

**Department of Finance Annual Report and Accounts  
For the year ended 31 March 2023**

# **Department of Finance**

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

Presented to the House of Commons pursuant to Section 67A(2) of the  
Northern Ireland Act 1998

Laid before the Northern Ireland Assembly under section 10(4) of the  
Government Resources and Accounts Act (Northern Ireland) 2001  
by the Department of Finance  
on 20 July 2023

Ordered by the House of Commons to be printed on 20 July 2023



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ISBN 978-1-5286-4202-6

E02923179 07/23

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

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**PERFORMANCE REPORT**

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## **PERFORMANCE REPORT**

### **Performance Overview**

This section outlines the Department's performance during the financial year and highlights the key issues and risks. It also includes the role and purpose of the Department of Finance (DoF).

#### **Our role and purpose**

The Department provides the Northern Ireland Civil Service (NICS) and other public bodies with money, professional services and business support systems, in order to help them deliver excellent, value for money public services.

We do this by:

- Managing public money – effectively allocating resources to where they are most needed to support the delivery of public services;
- Supporting our people – recruiting, developing and supporting the best people for the NICS and providing opportunities for individuals to reach their full potential;
- Transforming and innovating – improving effectiveness across the public sector by transforming the way we work;
- Providing evidence and insights – support evidence-based policy and inform public debate, through high quality, trusted, meaningful data, evidence and research; and
- Delivering public services – collect rates revenue to provide funding towards public services such as health, education and infrastructure, as well as council services.

The Department is one of nine Northern Ireland departments constituted under the Departments Act (Northern Ireland) 2016 and the Departments (Transfer of Functions) Order (Northern Ireland) 2016.

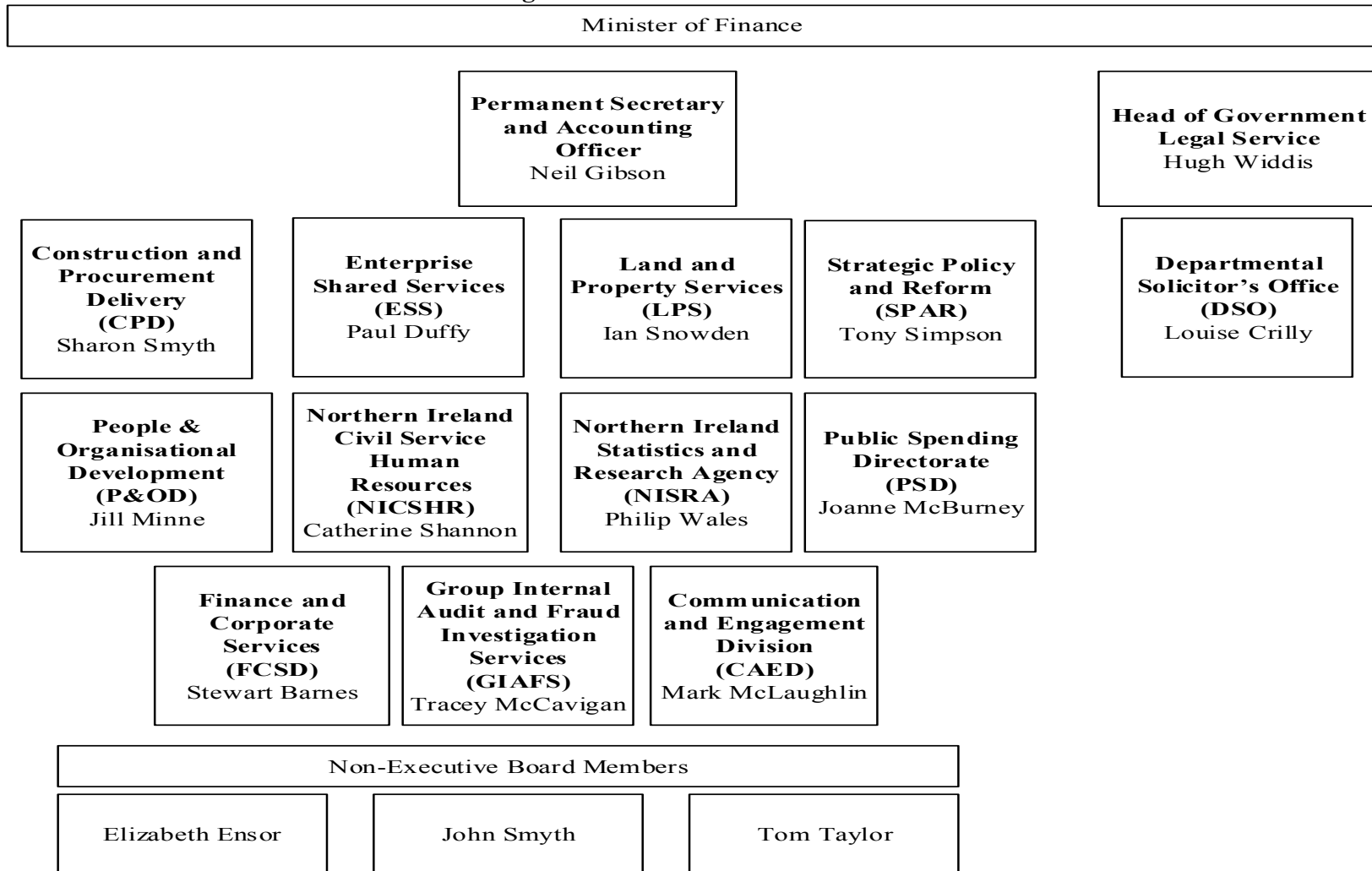
#### **Organisational structure**

The Departmental group comprises the core Department (consisting of seven Directorates, three Divisions) and one Executive Agency (NI Statistics & Research Agency).

The Department also has joint responsibility for one North/South body, Special European Union Programmes Body (SEUPB). The Department has implemented the Review of Financial Process (RoFP) in 2022-23. The aim of RoFP was to align the boundaries of budgets, estimates and accounts as far as is practicable, including consolidation of Non-Departmental Public Bodies (NDPBs) and other central government bodies in estimates and accounts. SEUPB is included within the departmental boundary and was designated in Estimates and Accounts (Designation of Bodies) Order for consolidation into the Department's annual Estimates and Accounts. The 2023 accounts for SEUPB have been consolidated into the Departmental resource accounts.

Note 20 of the Accounts provides a full list of entities within the departmental boundary. The Department's wide remit and its principal activities through these Directorates and Agency are set out in Appendix 1.

**DoF Organisation Chart as at 31 March 2023**



**Accounting Officer's Introduction**

I present the Department of Finance (DoF) Annual Report and Resource Accounts for the 2022-23 year.

The last year has been very challenging for departments and the wider public sector. Record inflation levels combined with the rising cost of living impacting on our staff and the citizens we serve, have meant new pressures and increased demands on the delivery of public services.

We have been unable to meet all the demands or to reward our staff across the Northern Ireland Civil Service family with the increased pay offer we would have wished given the severity of the budget pressures.

The Department has supported colleagues across the NICS through shared services enabling them to deliver vital public services. The difficult budgetary position and the complex political backdrop, make the achievements outlined in the Performance Report commendable.

We will continue our journey of professionalising services, work collaboratively within and outside of the NICS to maximise resources and support our people to deliver the best possible services.

I thank the DoF leadership team and staff for their continued support and professionalism which will be vital if we are to achieve the ambitious and stretching targets for the year ahead.



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## Non-Executive Board Members' Report

Non-Executive Board Members (NEBMs) play an important role within the Department, attending Departmental Board and Committee Meetings. Board meetings are a place of open and transparent interaction where critical challenge and positive suggestions by NEBMs are welcomed. NEBMs also have positive direct interaction with the Permanent Secretary and key officials.

The Departmental Board met eight times during 2022-23, six in person and two online.

Much of the Department's activity during 2022-23 was a continuation of the ongoing activities, focusing on delivering a budget for Northern Ireland, improving customer service, digital transformation and managing critical risks.

Key Departmental projects during 2022-23 included:

- Civil Service Renewal and Delivery Plan;
- Input to COVID -19 Inquiry;
- Census Publications;
- HR/Organisational Development Restructuring;
- New Contact Centre going live;
- Estate Strategy 2022-2025;
- NOVA (LPS Transformation Programme);
- Green Growth Action Plan; *and*
- Integr8 (replacement of Human Resources and Finance systems).

## Departmental Audit and Risk Committee (DARC)

There were eight meetings in total during 2022-23. Three full meetings, two to discuss further the draft accounts and three deep dives. The deep dives were in relation to the Assurance Statements, Internal Audit Workplan and ESS outstanding recommendations.

The Committee carried out an effectiveness self-assessment exercise in April 2023 using the National Audit Office (NAO) checklist and concluded that it was effective in operation and that members continue to provide robust challenge and interrogation of assurances provided, by reviewing the reliability and integrity of those assurances with some progressed for further improvement.

All three Non-Executive Board Members also sit on the NISRA Audit & Risk Committee (ARC), chaired by Tom Taylor which met four times during the year.

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## Performance

In reviewing the Department's performance it should be recognised that during the 2022-23 year, Minister Conor Murphy MLA was in place in a caretaking capacity for the Department, following the Assembly election held on 5 May until 28 October 2022. The Minister of Finance did not issue any Ministerial Directions to the DoF Permanent Secretary during this period.

The 2022-23 DoF Business Plan was published in September 2022. The plan was the blueprint for the year and laid out the key activities to be undertaken to deliver against strategic priorities, including NICS Renewal, implementation of the Estate Strategy and delivery of service transformation projects.

Whilst work to develop a Programme for Government (PfG) had been underway, a final programme had not yet been agreed when the Executive collapsed in February 2022. Any approach to a future PfG will be a decision for incoming Ministers on the return of an Executive.

The Department of Finance is responsible for a number of commitments within the New Decade, New Approach Agreement, progress on which is outlined on page 11.

The Department continued to deliver the majority of the business plan targets while maintaining service delivery. Progress was reported to the Board using a RAG status assessment of each target and narrative on the actions taken to deliver the expected outcomes. The RAG status rating is an acronym that stands for Red Amber Green and refers to status reporting which indicates how much progress has been made on meeting a specific target. It is also used to report on departmental risks. A revised RAG status was implemented this year that included an Amber/Green status to allow more accurate updates to be provided.

Of the **54** targets, at year end **27** were achieved (Green), **5** on target to be achieved (Green/Amber), **6** to be achieved outside of timeframe (Amber), **10** (Red) not achieved and **6** unable to be achieved in the absence of an Executive. Further information is provided in the performance analysis on Page 10.

The key risks and issues to delivering the Department's objectives are monitored through the reporting cycle noted below. There were **13** risks recorded in the last quarter of the 2022-23 year with eight high (red) risks, namely:

- Cyber-attacks against systems supporting shared services - there is a risk that sensitive personal data is lost and ICT systems rendered unavailable, which may result in loss of service in the NICS and the wider public sector;
- Impact of ongoing industrial action - the Department's ability to deliver services to satisfactory levels may be adversely affected by the impact of ongoing industrial action;
- Lack of appropriately skilled staff - the Department will not be able to effectively perform key functions due to insufficient levels of staffing and/or a lack of appropriately skilled staff;
- Implementation of a new Finance and HR solution to meet the needs of the business and its customers via the Integr8 Programme- as a result of a range of factors including a lack of strategic alignment, Senior Leadership sponsorship, Stakeholder Buy-in, and adequate Resourcing (both within the Programme and across the wider NICS) there is a risk that Integr8 fails to design and implement the optimum Integrated Finance and HR Target Operating Model resulting in a failure to implement a new solution to meet the needs of the business and its customers;
- COVID-19 Inquiry information provision - failure to provide information to the statutory UK wide Inquiry in a timely and accurate manner. This could result in a breach of a statutory requirement and reputational damage;

- NOVA project will not deliver the required functionality - there is a risk that the NOVA project will not deliver its agreed objectives resulting in a negative impact on service delivery and failure to provide VFM;
- Whitehall's use of the Financial Assistance powers of UK Internal Market Act 2020 to deliver Levelling Up Funding creates a dual risk of:
  1. Reduced spending power in NI, and
  2. Lack of strategic alignment with NIE Departmental priorities and business objectives; *and*
- Inability to comply with NI Climate Change Act - failure to have the organisation structure, systems, resources and skills in place to meet DoF responsibilities in relation to Green Growth and contribution to NI Climate Action Plans, which will result in an inability to comply with the NI Climate Change Act. This could result in a breach of a statutory requirement and reputational damage.

Key risk owners will continue to actively manage mitigations and future actions to monitor these risks.

Further detail on the performance of the Department is included in the performance analysis.

**Departmental Reporting Cycle**

The DoF Business Plan 2022-23 sets out the Department's objectives and targets and how the Department will work to deliver its objectives.

Progress against the Department's objectives and targets is reported and reviewed regularly both at business area level and by the Departmental Board. The end of year results are set out in the Performance Analysis section of this Annual Report.

The Department's budget for 2022-23 was set out in the Secretary of State's Written Ministerial Statement (WMS) which was published in November 2022. The Department's 2022-23 Main Estimate reflects the opening position and was published in March 2023. The Main Estimate sets out the net resource and net capital expenditure limits of the Department. It includes additional detail on the services for which budgetary cover was provided and sets out the financial reporting structure of the Department which aligns with Departmental objectives.

The 2022-23 Main Estimates are available on the Department's internet site [www.finance-ni.gov.uk/publications/estimates-publications](http://www.finance-ni.gov.uk/publications/estimates-publications) and are available from:

TSO, PO Box 29,  
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## Performance Analysis

### Performance during 2022-23

The Department's performance over the past financial year has been monitored and reported to the Departmental Board.

### Notable Achievements

The Department has made significant progress during 2022-23 and notable achievements have included:

#### Managing public money

- Enabled £23.5billion (*bn*) of cash to be issued to fund government services;
- £1.37bn collected in rates to fund vital public services;
- Oversaw the delivery of PEACE and INTERREG funding; *and*
- General Register Office processed 115,248 birth, death, marriage, civil partnership and adoption certificates, with 99.98% of priority certificate applications and 99.96% of standard certificate applications, fulfilled within target timescales.

#### Delivering public services

- Enterprise and Microsoft 365 services rolled out to over 20,000 users;
- 509 FOI/EIR requests received, with 99% responded to within statutory timeframes;
- Over 58 million (m) visits to the nidirect website, which hosted campaigns on the Cost of Living, the Ukrainian Crisis and COVID-19; *and*
- Provided design; cost and construction advice; project and contract management for over 120 school construction projects at a value of over £700m.

#### Supporting our people

- 3,301 vacancies filled across all grades;
- Won the Chartered Institute of Personnel Development Northern Ireland HR Award, Best Diversity and Inclusion Initiative, in relation to the Domestic and Sexual Abuse policy;
- Maintained NICS' position as Living Wage Employer; *and*
- 166,569 e-learning courses completed by public sector staff.

#### Transforming and innovating

- Almost 100,000 public sector property assets located and mapped as part of the Government Land & Property Register Programme;
- Surveyed local construction suppliers to inform action plan to simplify and improve the tendering process for government construction contracts;
- Analysed marriage law consultation responses and developed proposal for Ministerial consideration; *and*
- Published the Office Estate Review to deliver a modern, fit for purpose and right-sized office estate that supports the needs of our business areas, people and environment.

