at 31 March 2015	223,112	20,380	30,727	217	-	274,436
Carrying amount at 31 March 2016	206,801	15,637	34,414	-	-	256,852

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using September 2015 statistics.

NB: The depreciation charge per note 5 of £62,044 (2015: £80,956) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2016 (2015: £942).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

5. PROPERTY, PLANT AND EQUIPMENT cont'd ...

Leased Assets

The adaptations to Agency buildings on short leasehold land carried at a Net Book Value at 31 March 2016 of £206,801 and represent the Agency's only leased assets.

2014-15

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certific. Officer Office Furniture Fittings £	Certific. Officer Computer Equipment £	Total £
Cost or valuation						
At 1 April 2014	568,097	236,622	254,651	6,291	5,096	1,070,757
Additions	11,620	1,200	10,798	-	-	23,618
Disposals	-	-	-	-	-	-
Impairment/ Adjustment arising on revaluation	8,358	2,536	(6,205)	40	(124)	4,605
At 31 March 2015	588,075	240,358	259,244	6,331	4,972	1,098,980
Depreciation						
At 1 April 2014	309,860	205,455	215,989	5,691	5,096	742,091
Provision for year	50,533	12,240	17,791	392	-	80,956
Disposal	-	-	-	-	-	-
Impairment/ Adjustment arising on revaluation	4,570	2,283	(5,263)	31	(124)	1,497
At 31 March 2015	364,963	219,978	228,517	6,114	4,972	824,544
Carrying amount at 31 March 2014	258,237	31,167	38,662	600	-	328,666
Carrying amount at 31 March 2015	223,112	20,380	30,727	217	-	274,436

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using September 2014 statistics.

NB: The depreciation charge per note 5 of £80,956 (2014: £63,844) for the year reflects the depreciation provision for property, plant and equipment. A net revaluation downwards adjustment of £942 (2014: £32,729) has been posted to impairment in the SoCNE.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

6. INTANGIBLE ASSETS

Intangible assets comprise computer software, development costs and licences.

2015-16

Cost or Valuation	Agency £	Cert' Office £	Total £
At 1 April 2015	427,117	8,861	435,978
Additions	1,365	-	1,365
Impairment/Adjustment arising on revaluation	3,996	83	4,079
At 31 March 2016	432,478	8,944	441,422
Amortisation			
At 1 April 2015	156,657	8,861	165,518
Charged in year	101,579	-	101,579
Impairment/Adjustment arising on revaluation	1,467	83	1,550
At 31 March 2016	259,703	8,944	268,647
Carrying value at 31 March 2015	270,460	-	270,460
Carrying value at 31 March 2016	172,775	-	172,775

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using September 2015 statistics.

NB: The depreciation charge per note 5 of £101,579 (2015: £42,662) for the year reflects the depreciation provision for intangible assets. No impairment adjustment was required to the SoCNE in 2016 (2015: £1,341 downwards adjustment).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

6. INTANGIBLE ASSETS cont'd ...

Intangible assets comprise computer software, development costs and licences.

2014-15

Cost or Valuation	Agency £	Cert' Office £	Total £
At 1 April 2014	172,334	9,082	181,416
Additions	258,971	-	258,971
Impairment/Adjustment arising on revaluation	(4,188)	(221)	(4,409)
At 31 March 2015	427,117	8,861	435,978
Amortisation			
At 1 April 2014	116,842	9,082	125,924
Charged in year	42,662	-	42,662
Adjustment arising on revaluation	(2,847)	(221)	(3,068)
At 31 March 2015	156,657	8,861	165,518
Carrying value at 31 March 2014	55,492	-	55,492
Carrying value at 31 March 2015	270,460	-	270,460

7. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2015-16 £	2014-15 £
Amounts falling due within one year:		
Other receivables	1,983	1,121
Prepayments	38,112	52,189
	40,095	53,310

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8. CASH AND CASH EQUIVALENTS

	Agency £	Certification Officer £	2015-16 Total £	2014-15 Total £
Balance at 1 April	115,010	5,274	120,284	56,814
Net change in cash and cash equivalent balances	53,518	(1,048)	52,470	63,470
Balance at 31 March	168,528	4,226	172,754	120,284
The following balances at 31 March were held at:				
Commercial banks and cash in hand	168,528	4,226	172,754	120,284
Balance at 31 March	168,528	4,226	172,754	120,284

9. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2015-16 £	2014-15 £
Amounts falling due within one year:		
Trade payables	51,297	87,678
Accruals	<u>152,702</u>	<u>130,254</u>
Total	203,999	217,932

10. CAPITAL COMMITMENTS

There are no capital commitments at the year-end 31 March 2016.

11. CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37

The Agency has a contingent liability of £30,000 at the year-end 31 March 2016. This relates to premises costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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:	2015-16 £	2014-15 £
Not later than one year	215,400	215,400
Later than one year and not later than five years	430,800	646,200
Later than five years	-	-
	646,200	861,600

13. Other Financial Commitments

The Labour Relations Agency has no other Financial Commitments and has not entered into non-cancellable contracts.

14. Related Party Transactions

The Labour Relations Agency is a Non-Departmental Public Body sponsored by the Department for Employment and Learning. The Department for Employment and Learning is regarded as a related party. During the year the only transactions which the Agency has had with the Department is the receipt of £3,627,500 (2014-15: £3,772,000) grant, as disclosed in the statement of cash flows. None of the Board members, members of the key management staff or other related parties has undertaken any material transactions with the Agency during the year, other than the reimbursement of expenses necessarily incurred by staff in the course of their employment.

15. Financial Instruments

As the cash requirements of the Labour Relations Agency and the Certification Officer of Northern Ireland are met through Grant-In Aid provided by the Department for Employment and Learning, 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 Labour Relations Agency's expected purchase and usage requirements and the Labour Relations Agency is therefore exposed to little credit, liquidity or market risk.

16. Impairments

The total impairment charge for the year is nil (2014-15: £2,283).

17. Events after the reporting period

Following the reduction in the number of Northern Ireland government departments from twelve to nine on 9 May 2016, the previous parent Department of the Labour Relations Agency and the Certification Officer ceased to exist. The relevant powers which directly affect the Labour Relations Agency and the Certification Officer transferred to the new Department for the Economy, which, with effect from 9 May 2016, became the new parent Department of the Labour Relations Agency and the Certification Officer.

Apart from this, there are no other events after the reporting period which need to be disclosed.

Date of authorisation for issue

The Accounting Officer authorised these financial statements on 23 June 2016.



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