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### Providing evidence and insights

- Published the quarterly Northern Ireland House Price Index providing timely, accurate information on changes in the value of residential properties;
- Continued sponsorship of the independent NI Fiscal Council which is bringing greater transparency and scrutiny to Northern Ireland's public finances;
- Produced Census 2021 Population & Main Statistics and widely disseminated with 120,000 documents/spreadsheets downloaded and 220,000 page views on the NISRA website; *and*
- Provided advice in relation to novel and complex legal issues surrounding the UK government's replacement for the EU Structural funds, the Fiscal Council Bill, the Coronavirus Act and the Network Information Systems Regulations.

### Achievement of Departmental Targets

As at 31 March 2023, there were **27** targets reported as 'Green', **5** reported as 'Green/Amber', **6** as 'Amber', **16** 'Red' of which **6** were unable to be achieved in the absence of an Executive.

In April 2023, the Board reviewed and following further analysis identified that some of the targets were not actually achievable by DoF alone and that other conditions e.g. a sitting Executive, would have been required to achieve the set target date.

Of the targets within the Department's control, detail of the 10 targets not achieved are detailed below:

*Collect £1.37 bn in rates revenue.*

As at 31 March, £1.359 bn had been collected which is £10.4m lower than the year-end target position. The reduced legal recovery budget has had a detrimental impact on final quarter activities with little opportunity to collect from persistent non-payers.

Due to lack of resources (financial and staff) and other work priorities (mainly recruitment backlog linked to COVID-19) this target was not achieved. This will remain a target in 2023-24 and new recumbent efforts are underway to make progress.

*Complete the strategic design phase of the NICS Workforce Model and Strategic Workforce Plan.*

Delivery of this target was subject to funding to support initiation of the work and related governance processes. In 2022-23 no funding was available to initiate this work. This target is being carried forward into 2023-24 for delivery subject to business priorities and budget.

*Produce a structured plan for streamlined recruitment across the NICS for all grades and disciplines.*

Implementation to be taken forward in 2023-24 in line with Civil Service Renewal, subject to budget.

*Develop and commence implementation of the Estate Strategy (2022-2025).*

Due to the constantly changing working practices across the NICS, this Strategy is under constant review to meet these changing needs.

Opening of additional Hubs in Newry and Newtownabbey are on hold pending outcome of budget review.

*Produce NICS Mental Health Strategy.*

Due to resourcing pressures, target will be taken forward in 2023-24, and will be considered in the context of OHS review.

*Improve commercial and professional project delivery capability across the NICS.*

The Valuation Delivery Partner Project has been delayed by around six months, so the latest plan assumes going to market in September 2023 rather than by 31 March 2023.

*Deliver high quality citizen facing services.*

This target has shared responsibility for delivery between ESS, LPS and NISRA. Of the 20 sub targets associated with this 15 have been achieved and three not achieved and two unable to be achieved due to a lack of a sitting Executive.

### **New Decade, New Approach Commitments**

During the 2022-23 year the Department continued to deliver commitments included in the Agreement which was published in January 2020 as follows:

*Structures will be put in place that will help deliver timely and fair public sector pay awards.*

Public Sector Pay Policy Guidance for 2022-23 was put in place on 8 December 2022 following the Northern Ireland (Executive Formation, etc.) Act 2022 receiving Royal Assent on 6 December 2022.

*To enable births, marriages and deaths to be registrable in Irish.*

A three-phase implementation plan was approved by the Minister. Legislation for Phase one commenced on 13 March 2022 to introduce birth, death, marriage and civil partnership certificates with headings in English, Irish or bi-lingual English/Irish. Due to staffing constraints, no further work has been carried out to enable the implementation of phases two and three which would include the introduction of registration, certificates and forms in English, Irish and bi-lingual English/Irish, and phase three, the ability to provide informants the choice of completing the full registration process in English or Irish.

*The Executive will establish a dedicated sub-committee which will consider the findings of the RHI inquiry and propose further reforms, in addition to those in this agreement, to deliver the changes necessary to rebuild public confidence. The parties agree to deliver any such reforms rapidly once the inquiry has reported.*

In March 2022 the NIAO judged 18 recommendations of the RHI Inquiry implemented, 14 likely to be implemented, and 10 not likely to be implemented on the basis of the evidence provided to the NIAO.

By April 2023, it is our assessment that 31 of the recommendations for the NICS are now fully implemented, and there are 11 recommendations that are not yet fully implemented.

Of these 11:

- three can be implemented once Ministers and Special Advisers are in post and there is a functioning Executive;
- one will be reconsidered by Ministers in light of the views of the NIAO;

- four are on target to be complete during the 2023-24 year; *and*
- three have been included within the wider work on NICS Renewal.

### Raising Concerns

Following the External Independent Review of the handling of concerns raised in a case taken by a former DAERA employee by PwC, this Department and DAERA published an action plan in response to the findings of the review. This action plan has included the completion and publication of a *Raising a Concern Policy Framework* for the NICS as a whole, and the convening of the first Designated Officers' Forum for senior officials responsible for handling concerns from across all Departments."

The link for the review reports and the Action plan (and update) is:

[External Independent Review - PwC Reports and NICS Action Plan | Department of Agriculture, Environment and Rural Affairs \(daera-ni.gov.uk\)](#)

### Financial Review

The Department's 2022-23 opening resource departmental expenditure limit (DEL) position saw a decrease of 1% compared to the 2021-22 opening position. This was based on the Department's 2021-22 opening budget position, with allocations for central ring fenced activities including Collaborative Procurement.

As set out in the Statement of Assembly Supply (in the Accountability Report section), the Department had a net Resource Estimate Provision of **£243.5m** for 2022-23. Details of the net resource estimate and outturn are given in Table 1.

**Table 1: Summary Net Resource Estimate and Outturn**

	Outturn	Estimate	Outturn vs Estimate saving/ (excess)
	£000	£000	£000
<b>Total Request for Resources</b>	225,282	243,528	18,246
<b>Net Cash Requirement</b>	225,845	249,959	24,114

The net resource outturn was **£225.3m** against an estimated provision of **£243.5m**.

The total variance was **£18.2m**, split between the departmental expenditure limit (DEL) **£12.8m**, and the annually managed expenditure (AME) **£5.4m**.

Of the DEL underspend, £2.4m is in relation to depreciation, a further £2.7m is due to demand led programmes, £6.3m is related to changes in how lease exits are accounted for, with the remaining £1.4m in relation to the Department's non-ringfenced spend.

Of the AME underspend, £8.1m is in relation to the revaluation of the office estate and £0.9m of depreciation, which was lower than anticipated. This was offset by increased provisions in relation to lease exits. AME spend is by its nature unpredictable.



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The Department's net cash requirement outturn was **£219.6m** against an estimated provision of **£249.9m**, a variance of **£30.4m**. The bulk of the variance relates to the movement in working capital other than cash, depreciation and adjustment for provisions.

Detailed explanations of the variances are given in the Statement of Outturn against Assembly Supply (SOAS) note 1 in the Accountability Report section.

### **Budgeting Framework**

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

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

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

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

As DEL budgets are understood and controllable, Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments. In the event that no Executive is in place, then the Secretary of State for Northern Ireland may act to set the budget for the Northern Ireland departments.

DEL budgets are classified into resource and capital.

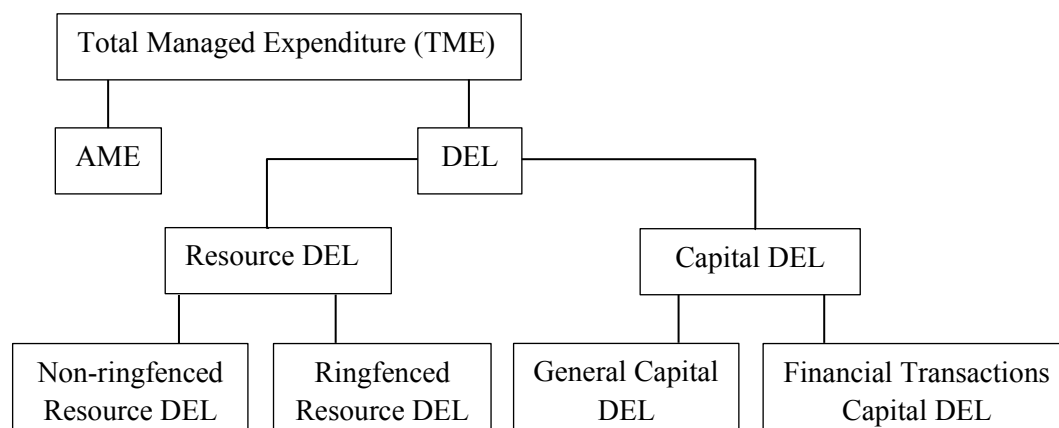
- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs, and separately ringfenced resource that covers non-cash charges for depreciation and impairment of assets.
- Capital DEL is split into 'financial transactions' for loans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

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

[Consolidated Budgeting Guidance 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/103122/Consolidated_Budgeting_Guidance_2022_to_2023.pdf)

Previously the information contained within budgetary controls did not read directly to financial information presented in Financial Statements due to a number of misalignments. The Executive's Review of Financial Process (RoFP), which was implemented in 2022-23, has helped to address these differences and improve transparency. Further information on the Executive's Review of Financial Process can be found on the Northern Ireland Assembly website.

## Budget Structure



## Budgetary Performance

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

	Final Plan 2022-23	Final Outturn 2022-23	Underspend / (Overspend) 2022-23
<b>Resource DEL</b>	<b>233,044</b>	<b>220,220</b>	<b>12,824</b>
<i>Including</i>			
<i>Non-ringfenced</i>	178,574	168,176	10,398
<i>Ringfenced D/I</i>	54,470	52,044	2,426
<b>Capital DEL</b>	<b>32,337</b>	<b>31,758</b>	<b>579</b>
<i>Including</i>			
<i>General Capital</i>	32,337	31,758	579
<b>Total DEL</b>	<b>265,381</b>	<b>251,978</b>	<b>13,403</b>
<b>AME</b>	<b>23,147</b>	<b>14,139</b>	<b>9,008</b>
<i>Including</i>			
<i>AME Resource</i>	1,090	4654	(3,564)
<i>AME D/I</i>	9,394	408	8,986
<i>AME Capital</i>	12,663	9077	3,586
<b>Total Managed Expenditure</b>	<b>288,528</b>	<b>266,117</b>	<b>22,411</b>

## Explanation of Variances

There was a Resource DEL underspend of £12.8m. Of this, £1.9m relates to rate rebate which is a demand led programme and costs were lower than anticipated, £6.3m is related to changes in how lease exits are accounted for, a further £0.8m relates to repayment of financial assistance payments, £2.4m on depreciation and the remaining £1.4m on Departmental spend which was mainly due to delays in filling vacancies.

The Capital DEL underspend of £0.6m relates mainly to delays in projects.

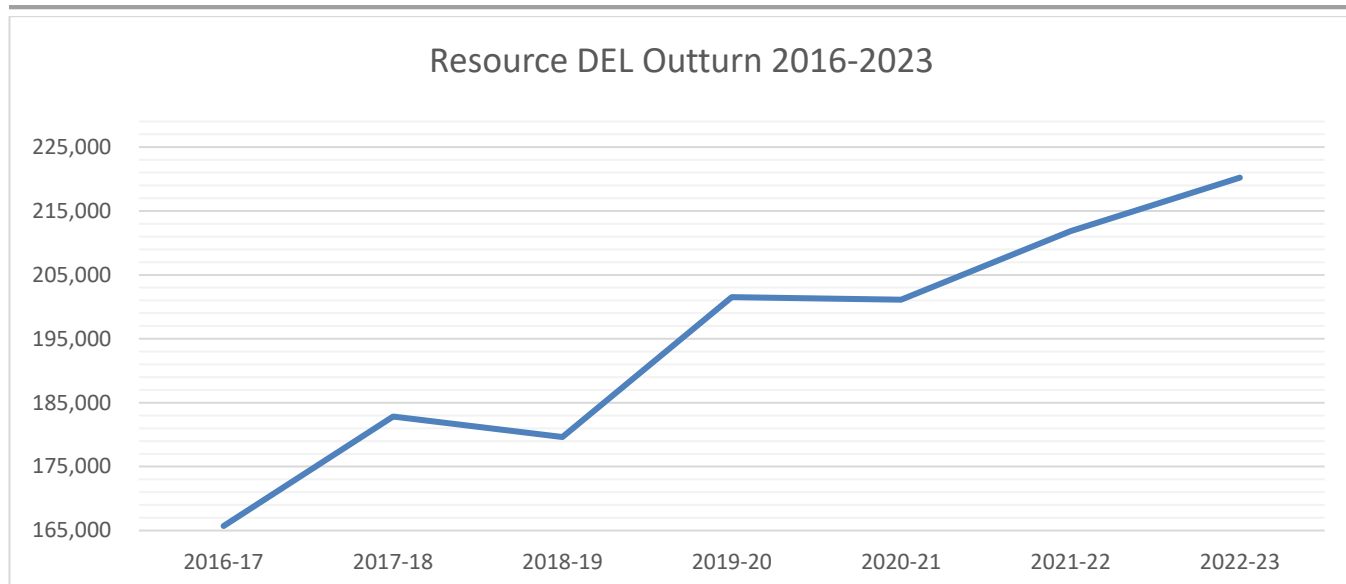
The AME underspend relates mainly to the revaluation of the office estate which was lower than anticipated and the revaluation of anticipated legal costs following revised information. Budget cover for potential legal liabilities had also been included and these did not materialise.

### Long-term expenditure trend

#### Total departmental spending

	2018-19 Outturn £000	2019-20 Outturn £000	2020-21 Outturn £000	2021-22 Outturn £000	2022-23 Outturn £000
<b>Total Resource DEL</b>	<b>179,634</b>	<b>201,520</b>	<b>587,505</b>	<b>322,376</b>	<b>220,220</b>
<i>Of Which:</i>					
- Staff Costs*	154,384	168,064	172,302	180,756	181,743
- Other	114,927	129,305	516,851	250,992	139,804
- Depreciation & Impairments	36,009	34,126	35,873	34,039	52,044
- Income	(125,686)	(129,975)	(137,521)	(143,411)	(153,371)
<b>Total Resource AME</b>	<b>2,360</b>	<b>3,041</b>	<b>3,994</b>	<b>456</b>	<b>5,062</b>
<i>Of Which</i>					
- Staff costs	(49)	1,641	992	(1,623)	(739)
- Other	150	179	247	1,204	5,393
- Depreciation & Impairments	2,259	1,221	2,755	875	408
<b>Total Resource Budget</b>	<b>181,994</b>	<b>204,561</b>	<b>591,499</b>	<b>322,832</b>	<b>225,282</b>
<i>Of Which:</i>					
- Staff Costs	154,335	169,705	173,294	179,133	181,004
- Other	115,077	129,484	517,098	252,196	145,197
- Depreciation & Impairments	38,268	35,347	38,628	34,914	52,452
- Income	(125,686)	(129,975)	(137,521)	(143,411)	(153,371)
<b>Total Capital DEL</b>	<b>36,489</b>	<b>28,998</b>	<b>16,749</b>	<b>32,541</b>	<b>31,758</b>
<i>Of Which:</i>					
- Capital grants	-	16	-	190	45
<b>Total Capital AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,077</b>
<b>Total Capital Budget</b>	<b>36,489</b>	<b>28,998</b>	<b>16,749</b>	<b>32,541</b>	<b>40,835</b>
<b>Total departmental spending</b>	<b>218,483</b>	<b>233,559</b>	<b>608,248</b>	<b>355,373</b>	<b>266,117</b>
<i>Of Which:</i>					
- Total DEL	216,123	230,518	604,254	354,917	251,978
- Total AME	2,360	3,041	3,994	456	14,139

\*Difference in staff costs within the long term expenditure trends budget outturn and the remuneration report is attributable to the NI share of SEUPB staff costs amounting to £672k.



In 2017-18 the increase is mainly in relation to the Department’s new responsibility of providing a shared NICS Human Resources function to all NICS departments. In addition, the Department received allocations of £7.3m to take forward the Rate Rebate Replacement Programme, the Reform of Property Management Project and Census. Funding was also provided to enable the RHI Inquiry to proceed.

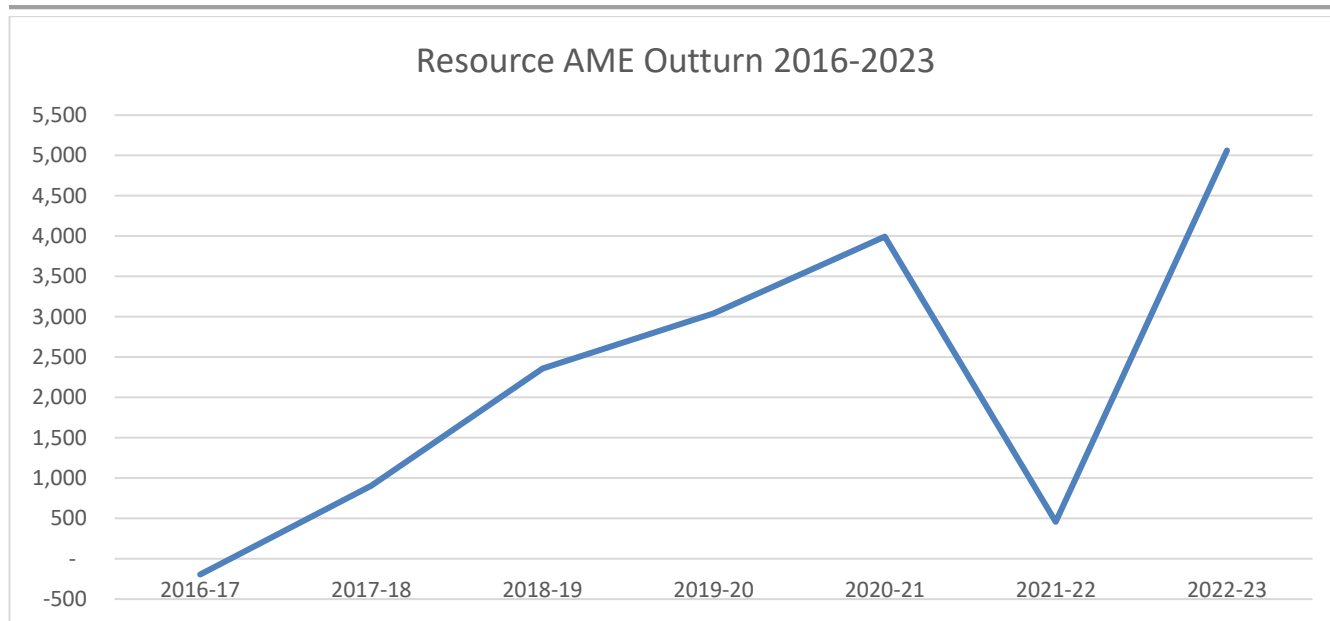
2018-19 net position saw a small decrease due to increased levels of income generated.

2019-20 saw a significant increase mainly due to the increase in employer’s pension contribution rate which was effective from 1 April 2019 and the Department received £8.8m additional funding. With the roll out of Universal Credit the payments the Department is responsible for making under the rate rebate scheme saw an increase of around £6m from the previous year. The Department was also preparing for the Census 2021 and there was an increase in both staff costs and other costs associated with this.

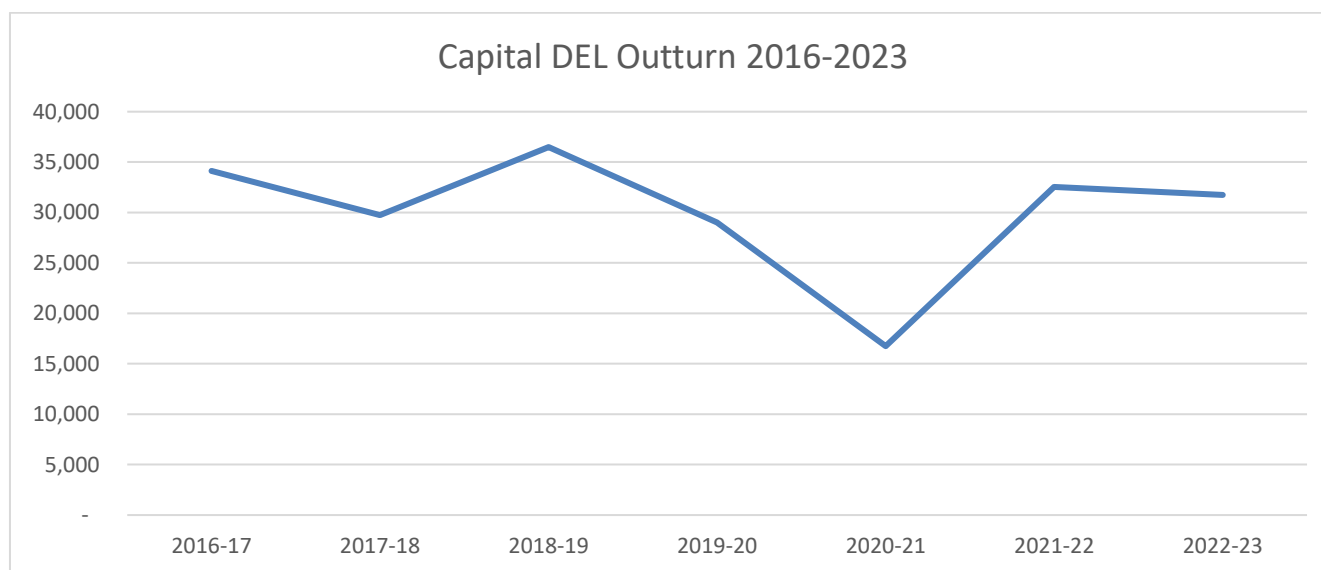
2020-21 saw a significant increase in budget due to COVID-19 and the Department’s involvement in providing financial support to businesses affected by the pandemic. For the purposes of the graph the funding associated with COVID-19 has been excluded to give a comparison of actual Departmental spend. Of the total DEL resource spend of £587.5m, £386.4m related to COVID-19 expenditure.

2021-22 also had spend of £110.6m associated with COVID-19 and for the purposes of the graph this has been excluded to give a comparison of actual Departmental spend. The increase in spend is mainly due to increased staff costs.

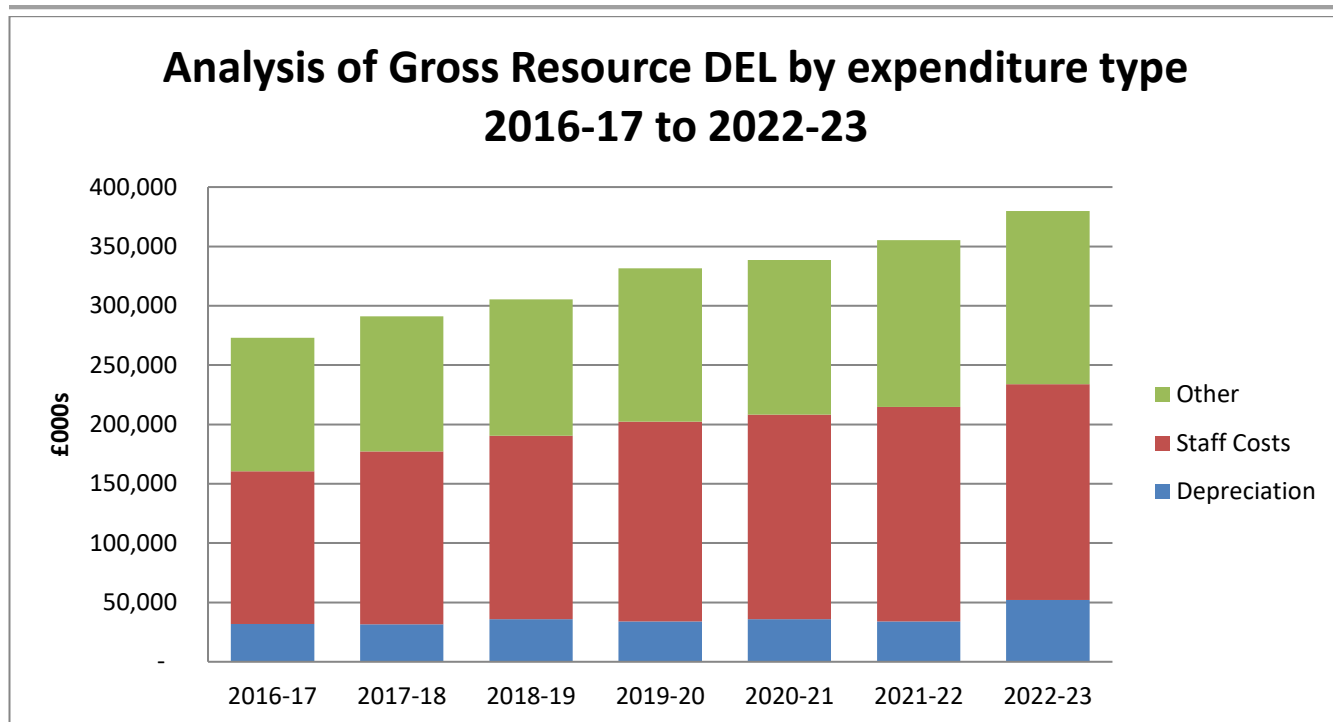
2022-23 had an increase in spend compared to the previous year mainly as a result of increased energy costs, increase in the rate rebate programme, increased staff costs and increased depreciation requirements following a change in accounting treatment.



AME covers areas of expenditure that are more volatile including the revaluation of the office estate as a result of changes in market value and potential legal liabilities. The 2016-17 negative outturn is as a result of the revaluation of the office estate being lower than anticipated. The increase in 2019-20 and 2020-21 are mainly in relation to potential legal liabilities. The decrease in 2021-22 was mainly due to the revaluation of the office estate which was lower than anticipated and the revaluation of anticipated legal costs following revised information. The increase in 2022-23 is mainly due to changes in how lease exits are accounted for.



The increase in 2018-19 is as a result of the purchase of a property for office accommodation which was previously leased. Due to the pandemic a number of projects slipped in 2020-21 due to the unavailability of contractors and restrictions in place. Projects that had been delayed were progressed in 2021-22 resulting in increased spend. Spend in 2022-23 remained consistent with spend in 2021-22.



Over the 7 year period shown above:

1. *Depreciation and impairment costs* – these had remained relatively constant until 2018-19 when there was an increase due to revaluations of assets. Costs increased significantly in 2022-23 due to IFRS16 accounting changes that brought operating leases on balance sheet;
2. *Staff costs* – There was an increase in staff costs in 2017-18 due to the new responsibility of a new shared NICS Human Resources and Group Internal Audit and Financial Investigation Services (GIAFIS) functions. The 2017-18 staff costs would have remained broadly at 2016-17 level had these services not been introduced within the Department. The 2018-19 year saw further increases in staff costs due to increased numbers to carry out work required in preparation for the UK's exit from the EU. 2019-20 saw a significant increase, mainly as a result of the increase in employers pension contribution rates which were effective from 1 April 2019. Staff numbers increased in 2021-22 and in 2022-23 resulting in increased costs. The Department will continue to monitor staff levels and associated costs; *and*
3. *Other costs* – these have remained relatively constant despite inflationary pressures and additional corporate functions. There was an increase in 2019-20, 2020-21 and 2021-22 due to the increase in rate rebate payments following roll-out of Universal Credit. There was also increased costs due to the preparation for Census 2021.

As with the above graphs the costs associated with COVID-19 in 2020-21 and 2021-22 have been excluded to enable comparison of actual Departmental spend.

## Future Developments

The business plan for 2023-24 was published on 11 May 2023 continues to focus on key service delivery, and can be accessed via the link below:

[Department of Finance Business Plan 2023 - 2024 \(finance-ni.gov.uk\)](https://finance-ni.gov.uk)

Specific targets will underpin the main themes, of:

- Managing public money;
- Delivering public services.
- Supporting our people;
- Transforming and innovating; *and*
- Providing evidence and insights.

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

Table 2 shows the net current and net capital baselines available to the Department in 2023-24.

**Table 2: Departments' Baseline Budget Allocation for 2023-24**

Spending Area	2023-24	
	Current Expenditure £m	Capital Investment £m
Finance and Personnel Policy	20.9	0.1
NICS Shared Services	75.9	13.7
NI Statistics & Research Agency	15.6	4.5
Land & Property Services	24.4	6.4
EU Programmes	1.0	-
Special EU Programmes Body	1.8	-
NICS Accommodation Services	61.0	13.2
<b>TOTAL*</b>	<b>200.6</b>	<b>37.9</b>

\*Includes £53.1m depreciation and impairments, There may be slight variations due to roundings.

The 2023-24 budget is smaller in cash terms compared to the 2022-23 outturn, as a result of the challenging financial environment in Northern Ireland (NI) and the budget set by the Secretary of State for NI. The Department to continue to monitor budget and expenditure, taking necessary action to ensure it lives within budget.

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## Risks and Uncertainties

Risk management has been incorporated into the corporate planning process and decision-making processes of the Department. The Department has a Policy and Framework for Risk Management, which defines the framework and describes the process for identifying and managing risks which was updated in February 2023. Further details on the Department's capacity to handle risk, the risk and control framework within which the Department operates, and a review of effectiveness of the Department's system of internal control are provided in the Governance Statement.

## Events after the Reporting Period

There are no events after the financial period requiring adjustment to or disclosure in these accounts.

## Public Interest and Other

### *Payment to Suppliers*

The Department is committed to the prompt payment of bills for goods and services received in accordance with the Late Payment of Commercial Debts (Interest) Act 1998. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is the later.

The Department's performance in relation to the payment of invoices within 30 days was 95% (2021-22: 95%). The Department did not incur any interest charges (2021-22: NIL) as a result of the late payment of bills.

In 2022-23 an average of 91% of DoF's invoices were paid within 10 days (2021-22: 89%).

Full details of performance in terms of paying invoices within 30 days and 10 days can be found at <https://www.finance-ni.gov.uk/articles/account-ni-questions-and-answers>.

### *Sustainability and Environmental Matters*

The Department of Finance has carried out a review of its office estate and has initiated a 5 year plan to deliver a modern, fit for purpose and right-sized office estate that supports the needs of our business areas and people by:

- Promoting the growth and quality of agile office layouts and NICS-wide shared office facilities;
- Helping to embed new ways of working;
- Supporting departments to make more effective use of office space and technologies;
- Aligning with PfG objectives: NICS People, Digital strategies and Net Zero Carbon; and
- Exploring opportunities for delivery through collaboration with wider public sector.

The plan will help the NICS to reduce its office and carbon footprint over the next 5 years. Actions taken to contribute to the delivery of the plan are outlined below.

DoF's fourth Office Estate Energy Efficiency / Carbon Reduction Plan produced by Properties Division (PD) covered the period 2020-21 – 2022-23. When the plan was published in September 2020 the emergency response to the COVID-19 pandemic was in full flow and some buildings were closed for a period of time with some remaining open to a limited number of staff to maintain essential public services



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and to cater for those members of staff unable to work from home. At that stage it was estimated that the successful implementation of this plan would result in an energy saving of 4%. The results will be available early in the 2023-24 financial year once all the invoices have been received.

In 2022-23 more departments adopted New Ways of Working and more employees have been returning to the workplace, with many utilising the hybrid practice of shared home and office working based on departmental business needs. Ventilation measures adopted during the pandemic resulted in increased energy consumption.

The full impacts of geopolitical events on the energy market and of the pandemic, during the lifetime of the current Energy Efficiency Plan, are still being understood. Higher energy consumption, as well as very volatile unit cost prices for all forms of energy, including electricity, oil and gas have continued to result in very significant increases in financial liabilities, to levels considerably higher than previously was the case.

PD installed automatic energy meter reading systems at 39 properties during the 2022-23 financial year. This will allow departments to analyse the energy consumption associated with the buildings they occupy and to identify opportunities to reduce energy consumption, such as installing more efficient boilers, lighting, chiller equipment and building energy management systems (BEMS).

The division continues to make improvements to reduce the carbon footprint of its buildings and contribute to increasing energy efficiency, for example, two buildings benefitted from Light Emitting Diode (LED) lighting upgrades during the year.

PD has provided a guide for Departmental Premises Officers, which advises departments on how they can promote, co-ordinate and implement green housekeeping measures, minimise energy usage, improve levels of recycling and meet their responsibilities to adhere to guidance on waste management and reduce departments' waste. A Public Sector Energy Management Manual also supplies more detailed information.

The Department is liaising with the Department of Levelling Up, Housing and Communities (DLUHC) on reviewing Energy Performance Certificates to improve the energy efficiency information provided to tenants, homeowners and other stakeholders.

In the first phase of an ambitious five phase programme, PD has amended the Building Regulations Part F (Conservation of fuel and power) to uplift the current requirements for energy efficiency for new buildings and is working to finalise a discussion document for public consultation later this year. They also liaise with the Department of Agriculture, Environment and Rural Affairs (DAERA) and the Department for the Economy (DfE) on relevant aspects of the Green Growth and Energy Strategies.

PD has participated in and contributed to the work of the cross departmental Expert Panel on Building Safety which provided its report to the Head of Civil Service (HOCS) in March 2023.

PD is finalising consultation documents for Phase 2 of its work programme on building regulations Part F (Fire Safety), with a view to launching a public consultation in summer 2023.

On the Stormont Estate, the 'Green Flag' Heritage Award was retained for 2023-24. This is the benchmark standard that recognises well managed parks and green spaces as well as the historic importance of the site.

Work continues on the Estate to promote sustainability and environmental matters and improve facilities for the public, to ensure outdoor green spaces are accessible for all. These include:

- Continued maintenance of the all abilities Mo Mowlam Play Park, with the focus on enhancing accessibility. This work has included resurfacing of some areas with a new safety surface and the

installation of a communication board to help children with limited language skills to express themselves;

- Implementing recommendations in the Estate’s 15-year Woodland Management Plan has continued, including the replanting of approximately 5000 whips, 500 feathered trees, 300 large hollies and 35 Scotts pine trees;
- The installation of four “chatty benches” in partnership with the Department of Health as part of an initiative to tackle loneliness and reduce social isolation;
- General health and safety improvements, including the resurfacing of over a kilometre of the woodland path network, replacement of a pedestrian bridge that had been damaged during a storm and the installation of a vehicle restraint barrier;
- A programme to enhance biodiversity on the Estate is set out in a ten year Conservation Management Plan; and
- The Estate also continues to achieve waste recycling figures of between 80-90%.

Environmental Sustainability is also promoted by the Department through the inclusion of common minimum standards, promoting sustainability within Government construction contracts to reduce the consumption of water and energy, as well as reducing waste and carbon.

The Department of Finance is aware of its obligations under the Climate Change Act 2022. The Department is represented on the cross-departmental Senior Officials group chaired by DAERA and has established an internal DoF working group to identify current policies and explore proposals for inclusion in the draft Climate Action Plan for 2023-2027 and beyond.

The Department is also engaged with the Climate Change Technical Advisory Group which examines the methodologies for establishing a carbon baseline and quantifying emissions. The Department is working closely with colleagues in DAERA in developing the “Green Test”.

### **Departmental areas of responsibility that will have an impact on Green House Gas emissions:**

DoF areas of responsibility which have the potential to directly impact on emissions are as follows:

- **Building Regulations**  
DoF has policy and legislation responsibility for Building Regulations.
- **Managing the NICS Estate**  
DoF has responsibility for the strategic management of the NICS Office Estate including reviewing and ‘*right sizing*’ and sourcing energy supplies for the Estate.
- **Northern Ireland Investment Fund (NIIF)**  
DoF has appointed a Financial Intermediary to manage the NIIF– where the fund will help to address market failures and accelerate and increase investment in private sector led development, including in infrastructure and **low carbon projects**.
- **Dormant Assets**  
DoF provide policy direction for Dormant Assets - the Dormant Assets Act 2022 provides for the investment of Dormant Bank and Building Society Accounts, Pensions and Investments in social and environmental measures.

- **PEACE PLUS**

The Northern Ireland/Ireland PEACE PLUS programme delivered through the Special EU Programmes Body (SEUPB) is worth €1.145bn. The Programme has been developed with the UN Sustainable Development Goals in mind, to contribute to the European Green Deal and in line with NI Executive and Irish Government policy objectives. The programme has six themes, one of which is Theme 5 – Supporting a Sustainable Future - which has a budget allocation of approx. €303m. Projects approved within Theme 5 will support collaborative (North/South) initiatives to help ensure a sustainable future for the environment within the programme area and help impact on reducing emissions.

Note: PEACE PLUS is a North/South programme – all projects are on a North/South basis.

DoF has areas of responsibility that are enabling / indirect in nature in terms of their relationship to emissions impacts, these include:

- Funding and Investment; EFEF;
- Procurement and Business case guidance; and
- Policy Development on related activities.

**This Performance Report is approved and signed**



**Neil Gibson**  
**Accounting Officer**  
**Department of Finance**  
**28 June 2023**

## **ACCOUNTABILITY REPORT**

**ACCOUNTABILITY REPORT**

The Accountability Report comprises the following:

**Corporate Governance Report**

The purpose of the Corporate Governance Report is to explain the composition and organisation of DoF's governance structures and how they support the achievement of DoF's objectives.

**Remuneration and Staff Report**

The Remuneration and Staff Report sets out DoF's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors. In addition, the report provides details on staff numbers, costs and staff-related policies.

**Assembly Accountability and Audit Report**

The Assembly Accountability and Audit Report brings together the key Assembly accountability documents within the annual report and accounts.

## Corporate Governance Report

### Directors' Report

#### Introduction

The Department of Finance (DoF) presents its accounts for the financial year ended 31 March 2023.

#### Management

During the 2022-23 year, Minister Conor Murphy MLA was in place in a caretaking capacity for the Department following the Assembly election, from 5 May until 28 October 2022. The Minister of Finance did not issue any Ministerial Directions to the DoF Permanent Secretary during this period.

The Secretary of State in accordance with s3(4) of the Northern Ireland Executive Formation and Exercise of Functions (EFEF) Act 2022, published guidance regarding departmental functions by senior officers of Northern Ireland departments during the absence of Ministers. The Act provides that the absence of Ministers does not prevent a senior officer of a Northern Ireland department from exercising a function of the department if the officer is satisfied that it is in the public interest to do so during the relevant period.

The Permanent Secretary and Accounting Officer for the Department for the 2022-23 financial year was Neil Gibson who was appointed on 1 April 2022.

#### Departmental Board

The Permanent Secretary has the assistance of the Departmental Board (the Board) to meet his responsibilities, including the development of the Department's strategic plans. The Board is a core element of corporate governance arrangements, agreeing the range of other governance elements and through its scrutiny role, overseeing the policies, plans and effectiveness of those other elements. The Board is responsible for supporting the Permanent Secretary in ensuring that the Department's resources and corporate governance arrangements are directed towards the delivery of policy objectives and priorities.

The Board is chaired by the Permanent Secretary. No deputy chair is formally designated, although the Permanent Secretary may nominate another Board member to chair a particular meeting in the event of his absence. In addition to the Permanent Secretary, Board Membership comprises the Departmental Solicitor, Deputy Departmental Solicitor, Chief Executives and Directors at Grade 3 level, the Director of Finance and Corporate Services, the Head of Communications and Engagement, and three Non-Executive Board Members. The Board is also attended by a Boardroom Apprentice. Karl Webb was in place as the Boardroom Apprentice until 31 August 2022 and was replaced by Funmilayo Tolani from 1 September 2022.

Although the Head of Group Internal Audit does not attend Departmental Board, she attends regular Stocktake meetings with the Accounting Officer and other DB members.

The Board is supported by a Board Secretary who attends each meeting. Other officials may attend meetings when required.

The Departmental Board members during the year were as follows:

Role	Name
Permanent Secretary	Neil Gibson
Chief Executive LPS	Ian Snowden
Chief Executive NISRA	Siobhan Carey (up to 27/02/2023)  Brian Green (Temporarily promoted 16/12/2022 – 26/02/2023)  Philip Wales (from 27/02/2023)
Departmental Solicitor*	Hugh Widdis
Deputy Departmental Solicitor	Louise Crilly
Director PSD	Joanne McBurney
Director SPAR	Emer Morelli (Temporarily promoted to 30/11/2022)  Tony Simpson (from 01/12/2022)
Director – People & Organisational Development	Jill Minne
Director NICSHR – Strategic Planning & Governance	Catherine Shannon (from 31/10/2022)
Director CPD	Sharon Smyth
Director ESS	Paul Duffy
Director FCSD	Stewart Barnes
Director CaED	Mark McLaughlin
Non-Executive Board Member	Elizabeth Ensor
Non-Executive Board Member	John Smyth
Non-Executive Board Member	Tom Taylor

\* While the Departmental Solicitor is a Board Member and has the right to attend meetings, he delegates to his deputy.  
NB - where Directors are unable to attend they will send deputies.

### Register of Interest

A Register of Interests is maintained by the Department and no Board members have declared anything which would be considered a conflict of interest with the business of the Department.

## Pension Liabilities

The treatment of pension costs and liabilities is disclosed in the Remuneration and Staff Report and in paragraph 1.13 of the Statement of Accounting Policies Note (Note 1 to the Accounts in the Financial Statement section).

## Personal Data

The Department has policies, procedures and processes in place to ensure that all staff, contractors, agents, consultants and other parties who process personal information held by, or on behalf of, us are fully aware of their responsibilities under data protection legislation. The Department has:

- Encouraged and promoted accountability and data protection by design in all aspects of business planning and project management;
- Retained an experienced Data Protection Officer, who is given the required independence to perform her tasks;
- Provided robust policies and guidance which support data protection requirements;
- Delivered communication and awareness of data protection to staff;
- Provided online data protection awareness sessions to staff;
- Documented all holdings of personal data;
- Established a Data Protection Health Check (DPHC) exercise to assess where processing activities are compliant with data protection legislation, policies and procedures;
- Provided staff with robust procedures to detect, report and investigate data incidents and breaches; and
- Provided staff with the appropriate organisational and technical security measures to securely collect, process and manage personal data, particularly where personal data is shared with other organisations.

There were no reportable breaches of personal data between 1 April 2022 and 31 March 2023.

## Cost allocation and charging

The Department has complied with the cost allocation and charging requirements set out in HM Treasury Fees and Charges guidance.

## Auditors

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

## Complaints Handling

The Department is committed to providing a high quality service and, as such, welcomes all feedback, both positive and negative, which is used to assist with the improvement of our services. DoF has a 2-stage complaint process, which is set out in our Customer Service Standards (Standard 9 – Having a Complaints Procedure) on the internet:

<https://www.finance-ni.gov.uk/publications/dof-customer-service-standards-and-complaints-procedure>



Each Directorate/Agency is responsible for keeping a register of complaints received and ensuring that these are investigated in line with the Departmental Complaints Procedure and appropriate responses are issued to each complainant. They will also evaluate any ‘lessons learned’ from individual cases and see if resulting improvements can be embedded into operating procedures.

In 2022-23 the Department dealt with 860 complaints (2021-22: 1,032 complaints). The percentages of complaints originated from:

	<b>2022-23</b>	<b>2021-22</b>
	<b>%</b>	<b>%</b>
Land and Property Services	70	73
ESS – CSP	5	6
ESS – HR Connect	18	11
ESS – DSS nidirect	3	5
Others	4	5

**Rural Needs Act**

The Rural Needs Act (Northern Ireland) 2016 (the Act) requires policy makers and public authorities to have due regard to rural needs when developing and implementing policies and when designing and delivering public services. In order to fulfil its obligations under Sections 1 and 3 of the Act, 20 Rural Needs Impact Assessments have been completed by policymakers within the Department of Finance between 1 April 2022 and 31 March 2023. Details of these assessments will be sent to DAERA for publication in the Rural Needs Annual Monitoring Report 2022-23.

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## **Statement of Accounting Officer's Responsibilities**

Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance has directed the Department to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- Observe the Accounts Direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the accounts on a going concern basis; *and*
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

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

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

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

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## **Governance Statement**

The Department of Finance is one of nine Northern Ireland departments. The Department is governed under a model with the following responsibilities:

- The Minister for Finance reports to the Northern Ireland Executive on all of the functions of the Department;
- The Permanent Secretary has responsibility to the Minister for the day-to-day operation of the departmental functions and as Accounting Officer for the managing and controlling of the resources used by the Department; *and*
- The Departmental Board (the Board) provides collective leadership, strategic direction and has responsibility for operational delivery of the functions of the Department.

The Department's organisation chart is as shown on page 3 of the Performance Report.

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

It has not been possible to secure North/South Ministerial Council (NSMC) approval of the 2022 and 2023 Business Plans for SEUPB. While arrangements have been made with DoF to ensure legality of payments in 2022 and 2023, in the absence of NSMC approval, expenditure will be irregular until the NSMC approves each of these Business Plans.

It is a legislative requirement under the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 that any grants paid to bodies by a Northern Ireland Sponsor Department must be approved by DoF. Where such an approval is absent, any expenditure is illegal and retrospective consent cannot confer legality. No grant payments were made in the 2022-23 (2021-22: £NIL) financial year without DoF approval.

This Governance Statement, which has been agreed by the Board, sets out how these responsibilities have been discharged during 2022-23.

### **Ministerial Directions**

There were no Ministerial Directions during 2022-23 (one in 2021-22).

### **Executive Formation and Exercise of Functions**

Due to a lack of a sitting Executive, the Secretary of State in accordance with s3(4) of the Northern Ireland Executive Formation and Exercise of Functions (EFEF) Act 2022, published guidance regarding departmental functions by senior officers of Northern Ireland departments during the absence of Ministers. The Act provides that the absence of Ministers does not prevent a senior officer of a Northern Ireland department from exercising a function of the department if the officer is satisfied that it is in the public interest to do so during the relevant period.

The guidance can be accessed at the following link:

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1125637/Guidance\\_on\\_decision-making\\_for\\_Northern\\_Ireland\\_Departments.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1125637/Guidance_on_decision-making_for_Northern_Ireland_Departments.pdf)

The link below details all decisions made up to 31 March:

[Reports of decisions taken by Northern Ireland Departments - 2022/2023 | The Executive Office \(executiveoffice-ni.gov.uk\)](#)

## Context

With the financial situation remaining very challenging we need to progress new ways of working, thinking and delivering to seize the opportunities to deliver better services in a more effective and efficient way. If we are to improve the position we will need to be innovative and transformative. The DoF Business Plan for 2023-24 was published on 11 May 2023.

Specific targets underpin the main themes of:

- Managing public money;
- Supporting our people;
- Transformation and Innovation;
- Evidence and insights; *and*
- Delivering public services.

## Accounting Officer

The Permanent Secretary as Departmental Accounting Officer is responsible to the Minister and to the Assembly for the proper handling and reporting of the use of public money by the Department under the main principles set out in *Managing Public Money Northern Ireland (MPMNI)* and for establishing and maintaining a sound system of internal control for the management of resources under the Permanent Secretary's control.

At the beginning of the financial year, the Accounting Officer delegated responsibility to the Directors and Chief Executives for the management of budgets within their respective business areas. Formal assurances were received twice yearly from each Director and Chief Executive on risk management, governance, financial management and delegations within their respective areas of responsibility in the format of assurance statements. Key issues emanating from those statements are reflected in this Governance Statement and necessary actions followed up with the relevant Directors.

## Departmental Board

The Accounting Officer chairs the Board, which met on eight occasions in 2022-23. Six of these meetings were held in person and two online.

During 2022-23 the Board held discussions on:

- Finance;
- HR;
- Risk;
- Performance;
- Communications;
- Cyber security;
- COVID-19 Inquiry;
- Civil Service Renewal Plan;

- Estate Strategy 2022-2025;
- Census;
- Strategic issues; *and*
- Green Growth Action Plan.

In addition, the Board also considered and discussed the end to end recruitment process, Internal Audit Pathways to Closure and RHI Lessons Learned.

### Compliance with the Corporate Governance in Central Government Departments: Code of Good Practice NI

The Department has in place a Corporate Governance Framework that is available on the staff intranet site. This reflects the key principles in '[Corporate governance in central government departments: Code of good practice NI \(2013\)](#)' and sets out details of the Department's corporate governance arrangements.

The assessment found that the Department is compliant with the spirit and principles of the Code across the majority of its aspects. There are a number of exceptions. As noted in the Directors report the Department did not have a Minister for the full period of 2022-23 outlined above.

Following an independent review into corporate governance practices within the Department during 2021-22, the scrutiny of the performance of the Department's sponsored bodies recommendation was accepted and reviewed during the 2022-23 financial year. However, due to diary clashes it has not yet been possible for SEUPB to attend the Departmental Board. The DoF Departmental Board Operating Framework will be updated to reflect the recommendations from the Board effectiveness review.

Attendance of non-executive and executive members at Board and DARC meetings during 2022-23:

Role	Name	Number of Board Meetings Attended (8 in total)	Number of DARC Meetings Attended (8 in total)
Permanent Secretary	Neil Gibson	8	7
Chief Executive LPS	Ian Snowden	7	n/a
Chief Executive NISRA	Siobhan Carey (to 27 February 2023)	5	n/a
	Brian Green (Temporarily promoted 16/12/2022 – 26/02/2023)	1	
	Philip Wales (from 27 February 2023)	1	
Departmental Solicitor*	Hugh Widdis	1	n/a
Deputy Departmental Solicitor	Louise Crilly	3	n/a
Director PSD	Joanne McBurney	7	n/a
Director SPAR	Emer Morelli (TP to 30 November 2022)	4	n/a
	Tony Simpson (from 1 December 2022)	2	

Director – People & Organisational Development	Jill Minne	4	n/a
Director NICSHR – Strategic Planning & Governance	Catherine Shannon (from 31 October 2022)	3	
Director CPD	Sharon Smyth	5	n/a
Director ESS	Paul Duffy	8	n/a
Director FCSD	Stewart Barnes	8	8
Director CaED	Mark McLaughlin	8	n/a
Non-Executive Board Member	Elizabeth Ensor	7	7
Non-Executive Board Member	John Smyth	8	8
Non-Executive Board Member	Tom Taylor	6	7

\* While the Departmental Solicitor is a Board Member and has the right to attend meetings, he delegates to his deputy.  
 NB - where Directors are unable to attend they will send deputies.

### Declarations of Interest

Corporate Governance Branch maintains a “Register of Interests” for all staff at the senior civil service grades, which includes the members of the DoF Board. Declarations include anything which may give rise to conflict with the position of Board member, including:

- Private occupations, such as sitting on the boards of other public bodies;
- Payment for private work;
- Relationships with suppliers and/or consultants with whom DoF does business;
- Gifts or benefits received in connection with work in DoF;
- Membership of professional institutes and/or committees; *and*
- Any other interests that could have a conflict.

The Treasury Officer of Accounts issued Dear Accounting Officer letter 07/21 (DAO 07/21) which provided generic guidance on Declarations of Interest. This was used to update the DoF guidance, which was published in October 2022.

For 2022-23 a number of interests were declared which could potentially pose a conflict with the business of the Department. However, the Accounting Officer has been provided with assurance that line manager assessments have been carried out, mitigations are in place if necessary and that no significant conflict has materialised.

For staff at the grades below SCS, declarations of interest are monitored by the relevant Grade 3/5 and then confirmed through the bi-annual assurance statement process.

In line with the current Declaration of Interest policy for special advisers, all special advisers declared any relevant interest or confirmed they do not consider they have any relevant interests. The Permanent Secretary considered the returns for the DoF Special Adviser and determined that there were no conflicts of interest to declare. The last Register of Interests was published in March 2022, and is available at

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[Register of Ministers' and Special Advisers' Interests \(finance-ni.gov.uk\)](https://finance-ni.gov.uk). No further declarations of interest were received following that date. Neither the Minister nor the SPAD had any interests which would conflict with the business of the Department.

### Relationships with Agencies and Other Bodies

The Permanent Secretary has designated the Chief Executive of the Northern Ireland Statistics and Research Agency (NISRA) as Agency Accounting Officer with responsibility for the propriety and regularity of Agency expenditure. The Chief Executive is responsible for signing the NISRA accounts and ensuring they are prepared in accordance with FReM and other relevant DoF Guidance. NISRA accounts are consolidated into the Departmental resource accounts.

The Department also has joint responsibility for one North/South body, Special European Union Programmes Body (SEUPB). The Department has implemented the Review of Financial Process (RoFP) in 2022-23. The aim of RoFP was to align the boundaries of budgets, estimates and accounts as far as is practicable, including consolidation of NDPBs and other central government bodies in estimates and accounts. SEUPB is included within the departmental boundary and was designated in Estimates and Accounts (Designation of Bodies) Order for consolidation into the Department's annual Estimates and Accounts. The 2022 accounts for SEUPB have been consolidated into the Departmental resource accounts.

The Chief Executive Officer of SEUPB is the Accountable Person responsible for the efficient and effective administration of the Body. The responsibilities of the Chief Executive are set out in the Financial Memorandum and include ensuring that appropriate financial and other management controls are in place to safeguard public funds and conform to the requirements of propriety, regularity and financial management. The Chief Executive Officer is responsible for signing the SEUPB accounts and ensuring they are prepared in accordance with relevant guidance.

The Finance Minister is responsible for making public appointments to the board of the Northern Ireland Authority for Utility Regulation (NIAUR). NIAUR is a non-ministerial body.

### Departmental Audit and Risk Committee

The Departmental Audit and Risk Committee (DARC) supports the Accounting Officer and the Board on issues of risk, control and governance. In addition, DARC provides assurances and advice to the Accounting Officer on the adequacy of audit coverage both internal and external. DARC is chaired by one of the Non-Executive Board Members and operates under the best practice guidance contained within the Audit and Risk Assurance Committee Handbook (NI) issued under DAO (DoF) 03/18 in March 2018.

In total the Committee met on eight occasions during the course of 2022-23, with three full agenda meetings, two to discuss draft accounts and three deep dive meetings. The deep dive meetings concentrated on key risk areas including:

- Assurance statements;
- Internal Audit Workplan; *and*
- ESS Outstanding Recommendations.

The risk profile for the Department has been reviewed regularly by the Board and DARC, and during the year new controls and management actions have been put in place to mitigate the risks and to minimise the impact should they materialise. This has resulted in the re-grading of risk status, and the inclusion and removal of risks at departmental level as necessary. The Departmental Board has agreed a Risk Appetite

Statement which articulates the amount of risk the Department is prepared to accept, tolerate or be exposed to in pursuit of its strategic objectives or from other inherent issues which although not directly linked to the strategic objectives, have an impact on the risk profile of the Department.

In addition to the risk register, the DARC considered papers in relation to a range of corporate governance and internal control issues, including, for example:

- Progress against internal audit plans and development of future plans;
- Progress against internal audit recommendations;
- Departmental Resource Accounts;
- Assurance Statements provided by all Business Area Directors;
- Reports to Those Charged with Governance and Value for Money reports provided by NI Audit Office;
- Direct Award Contracts (DACs) & External Consultancy;
- Accountability Grids in relation to Public Accounts Committee recommendations;
- Fraud; *and*
- Raising Concerns (whistleblowing).

At each meeting the DARC receives a summary position of the Recommendations Register which indicates the progress being made against each internal audit recommendation and an indication of which recommendations have been rejected by management. This supports DARC in identifying those recommendations which are past due or which require further discussion at DARC level. Following a deep dive regarding the Internal Audit Workplan, a dashboard has been developed to enable a more streamlined reporting mechanism for Internal Audit recommendations. Following the ESS outstanding recommendations deep dive, the DARC focused on gaining a better understanding of how they could be progressed.

The Chair of the DARC presents the minutes of the DARC meeting as well as separate updates on Raising Concerns and Fraud to the Departmental Board, and prepares an annual report outlining the work undertaken by the Committee and providing assurance on the systems of internal control in operation across DoF. All departments have been tasked with updating their Raising Concerns Policy in line with the revised Raising Concerns Framework. Designated Officers have been appointed within each department, and relevant training provided. A forum for Designated Officers has been set up to enable closer co-operation, including sharing of lessons learned.

All meetings of DARC are attended by representatives from the Northern Ireland Audit Office (NIAO) and the Head of Internal Audit. The Chair of the Committee holds independent meetings separately with the NIAO and Head of Internal Audit to discuss any particular issues of concern.

## **Financial Management**

Financial Management reporting to the Board plays a significant part in the effective monitoring and management of the Department's financial performance. The Board regularly reviews annual forecasts against budgets to inform progress of financials targets and agree any corrective action as necessary to ensure those targets are achieved.

The Finance Director provides financial management reports to the Board and provides advice and recommendations on the allocation of departmental resources. This is supported by business areas providing actual expenditure and forecast information and analysis of variance against budgets which enables the



Board to assess the extent to which corrective action is needed to address the Department's financial position.

### **Governance and Control Framework**

The Department's Governance and Control Framework is the system by which the work of the Department is directed and controlled. This includes how the Department plans, sets and monitors achievement of its corporate objectives, how the risks to the achievement of those corporate objectives are identified and managed and what controls are in place to provide assurance that the Board is in control of the risks to achieving the stated objectives. These arrangements are in place during the year under review and up to the date of approval of the annual report and accounts.

The Governance and Control Framework contains advice and guidance to business areas on corporate governance and financial management including the approvals necessary for various types of expenditure. It also contains sources of information on the departmental approach to issues such as anti-fraud measures, charging, information security, procurement and raising concerns (whistleblowing) arrangements.

Following the RHI Inquiry, the NICS Code of Ethics has been revised and refreshed and was published on 30 March 2023. The updated Code includes a new opening section, describing how the civil service relates to Ministers and the Assembly, highlights the need for cross-departmental working, details the importance of keeping accurate official records as well as including information on how to raise concerns about unacceptable behaviour.

A key element of the Governance and Control Framework is the DoF Policy and Framework for Risk Management which sets out the approach to the identification and management of risk at all levels across the Department. The Departmental Board regularly reviews and manages departmental risks on the Corporate Risk Register, by evaluating each risk to determine the likelihood and impact of the risk occurring, ensuring controls and mitigating actions are in place. The Corporate Risk Register is supported further by risk registers at Directorate and Agency level.

The UK Covid-19 Inquiry has been set up, chaired by Baroness Hallett, to examine the UK's response to and impact of the Covid-19 pandemic and learn lessons for the future. The final Terms of Reference for the Inquiry were released by the Prime Minister's office, with the Inquiry formally opening on the 21 July 2022. The Department has a statutory responsibility to respond to the Inquiry. At present four Modules have been released. The Department applied to be a Core Participant in one of these Modules, namely Module 2C. The Department received and responded to two Rule 9 requests for Module 1. A Rule 9 was received and responded to for Module 2C, with an additional Rule 9 being received by the NI Statistics and Research Agency (NISRA), an Executive Agency of the Department. It is anticipated that this work will continue over the coming years, with the Inquiry identifying additional areas they will be considering including the care sector, Government procurement, testing and tracing, the Government's business and financial responses, health inequalities and the impact of Covid-19 on education.

DoF has systems and processes in place, designed to support data protection, information management, physical security and IT and cybersecurity, including the appointment of a Senior Information Risk Owner (SIRO), and a network of Information Asset Owners (IAOs).

### **Departmental Performance**

The DoF Business Plan 2022-23 set out the targets and objectives for the year against which performance is reported and monitored. Progress has been reported to the Board using a RAG status assessment of each target and narrative on the actions taken to deliver the expected outcomes.

The Business Plan is supported by lower level plans at Directorate, Agency and Divisional level and is cascaded further into individual staff Personal Performance Agreements.

### Level of Assurance

The Accounting Officer is responsible for reviewing the effectiveness of the system of internal control. This review is informed by the information provided in assurance statements from Directors bi-annually. The statements are based on assurances provided by Directors within business areas on risk management, financial management, compliance with approvals and delegations, procurement and contract management, fraud, raising concerns (whistleblowing), information management and assurance, business continuity, cyber security, declarations of interest and on the implementation of independent review recommendations including Internal Audit.

At the year end the Directors were asked to provide their own overall assessment of the position. While there was full compliance in the majority of business areas across the Department as reported in their Year-end Assurance Statements, there was partial compliance in some areas including completion of mandatory training and implementation of Internal Audit recommendations. A deep dive was arranged to look at all outstanding recommendations (Internal Audit, Northern Ireland Audit Office and Public Accounts Committee) to streamline the process. The recurring theme across most Business Areas is around lack of resources and inability to fill vacancies due to the current budget position. Further assurance is provided by the Head of Internal Audit on compliance with the controls and actions recommended in audit assignments which have been conducted.

The Department's Internal Audit unit had planned to undertake twenty-three audits during 2022-23. Internal Audit concluded fifteen audits whilst fieldwork was ongoing in a further two areas. With the agreement of the Accounting Office and the Departmental Audit and Risk Assurance Committee Internal Audit carried over six audits into 2023-24. However, Internal Audit had undertaken sufficient audits to facilitate the provision of an audit opinion and the Head of Internal Audit provided an overall **satisfactory** opinion on the systems of internal control operating across the Department. Internal Audit issued individual reports to senior managers providing an objective and independent assessment of the systems of internal control in operation across DoF, together with prioritised recommendations to strengthen controls and implement further improvements.

Resourcing issues continue to impact the whole NICS Group Internal Audit Service and this resulted in Internal Audit focusing attention on those areas of greatest risk to the Department. Internal Audit also provided advice and guidance to business areas on both a formal and informal basis. During the year Internal Audit provided DARC, at regular intervals, with a synopsis of the main findings arising from each audit. In addition, DARC received copies of all final audit reports, 15 of which received a satisfactory audit opinion.

### Internal Control Issues

#### LPS Fraud

LPS has reported an internal fraud in prior years resulting in misappropriation of £125k of rating refunds and £63.5k of monies written-off ratepayer accounts which had been processed fraudulently. LPS also reported that following legal proceedings, they were awarded a Compensation Order for £89k. The Courts Service issued £68k of this to LPS during the reporting period and have advised that the remainder will be issued as soon as possible.

## LPS – Housing Benefit

LPS administered Housing Benefit (HB) for Owner Occupiers on behalf of DfC during the year. The HB awards takes the form of a non-cash credit to the relevant rate account, and is shown in the LPS Trust Statement of Rate Levy (the expenditure is not shown in the DoF accounts). LPS administered a total of £30 million of HB during 2022-23. Responsibility for administration of HB transferred to the Northern Ireland Housing Executive (NIHE) from 1 June 2022, however the awards will continue to be shown as non-cash credits on rate accounts, and therefore the expenditure will still sit in the LPS Trust Statement.

Levels of fraud and error in Housing Benefit for owner occupiers are reported by the Standards Assurance Unit (SAU) within the Department for Communities (DfC). The SAU issued two reports, being ‘Housing Benefit Review (Customer Error and Customer Fraud)’ and ‘Housing Benefit Review Financial Accuracy Official Error’ for the calendar year 1 January 2022 to 31 December 2022 in March 2023. These reports highlighted customer error amounting to £0.81m (£0.77m customer error overpayment, £0.04m customer error underpayment) and £2.05m customer fraud overpayments in Housing Benefit for owner occupiers. The level of Official Error was £0.79m (£0.65m official error overpayment and £0.14m of official error underpayment). Customer error and customer fraud estimated of Housing Benefit for owner occupiers are based on the results of Benefit Reviews in 2022.

The table below shows the estimated levels of fraud and error with the relevant upper and lower confidence intervals as reported by SAU.

	Monetary Value (£000)	Upper Confidence Interval (£000)	Lower Confidence Interval (£000)
Customer fraud overpayments	2,052	2,651	1,501
Customer error overpayments	771	1,151	443
Customer error underpayments	38	104	3
Official error overpayments	647	980	358
Official error underpayments	139	286	26
<b>Total</b>	<b>3,647</b>	<b>5,172</b>	<b>2,331</b>

## LPS – Rate Rebate Scheme

The Rate Relief Regulations (Northern Ireland) 2017 came into operation on 27 September 2017 aligning with the introduction of Universal Credit (UC) and sets the policy for LPS to administer a Rate Rebate Scheme for claimants in receipt of UC.

The regulations provide that the Rate Rebate Scheme is only available to claimants in receipt of UC. Those entitled to Rate Rebate receive a credit to the Rate Account to offset rating liability. The only exception to this is in respect to claimants who live in Housing Executive or Housing Association properties. Awards in these cases are made by a monthly payment to the Social Landlord through DoF Account NI.

Potential for customer fraud and customer error is minimised due to the policy requirement that awards are based on UC entitlement, using UC award details and verification of claimant details using the Department for Work and Pensions (DWP) Customer Information Services. LPS is aware of the potential risk for fraud and error within UC and has reported this to DfC. LPS attends the UC Programme Board and UC Risk Review Board to ensure continued awareness of the consequential outcomes stakeholders face due to UC being a gateway for fraud and error to enter LPS systems.

LPS has developed a robust process to assess the accuracy of rate rebate claims. During the year ended 31 March 2023, LPS estimates that a total of £402k of rate rebate was paid in error due to official error (£83k underpayments and £319k overpayments). To ascertain the level of customer fraud and error, LPS used as a proxy the percentage of customer fraud and error found in Universal Credit estimated by SAU. This

has given rise to an estimate of £2,273k (£1,920k customer fraud overpayments, £22k customer fraud underpayments, £177k customer error overpayments and £154k customer error underpayments). The total level of fraud and error in rate rebate is estimated to be £2,675k.

The SAU has started assessing the rate rebate caseload for financial accuracy (i.e. official error) and issued its first report in early 2023. The SAU is also developing its methodology for assessing rate rebate for customer fraud and error and should be in a position to report results in the autumn of 2023. This will form the basis of the fraud and error estimation for the 2023-24 Annual Report.

### **Localised Restrictions Support Scheme (LRSS)**

The LRSS was introduced in October 2020 to administer a number of COVID-19 reactive business support schemes and was formally closed on 7 April 2021. A total of 24,322 applications were received and approximately £320m issued in grant payments. Of the total number of applications received, 92 cases were identified by LPS staff as potential fraud cases and referred to the Group Internal Audit & Fraud Investigation Services (GIAFIS) for further investigation. 17 cases have been closed and the PSNI are currently investigating all 75 remaining cases. Of these 75 cases under investigation, 35 resulted in payment (amounting to £522k) whereas nothing was paid in the other 40 applications.

### **Omicron Hospitality scheme**

The Omicron Hospitality payment scheme was introduced in December 2021 to provide a one off grant payment to hotels, restaurants, cafés, coffee shops, bistros, snack bars, nightclubs, pubs, and social clubs as a result of the impact of COVID-19 on the hospitality industry. The scheme closed to new applicants in March 2022. The administration of the LRSS scheme and lessons learned were used in the development of the scheme and included the creation of mitigations. There were two application streams for the Omicron Hospitality payment. The first for those with previous LRSS applications and was deemed lower risk, the second with a more extensive application form and more detailed checks. The estimated level of potential fraud and error in the scheme is £221k.

### **Valuation of Land and Buildings**

A full professional quinquennial valuation of land and buildings was undertaken by LPS as at 1 April 2020 and revalued at year-end using indices.

### **Counter-fraud**

The DoF Fraud Working Group met in October 2022 and February 2023. The group considers issues in relation to fraud, raises awareness of anti-fraud measures and disseminates information pertinent to the prevention and detection of fraud.

The NICS Fraud Forum has recommenced its meetings, with the first post COVID-19 meeting held in February 2023. The forum allows ideas and best practices to be shared across NICS. The DoF Risk Management and Policy Guide Framework was also refreshed to include revised HMT guidance.

The National Fraud Initiative (NFI) 2021-22 exercise concluded in March 2022 and the outcomes are included in the NFI report published in July 2022. The new NFI exercise commenced in October 2022. NFI progress updates are included in each Fraud paper presented to the DARC. The paper is a standing agenda item. The Departmental Board receives the minutes of each DARC which record the discussions around fraud in the Department.

Separate arrangements are now in place for raising concerns (whistleblowing) and can be used to raise concerns about alleged impropriety, wrongdoing, corruption, fraud or malpractice. A revised policy framework on raising concerns at NICS level was published in March 2023. Raising Concerns are monitored on an ongoing basis. Each concern is fully investigated and ongoing updates provided to the DARC at each meeting. Following a review of the NICS Raising Concerns framework, DoF and other departments are updating their Raising concern processes by end of summer 2023.

### **NIAO VFM Reports/Public Audit Business**

In line with the public audit process, normally when the NI Assembly is operating, Northern Ireland Audit Office (NIAO) reports may be considered by the Public Accounts Committee (PAC), who subsequently produce their own reports and recommendations following their due consideration. Formal responses to these are presented to the Assembly and published in the format of a DoF Memorandum of Reply cleared by the Finance Minister.

However, in the absence of the Assembly during 2022-23 there has been no PAC operating since March 2022. Under arrangements laid out in paragraph 16 of the document “Guidance on decision-making for Northern Ireland Departments until an Executive is formed or for the six month period beginning with the day on which the Northern Ireland (Executive Formation etc.) Act 2022 is passed (6 December)”, which was presented to Parliament by the Secretary of State for Northern Ireland (Chris Heaton-Harris) on 19 December 2022, NI Departments should lay their departmental responses to NIAO recommendations in the Assembly and share these responses with the Secretary of State who will lay copies in Parliament. DoF issued guidance on the process to be followed to Accounting Officers on 7 March 2023.

The following reflects the public audit business undertaken during the reporting period:

**Review of the Northern Ireland Budget Process** – A draft DoF Memorandum of Reply to the PAC report (published on 4 March 2022) has been prepared but cannot be formally presented to the NI Assembly until the NI Assembly is operating. The process will be completed as soon as practicably possible on restoration of devolution.

**Public Procurement in Northern Ireland** – The NIAO report was published on 25 April 2023. A departmental response was published on 12 June 2023.

**Ministerial Directions in Northern Ireland** – The NIAO report was published on 27 April 2023. A departmental response to the recommendations contained in the report will be published in line with agreed deadlines.

**Follow-up – Major Capital Projects** – Work has commenced on a follow-up study on Major Capital Projects.

### **Conclusion**

Taking into account all of the arrangements set out in this Governance Statement, the Department has effective corporate governance structures in place and has satisfactory systems of internal control which have operated effectively during 2022-23 and up to date of approval of annual report and accounts.

## Remuneration and Staff Report

### Remuneration Report

#### Remuneration Policy

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

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

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

#### Service Contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise. Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in consideration of the individual receiving compensation as set out in the Civil Service Compensation Scheme. Further information about the work of the Civil Service Commissioners for Northern Ireland can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

#### Remuneration and Pension Entitlements

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

#### Remuneration and pension entitlements – Ministers (Audited information)

Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits** (to nearest £1,000)		Total (to nearest £1,000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Conor Murphy	21,758	38,000	-	-	4	9	26	47

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

## Remuneration and pension entitlements – DoF Departmental Board (Audited information)

Officials	2022-23			2021-22		
	Salary £000	Pension Benefits** (to nearest £1,000)	Total £000	Salary £000	Pension Benefits** (to nearest £1,000)	Total £000
<b>Sue Gray</b> Permanent Secretary [to 16 May 2021]	-	-	-	15-20 (130-135 FYE)	4	20-25 (135-140 FYE)
<b>Colum Boyle</b> Permanent Secretary [to 31 March 2022]	-	-	-	105-110 (120-125 FYE)	187	290-295 (310-315 FYE)
<b>Neil Gibson</b> Permanent Secretary [from 1 April 2022]	140-145	55	195-200	-	-	-
<b>Hugh Widdis</b> Head of Government Legal Service	135-140	-4	130-135	135-140	67	205-210
<b>Claire Archbold</b> Deputy Head of Government Legal Service [on loan to DoJ up to 28 November 2021]	-	-	-	70-75 (100-105 FYE)	47	115-120 (150-155 FYE)
<b>Louise Crilly</b> Deputy Head of Government Legal Service [from 29 November 2021]	95-100	55	150-155	30-35 (95-100 FYE)	36	65-70 (130-135 FYE)
<b>Des Armstrong</b> Director CPD [to 30 April 2021]	-	-	-	10-15 (105-110 FYE)	-8	0-5 (95-100 FYE)
<b>Sharon Smyth</b> Director CPD [from 5 July 2021]	95-100	3	100-105	75-80 (95-100 FYE)	27	100-105 (125-130 FYE)
<b>Stewart Barnes</b> Director Finance	75-80	-49	25-30	75-80	38	115-120
<b>Siobhan Carey</b> Chief Executive NISRA [to 15 December 2022]	95-100 (105-110 FYE)	-51	45-50 (55-60 FYE)	100-105	27	100-105
<b>Brian Green</b> Acting Chief Executive NISRA [from 16 December 2022 – 26 February 2023]	15-20 (95-100 FYE)	3	20-25 (100-105 FYE)	-	-	-
<b>Philip Wales</b> Chief Executive NISRA [from 27 February 2023]	5-10 (100-105 FYE)	4	10-15 (105-110 FYE)	-	-	-
<b>Jill Minne</b> Director - People and Organisational Development	105-110	42	145-150	105-110	42	150-155
<b>Bill Pauley</b> Deputy Secretary SPAR [to 31 March 2022]	-	-	-	100-105	40	140-145
<b>Emer Morelli</b> Acting Director SPAR [to 30 November 2022]	60-65 (95-100 FYE)	67	130-135 (160-165 FYE)	-	-	-
<b>Anthony Simpson</b> Director SPAR [from 1 December 2022]	30-35 (95-100 FYE)	21	50-55 (115-120 FYE)	-	-	-

Officials	2022-23			2021-22		
	Salary £000	Pension Benefits** (to nearest £1,000)	Total £000	Salary £000	Pension Benefits** (to nearest £1,000)	Total £000
<b>Ian Snowden</b> Chief Executive LPS	100-105	-18	80-85	100-105	51	155-160
<b>Paul Wicken</b> Director ESS [to 8 July 2022]	-	-	-	85-90 (105-110 FYE)	-3	80-85 (100-105 FYE)
<b>Joanne McBurney</b> Director PSD	95-100	-6	90-95	100-105	26	125-130
<b>Mark McLaughlin</b> Director CaED	75-80	30	105-110	75-80	32	105-110
<b>Paul Duffy</b> Director ESS	95-100	-30	65-70	95-100	60	155-160
<b>Catherine Shannon</b> Director NICSHR – Strategic Planning and Governance [from 31 October 2023]	40-45 (95-100 FYE)	16	55-60 (110-115 FYE)	-	-	-

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

## Salary

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

The Northern Ireland Assembly was dissolved from 3 February 2022 with an election taking place on 5 May 2022, on which date Ministers ceased to hold office. An Executive was not formed following the 5 May 2022 election. Consequently, the former Ministers retained their roles in a caretaker capacity until 28 October 2022. As such, the Department of Finance was under the direction and control of Conor Murphy during the financial year. His salary and allowances were paid by the department and have been included in these accounts. These amounts do not include costs relating to the Minister’s role as MLA which are disclosed in the Northern Ireland Assembly Commission accounts.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs (HMRC) as a taxable emolument. None of the officials received any benefits in kind in 2022-23 or 2021-22.

## Fair Pay Disclosures (Audited information)

### Pay Ratios

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



The banded remuneration of the highest-paid director in DoF in the financial year 2022-23 was £140,000 - £145,000 (2021-22, £135,000 - £140,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2022-23	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total remuneration (£)	26,575	32,720	42,638
Pay ratio	5.4:1	4.4:1	3.3:1

2021-22	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total remuneration (£)	26,575	32,894	42,639
Pay ratio	5.2:1	4.2:1	3.2:1

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

The values for the salary component of remuneration for the 25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile were £26,575 (2021-22 £26,575), £32,720 (2021-22 £32,894) and £42,638 (2021-22 £42,639) respectively.

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

Remuneration ranged from £19,000 to £145,000 (2021-22, £18,000 to £140,000).

### Percentage Change in Remuneration

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

- a) salary and allowances, and
- b) performance pay and bonuses

of the highest paid director and of their employees as a whole.

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

Percentage change for:	2022-23 v 2021-22	2021-22 v 2020-21
Average employee salary and allowances	-1.85%	3.69%
Highest paid director's salary and allowances	3.64%	3.77%

*1 The Northern Ireland Civil Service special bonus scheme was withdrawn with effect from 31 March 2021.*

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

## Remuneration of Independent Board Members

The remuneration for each Independent Board Member is £12,500 for a commitment of twenty-five days plus expenses in relation to travel and subsistence incurred whilst on departmental business.

## Pension Entitlements – Ministers (Audited information)

Officials	Accrued pension at pension age as at 31/03/23	Real increase in pension at pension age	CETV at 31/03/23	CETV at 31/03/22	Real increase in CETV
	£000	£000	£000	£000	£000
Conor Murphy Minister	5-10	0-2.5	108	95	3

## Ministerial pensions

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

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

Members of the Legislative Assembly ("MLA" or "Member") aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 retained their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on MLAs who missed out on the Transitional Protection policy in the AMPS because of their age. However, the applicability of, and approach to, the McCloud judgement in relation to this scheme is not a matter for the Assembly Commission, instead it is a matter for IFRP. Therefore, this matter will be given further consideration once a new panel is appointed.

As Ministers are MLAs, they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a "contribution factor" basis, taking account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as an MLA for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as an MLA. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Up to the 6 May 2021 those Ministers under the transitional protection arrangements paid contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. The contribution paid by Ministers in the CARE Scheme is 9% of the Ministerial salary. There is also an employer contribution paid by the Consolidated Fund (CF) out of money appropriated by Act of Assembly for that purpose representing the balance of cost. Following the publication of the triennial valuation of the AMPS by the Government Actuary's Department, this was increased from 14.4% to 17.1% of Ministerial salary, effective from 1 April 2021. The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to the State Pension Age.

### **The Cash Equivalent Transfer Value (CETV)**

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

### **The real increase in the value of the CETV**

This is the increase in accrued pension due to the Assembly Commission's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.

## Pension Entitlements – Officials (Audited information)

Officials	Accrued pension at pension age as at 31/03/22 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/23 or date of leaving if earlier	CETV at 31/03/22 or start date if later	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
<b>Neil Gibson</b> Permanent Secretary [from 1 April 2022]	20-25	22.5-25	274	0	19	N/a
<b>Hugh Widdis</b> Head of Government Legal Service	55-60 plus a lump sum of 10-15	0-2.5 plus a lump sum of 0	860	788	-21	N/a
<b>Louise Crilly</b> Deputy Head of Government Legal Service [from 29 November 2021]	30-35	2.5-5	474	394	34	N/a
<b>Sharon Smyth</b> Director CPD [from 5 July 2021]	30-35 plus a lump sum of 50-55	0-2.5 plus a lump sum of 0	575	524	-10	N/a
<b>Stewart Barnes</b> Director Finance	40-45 plus a lump sum of 115-120	0 plus a lump sum of 0	946	909	-61	N/a
<b>Siobhan Carey</b> Chief Executive NISRA [to 27 February 2023]	45-50 plus a lump sum of 130-135	0 plus a lump sum of 0	989	970	-52	N/a
<b>Brian Green</b> Acting Chief Executive NISRA [from 16 December 2022 to 26 February 2023]	35-40 plus a lump sum of 95-100	0-2.5 plus a lump sum of 0	815	743	-8	N/a
<b>Philip Wales</b> Chief Executive NISRA [from 27 February 2023]	0-5	0-2.5	2	0	1	N/a
<b>Jill Minne</b> Director People and Organisational Development	15-20	2.5-5	196	156	24	N/a
<b>Emer Morelli</b> Acting Director SPAR [to 30 November 2022]	30-35 plus a lump sum of 50-55	2.5-5 plus a lump sum of 5-7.5	502	444	47	N/a
<b>Anthony Simpson</b> Director SPAR [from 1 December 2022]	30-35	0-2.5	426	391	13	N/a
<b>Ian Snowden</b> Chief Executive LPS	45-50 plus a lump sum of 80-85	0 plus a lump sum of 0	827	767	-31	N/a
<b>Joanne McBurney</b> Director PSD	50-55 plus a lump sum of 100-105	0-2.5 plus a lump sum of 0	943	859	-19	N/a
<b>Mark McLaughlin</b> Director CaED	15-20	0-2.5	185	161	11	N/a
<b>Paul Duffy</b> Director ESS	45-50 plus a lump sum of 95-100	0 plus a lump sum of 0	904	843	-40	N/a
<b>Catherine Shannon</b> Director NICS HR – Strategic Planning and Governance [from 31 October 2023]	0-5	0-2.5	11	0	8	N/a

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## Northern Ireland Civil Service (NICS) Pension Schemes

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

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

### *McCloud Judgment*

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

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

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

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

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

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

### *Information on the PCSPS (NI) – Closed Scheme*

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS (NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE

arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

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

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

#### *Partnership Pension Account*

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

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

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

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

#### **Scheme Year 1 April 2023 to 31 March 2024**

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2022 to 31 March 2023
£0.00	£25,049.99	4.60%
£25,050.00	£56,999.99	5.45%
£57,000.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

**Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**Real increase in CETV**

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

**Compensation for loss of office (Audited Information)**

No compensation for loss of office was payable in the year.

**Staff Report****Number of senior civil service staff (or equivalent) by band**

The number of staff serving as senior civil servants (or equivalent) based on a full year equivalent as at 31 March 2023 is as follows:

Core Department and Agency		
Pay band	2022-23	2021-22
	Number	Number
£50,000 - £54,999	-	1
£70,000 - £74,999	19	10
£75,000 - £79,999	16	20
£80,000 - £84,999	12	17
£95,000 - £99,999	7	4
£100,000 - 104,999	2	2
£105,000 - £109,999	1	3
£120,000 - £124,999	-	1
£135,000-£139,999	1	1
£140,000-£144,999	1	-
<b>Total</b>	<b>59</b>	<b>59</b>

**Staff costs (Audited information)**

Staff costs comprise:

				2022-23 £000	2021-22 £000
	Permanently employed staff*	Others	Minister	Total***	Total***
Wages and salaries	123,302	8,995	22	132,319	131,876
Social security costs	12,937	-	3	12,940	12,516
Other pension costs	37,504	-	4	37,508	37,426
<b>Sub Total</b>	<b>173,743</b>	<b>8,995</b>	<b>29</b>	<b>182,767</b>	<b>181,818</b>
Less recoveries in respect of outward secondments	(12,733)	-	-	(12,733)	(12,639)
<b>Total net costs</b>	<b>161,010</b>	<b>8,995</b>	<b>29</b>	<b>170,034</b>	<b>169,179</b>
<b>Of which:</b>		<b>Charged to Administration</b>	<b>Charged to Programme</b>	<b>2022-23 Total**</b>	<b>2021-22 Total**</b>
Core Department		104,874	48,680	153,554	150,525
Agency		-	14,785	14,785	16,928
Other designated bodies - SEUPB		1,695	-	1,695	1,726
<b>Total net costs</b>		<b>106,569</b>	<b>63,465</b>	<b>170,034</b>	<b>169,179</b>

\*Permanently employed staff includes the cost of the Department's Special Adviser who was paid in the pay band £50-£55k (2021-22: £55-60k).

\*\* The total excludes £2.4m which has been charged to capital (2021-22: £1.6m).

\*\*\* Included with Other wages and salaries are apprenticeship levy payments of £613k (2021-22: £639k).



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## Pension Arrangements

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

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

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

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

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

For 2022-23, employers' contributions of £37,388,202 were payable to the NICS pension arrangements (2021-22: £37,321,018) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £116,201 (2021-22: £104,982) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2021-22, 8% to 14.75%) of pensionable pay.

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

Employer contributions of £3,597, 0.5% (2021-22: £3,262 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £NIL. Contributions prepaid at that date were £NIL (2021-22: £NIL).

### Ill health retirements

Six persons (2021-22: 14 persons) retired early on ill health grounds during the year. The total additional accrued pension liabilities in the year amounted to £68,465 (2021-22: £73,512).

### Average number of persons employed (Audited Information)

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

Activity					2022-23	2021-22
	Permanently employed staff	Others	Minister	Special Adviser	Number Total	Number Total
Construction and Procurement Delivery	391	7	-	-	398	411
Finance and Corporate Services Division	125	17	1	1	144	146
Communications and Engagement Division	29	-	-	-	29	37
Departmental Solicitors Office	152	24	-	-	176	163
Enterprise Shared Services	713	35	-	-	748	748
Group Internal Audit	70	1	-	-	71	75
Land and Property Services	1,007	122	-	-	1,129	1,112
NICS Human Resources	334	18	-	-	352	364
Northern Ireland Statistics and Research Agency	456	103	-	-	559	558
Public Spending Directorate	61	1	-	-	62	53
Strategic Policy & Reform Directorate	92	2	-	-	94	82
Staff engaged on capital projects *	-	-	-	-	-	-
SEUPB	66	-	-	-	66	67
<b>Total</b>	<b>3,496</b>	<b>330</b>	<b>1</b>	<b>1</b>	<b>3,828</b>	<b>3,816</b>
<b>Of which:</b>						
Core Department	2,974	227	1	1	3,203	3,191
Agency	456	103	-	-	559	558
Other designated bodies - SEUPB	66	-	-	-	66	67
<b>Total</b>	<b>3,496</b>	<b>330</b>	<b>1</b>	<b>1</b>	<b>3,828</b>	<b>3,816</b>

\* The Department does not employ any staff exclusively for capital projects.

## Staff Composition

The gender analysis as at 31 March 2023 for the Department and its Agency can be broken down as follows:

	2022-23			2021-22		
	Female staff	Male Staff	Total Staff	Female staff	Male Staff	Total Staff
Departmental Board	5	8	13	5	7	12
Senior Civil Service	17	29	46	18	29	47
DoF Employees	1,779	1,778	3,557	1,769	1,826	3,595
<b>Total</b>	<b>1,801</b>	<b>1,815</b>	<b>3,616</b>	<b>1,792</b>	<b>1,862</b>	<b>3,654</b>

## Sickness Absence Data

The Department had an overall sickness absence rate of 8.5 days lost per employee in 2021-22. Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2022-23” report at [www.nisra.gov.uk/publications/sickness-absence-northern-ireland-civil-service-202122](http://www.nisra.gov.uk/publications/sickness-absence-northern-ireland-civil-service-202122). Figures for the 2022-23 financial year will be published in due course.

## Staff policies

### Employment, training and advancement of disabled persons

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

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

The NICS applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Panel members must complete mandatory recruitment and selection training prior to participating on any selection panel. This training includes specific learning on equality and diversity, relevant legislation and reasonable adjustments for disabled candidates. Unconscious bias training is available to all staff.

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

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

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

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

In June 2022, the Northern Ireland Executive, in partnership with the Harkin Institute, hosted the Harkin International Summit 2022. The event brought together leaders and activists across Business, Government, Philanthropy, the Third and Voluntary Sector, and Academia to highlight and address disability employment issues, showcase best practice and success, build relationships and challenge for change. The NICS as an employer participated, attended and supported the summit to promote its commitment to disability inclusion.

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

### **Equality, Diversity and Inclusion**

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

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

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

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

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

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

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

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

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

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

## Other Employee Matters

### *Health and Safety*

The Department of Finance has a Health and Safety Policy which complies with the requirements of the Health and Safety at Work (NI) Order 1978, the Management of Health and Safety at Work Regulation (NI) 2000, and all other relevant legislation. The Department regards it as an integral part of its duties and objectives to ensure, so far as is reasonably practicable, the health, safety and welfare of its employees at work and of all other persons who may be affected by the Department's undertakings.

### *Human Capital Management*

The NICS is committed to career development, acknowledging that skilled and engaged staff are an essential resource in meeting current and future business needs.

This NICS Career Development Policy emphasises that career development is a collaborative process between individual staff members, line managers, and departments, and takes account of the NICS Competency Framework and Performance Management System. As well as the individual's role in managing their career development, the NICS provides opportunities to enhance the skills, capabilities and performance of staff so that they, in turn, can contribute to achieving corporate objectives.

### *Learning and Development*

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

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

Talent management is a key theme of the NICS People Strategy and highlights the importance of the development conversation between managers and staff, with a number of resources already available within the existing talent management toolkit.

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

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

*Employee Engagement*

During the year, DoF delivered a wide-ranging programme of staff engagement including a series of virtual events for over 2,000 DoF staff led by the Permanent Secretary and members of the senior leadership team. Topics covered include New Ways of Working, Pay and departmental priorities. In addition, the Department delivered over 30 NICS Live Online events, with a strong emphasis on mental and physical health and wellbeing, to more than 13,000 staff across the NICS.

*Staff Engagement Scores*

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

*Application of Business Appointment Rules (BARs)*

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

Summary information in respect of applications from Senior Civil Service Grade 5 and above, including equivalent grades, and Special Advisers is available in the [NICS Standards of Conduct Policy](#)

*Employee Consultation and Trade Union Relationships*

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

\*HR policy and Industrial Relations policy for the NICS is centralised within People & OD, in the Department of Finance

**Consultancy and Temporary Staff Expenditure**

	2022-23			2021-22		
	Core	Agency	Total	Core	Agency	Total
	£000	£000	£000	£000	£000	£000
External Consultancy	3,787	-	3,787	1,548	-	1,548
Temporary staff	5,760	782	6,542	6,694	4,577	11,271
	<b>9,547</b>	<b>782</b>	<b>10,329</b>	<b>8,242</b>	<b>4,577</b>	<b>12,819</b>

The Department uses professional service providers to support specialist work. This includes consultancy, contingent labour (temporary staff), legal advice and IT expertise. Consultants are hired to work on projects in a number of specific situations: where the Department does not have the skills set required; where the particular requirement falls outside the core business of civil servants; or where an external, independent perspective is required. When used appropriately, consultancy can be a cost effective and efficient way of getting the temporary and skilled external input that the Department needs. We are committed to the consistent application of the Department's guidance on consultancy and other spending.

In particular, the consultancy spend was incurred mainly for the following:

- Integr8 – Consultancy spend in relation to the transformation of the future delivery of Finance and HR & Payroll services for Central Government, including implementing a new technology solution to replace the current systems; *and*
- LPS – Consultancy spend assisting with the provision of professional financial services and the procurement of professional legal services, in relation to the programme that will fully transform how LPS delivers its services.

### Staff Turnover

Department	Departmental Turnover Rate		General Turnover Rate	
	Turnover Rate	Turnover Percentage	Turnover Rate	Turnover Percentage
DoF	0.089	8.9%	0.050	5.0%

The Department of Finance Staff Turnover percentage (the number of people that have left the Department including those who have moved within the NICS) for 2022-23 is 8.9% (2021-22: 5.8%), and the general turnover percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 5% (2021-22: 4.2%). This has been calculated by NICSHR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service. For 2021-22, the revised departmental turnover percentage is 5.8% while the general turnover percentage remains unchanged

### Staff Redeployment

The Department did not have any staff redeployed during 2022-23 year.

### Off-payroll Engagements

The Department did not have any off -payroll engagements during 2022-23 year.

### Senior officials with significant financial responsibility

There are no off-payroll board members who are engaged with significant financial responsibilities. All the executive members of the Departmental Board are on-payroll and have significant financial responsibilities:

On-payroll	2022-23	2021-22
Current board members	13	12
Past board members	–	–
	<b>13</b>	<b>12</b>

### Exit packages – reporting of Civil Service and other compensation schemes (Audited information)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the Statement of Comprehensive Net Expenditure in the year departure is agreed. The Department had no costs agreed and accounted for in respect exit packages in 2022-23 and 2021-22. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.



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## Assembly Accountability and Audit Report

### Statement of Outturn against Assembly Supply (SOAS) (Audited information)

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

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

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

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

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

The SOAS contain a summary table, detailing performance against the control limits that the Assembly has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly reconcile to the cash spent) and administration.

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net expenditure in the Statement of Comprehensive Net Expenditure (SOCNE), to tie the SOAS to the financial statements (note 2); a reconciliation of net resource outturn to net cash requirement (note 3); and an analysis of income payable to the Consolidated Fund (note 4).

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 13, in the financial review section of the Performance Report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on [www.gov.uk](http://www.gov.uk).

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



**Summary tables – mirror Part I of the Estimates**

Summary table, 2022-23, all figures presented in £000s

Type of Spend	Note	Outturn			Estimate			Outturn vs estimate, saving / (excess)		Prior Year Outturn Total, 2021-22 Restated
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	
<b>Departmental Expenditure Limit</b>										
Resource	SOAS 1.1	229,462	(9,242)	220,220	242,614	(9,570)	233,044	13,152	12,824	322,431
Capital	SOAS 1.2	31,758	-	31,758	32,337	-	32,337	579	579	32,541
<b>Total</b>		<b>261,220</b>	<b>(9,242)</b>	<b>251,978</b>	<b>274,951</b>	<b>(9,570)</b>	<b>265,381</b>	<b>13,731</b>	<b>13,403</b>	<b>354,972</b>
<b>Annual Managed Expenditure</b>										
Resource	SOAS 1.1	5,062	-	5,062	10,484	-	10,484	5,422	5,422	410
Capital	SOAS 1.2	9,077	-	9,077	12,663	-	12,663	3,586	3,586	-
<b>Total</b>		<b>14,139</b>	<b>-</b>	<b>14,139</b>	<b>23,147</b>	<b>-</b>	<b>23,147</b>	<b>9,008</b>	<b>9,008</b>	<b>410</b>
<b>Total Budget</b>										
Resource	SOAS 1.1	234,524	(9,242)	225,282	253,098	(9,570)	243,528	18,574	18,246	322,841
Capital	SOAS 1.2	40,835	-	40,835	45,000	-	45,000	4,165	4,165	32,541
<b>Total Budget Expenditure</b>		<b>275,359</b>	<b>(9,242)</b>	<b>266,117</b>	<b>298,098</b>	<b>(9,570)</b>	<b>288,528</b>	<b>22,739</b>	<b>22,411</b>	<b>355,382</b>
<b>Total Budget</b>		<b>275,359</b>	<b>(9,242)</b>	<b>266,117</b>	<b>298,098</b>	<b>(9,570)</b>	<b>288,528</b>	<b>22,739</b>	<b>22,411</b>	<b>355,382</b>

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

Net Cash Requirement 2022-23, all figures presented in £000s

Item	Note	Outturn	Estimate	Outturn vs estimate, saving / (excess)	Prior Year Outturn Total, 2021-22
<b>Net Cash Requirement</b>	<b>SOAS 3</b>	<b>225,845</b>	<b>249,959</b>	24,114	443,333

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

Explanations of variances between Estimate and Outturn are given in SOAS note 1.

SOAS 1 to 4 form part of these accounts.

## Notes to the Statement of Outturn against Assembly Supply, 2022–23 (£000)

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

## SOAS 1. Outturn detail, by Estimate line (Audited information)

## SOAS1.1 Analysis of resource outturn by Estimate Line, all figures presented in £000

Type of spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total, – 2021-22 Restated	
	Administration			Programme			Total	Total	Virements*	Total including virements			
	Gross	Income	Net	Gross	Income	Net							
<b>Spending in Departmental Expenditure Limits (DEL)</b>													
<b>Voted Expenditure</b>													
1	Finance and Personnel Policy	48,308	(26,858)	21,450	1,712	-	1,712	<b>23,162</b>	23,454	(195)	23,259	97	20,645
2	NICS Shared Services	129,726	(48,436)	81,290	144	-	144	<b>81,434</b>	81,467	-	81,467	33	78,775
3	NISRA	1,313	-	1,313	33,957	(19,825)	14,132	<b>15,445</b>	15,716	-	15,716	271	19,355
4	LPS	1,375	-	1,375	88,421	(37,415)	51,006	<b>52,381</b>	56,486	-	56,486	4,105	153,312
5	EU Programmes	-	-	-	3,900	(3,338)	562	<b>562</b>	624	-	624	62	751
	of which:												
	<i>EU Peace Programmes</i>	-	-	-	1,797	(1,527)	270	<b>270</b>	291	-	291	21	337
	<i>EU Community Initiatives</i>	-	-	-	2,131	(1,811)	320	<b>320</b>	333	-	333	13	278
	<i>ERDF</i>	-	-	-	(28)	-	(28)	<b>(28)</b>	-	-	-	28	136
6	SEUPB (Net)*	2,141	-	2,141	-	-	-	<b>2,141</b>	1,786	355	2,141	-	2,092
7	NICS Accommodation Services	62,522	(8,185)	54,337	-	-	-	<b>54,337</b>	63,081	(160)	62,921	8,584	56,436
	<b>Total Voted DEL</b>	<b>245,385</b>	<b>(83,479)</b>	<b>161,906</b>	<b>128,134</b>	<b>(60,578)</b>	<b>67,556</b>	<b>229,462</b>	<b>242,614</b>	<b>-</b>	<b>242,614</b>	<b>13,152</b>	<b>331,366</b>
<b>Non- voted expenditure</b>													
8	Land and Property Services	-	-	-	-	(9,242)	(9,242)	<b>(9,242)</b>	(9,570)	-	(9,570)	(328)	(8,175)
	<i>Consolidated Fund Extra Receipts</i>	-	-	-	-	-	-	<b>-</b>	-	-	-	-	(760)

Type of spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total, – 2021-22 Restated
	Administration			Programme			Total	Total	Virements*	Total including virements		
	Gross	Income	Net	Gross	Income	Net						
<b>Total non-voted expenditure</b>	-	-	-	-	(9,242)	(9,242)	(9,242)	(9,570)	-	(9,570)	(328)	(8,935)
<b>Total spending in DEL</b>	245,385	(83,479)	161,906	128,134	(69,820)	58,314	220,220	233,044	-	233,044	12,824	322,431
<b>Spending in Annually Managed Expenditure (AME)</b>												
<b>Voted Expenditure</b>												
9 Provisions	-	-	-	4,415	-	4,415	4,415	890	3,525	4,415	-	(619)
10 Depreciation	-	-	-	408	-	408	408	9,394	(3,564)	5,830	5,422	875
11 SEUPB	-	-	-	239	-	239	239	200	39	239	-	154
<b>Total Spending in AME</b>	-	-	-	5,062	-	5,062	5,062	10,484	-	10,484	5,422	410
<b>Total Resource</b>	245,385	(83,479)	161,906	133,196	(69,820)	63,376	225,282	243,528	-	243,528	18,246	322,841

\*NDPB outturn is recorded net

\*Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the Supply Estimates in Northern Ireland Guidance Manual, available on the DoF website. The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

SOAS 1 to 4 form part of these accounts

## Key to Request for Resources

RfA: To help the Executive secure the most appropriate and effective use of resources and services for the benefit of the community and deliver quality, cost effective and efficient public services and administration in the Department's areas of executive responsibility.

### Explanation of the variation between Estimate and Outturn (net total resources):

The net resource outturn was £225.3m against an estimated provision of £243.5m.

The total variance was **£18.2m**, split between the departmental expenditure limit (DEL) **£12.8m**, and the annually managed expenditure (AME) **£5.4m**.

Of the DEL underspend, £2.4m is in relation to depreciation, a further £2.7m is due to demand led programmes, £6.3m is related to changes in how lease exits are accounted for, with the remaining £1.4m in relation to the Department's non-ringfenced spend.

### *Departmental expenditure limit (DEL)*

The total cost of Finance, Procurement and Policy was **£50.0m** (2021-22: £47.5m). This function comprises Construction and Procurement Delivery, the Departmental Solicitors Office, Group Internal Audit and Fraud Investigation Services, Public Spending Directorate and Strategic Policy and Reform Division. Key activities include work to improve the overall management of public funds and the spending performance of departments, and professional legal and procurement services for the NICS and the wider public sector. The increased cost from last year was mainly as a result of increased staff costs and settlement of outstanding liabilities.

The Department continues to deliver essential shared services to departments and other public bodies. During 2020-21 the total costs of NICS Shared Services (including Account NI, the Centre for Applied Learning, HR Connect, IT Assist, Enterprise Design Authority, Digital Transformation Service and NICS Human Resources) amounted to **£129.9m** (2021-22: £120.8m). The increased cost is mainly as a result of increased staff costs, increased license costs and an increased impairment.

The Department's main public-facing services are delivered by Land and Property Services and the Department's Agency, the Northern Ireland Statistics and Research Agency. NISRA produces its own Annual Reports and Accounts and further details of the Agency's financial performance can be found in its own financial review.

LPS's main functions are to collect rates on behalf of central government and councils, maintain domestic and non-domestic rating valuation lists, record legal interests in land in the Land Registers, provide land information services relating to the Registers for conveyancing purposes, provide mapping services in NI, collect, manage and publish spatial data in NI for use by the public and private sectors, and deliver a property valuation, estate management and property data service to the public sector. 2017-18 saw LPS take on a new role in respect of rate rebate payments to those who qualify and are in receipt of Universal Credit. During 2020-21 and 2021-22 LPS was heavily involved in providing financial assistance payments to businesses that were affected by the restrictions imposed by the Executive as a result of COVID-19. The total costs of Land and Property Services was **£89.8m** (2021-22: £81.6m – excludes £108.8m in relation to financial assistance payments as a result of COVID-19). The increased costs are mainly as a result of increased payments associated with the new rate rebate scheme following the introduction of Universal Credit, an increase in depreciation costs and an increase in staff costs.

The Department is responsible for the provision of office accommodation for staff employed in NICS government departments and their agencies. Gross resource expenditure on accommodation services was **£62.5m** (2021-22: £62.4m), which includes **£26.4m** (2021-22: £13.8m) of depreciation and impairment, and around **£24.8m** (2021-22: £32.7m) on rent, rates and maintenance of the estate. The increase in depreciation and decrease in rent is due to the implementation of IFRS16 accounting changes.

*Annually Managed Expenditure (AME)*

By definition AME covers areas of expenditure that are more volatile. Of the AME underspend, £8.1m is in relation to the revaluation of the office estate and £0.9m of depreciation, which was lower than anticipated. This was offset by increased provisions in relation to lease exits.

## SOAS 1.2 Analysis of capital outturn by Estimate line, all figures presented in £000 (Audited Information)

Type of spend (Capital)	Outturn			Estimate			Outturn vs Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total, – 2021-22 Restated
	Gross	Income	Net total	Total	Virements*	Total inc. virements		
<b>Spending in Departmental Expenditure Limits (DEL)</b>								
<b>Voted Expenditure</b>								
1 Finance and Personnel Policy	282	(4)	278	351	-	351	73	542
2 NICS Shared Services	11,655	(39)	11,616	11,584	32	11,616	-	11,122
3 NISRA	1,747	(38)	1,709	1,566	143	1,709	-	1,091
4 LPS	4,214	-	4,214	4,158	56	4,214	-	2,071
5 EU Programmes	-	-	-	-	-	-	-	-
of which:								
<i>EU Peace Programmes</i>	-	-	-	-	-	-	-	-
<i>EU Community Initiatives</i>	-	-	-	-	-	-	-	-
6 SEUPB (Net)*	28	-	28	26	2	28	-	24
7 NICS Accommodation Services	13,914	(1)	13,913	14,652	(233)	14,419	506	17,691
<b>Total Voted DEL</b>	<b>31,840</b>	<b>(82)</b>	<b>31,758</b>	<b>32,337</b>	<b>-</b>	<b>32,337</b>	<b>579</b>	<b>32,541</b>
<b>Total spending in DEL</b>	<b>31,840</b>	<b>(82)</b>	<b>31,758</b>	<b>32,337</b>	<b>-</b>	<b>32,337</b>	<b>579</b>	<b>32,541</b>
<b>Spending in Annually Managed Expenditure (AME)</b>								
<b>Voted Expenditure</b>								
9 Provisions	9,077	-	9,077	12,663	-	12,663	3,586	-
<b>Total Spending in AME</b>	<b>9,077</b>	<b>-</b>	<b>9,077</b>	<b>12,663</b>	<b>-</b>	<b>12,663</b>	<b>3,586</b>	<b>-</b>
<b>Total Capital</b>	<b>40,917</b>	<b>(82)</b>	<b>40,835</b>	<b>45,000</b>	<b>-</b>	<b>45,000</b>	<b>4,165</b>	<b>32,541</b>

\*NDPB outturn is recorded net

**SOAS 2. Reconciliation of outturn to net expenditure (Audited Information)**

Item	Note	Outturn total 2022-23 £000	Prior Year Outturn Total, 2021-22 £000 Restated
<b>Total Resource Outturn</b>	<b>SOAS 1.1</b>	<b>225,282</b>	<b>322,841</b>
Add: Capital Grants		129	240
Cost of Rate Collection		9,242	8,175
Total		234,653	331,256
Less: Income paid/payable to the Consolidated Fund (CF)		(362)	(69)
Total		(362)	(69)
<b>Net Expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>	<b>SOCNE</b>	<b>234,291</b>	<b>331,187</b>

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

Capital grants / Research and Development (R&D) are budgeted for as Capital DEL, but accounted for as spend on the face of the SOCNE, and therefore function as a reconciling item between Resource and Net Expenditure.

The Cost of Rate Collection is effectively a charge to district councils for a service provided to them by DoF in collecting district rates. It is not recognised as Income received in the DoF accounts. A budgetary policy decision enabled the amount each year to be recognised by the Department as income for the purposes of determining the Department's available budget effective.

SOAS 1 to 4 form part of these accounts.



**SOAS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement (Audited information)**

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

Item	Note	Outturn total £000	Estimate £000	Outturn vs Estimate, Saving/ (excess) £000
<b>Total Resource Outturn</b>	SOAS 1.1	225,282	<b>243,528</b>	18,246
<b>Total Capital outturn</b>	SOAS 1.2	40,835	<b>45,000</b>	4,165
<i>Non operating accruing resources:</i>				
Net book value of assets disposals		-	-	-
<i>Adjustments for ALBs:</i>				
Remove voted resource and capital		(2,408)	(2,012)	396
Add cash grant in aid		1,063	1,125	62
<i>Adjustments to remove non-cash items:</i>				
Depreciation, impairments and revaluations		(52,334)	(63,799)	(11,465)
New provisions and adjustments to previous provisions		(14,652)	(14,673)	(21)
Supported capital expenditure			-	-
Other non-cash items		(9,675)	(9,900)	(225)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		7,058	-	(7,058)
(Increase)/decrease in payables		20,274	40,000	19,726
Use of provision		1,160	1,120	(40)
<b>Total</b>		<b>216,603</b>	<b>240,389</b>	<b>23,786</b>
<b>Removal of non-voted budget items</b>				
Other adjustments - cost of rate		9,242	9,570	328
<b>Total</b>		<b>9,242</b>	<b>9,570</b>	<b>328</b>
<b>Net Cash Requirement</b>		<b>225,845</b>	<b>249,959</b>	<b>24,114</b>

**Explanation of the variation between Estimate and Outturn (Net Cash Requirement):**

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

The Department's net cash requirement outturn was **£225.8m** against an estimated provision of **£250m**, a variance of £24.1m. The bulk of the variance relates to the movement in working capital other than cash, depreciation and adjustment for provisions.

SOAS 1 to 4 form part of these accounts.

**SOAS 4. Amounts of Income to the Consolidated Fund (Audited information)**

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

**SOAS 4.1 Analysis of income payable to the Consolidated Fund**

In addition to income retained by the Department, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

Item	Note	Outturn total 2022-23 £000		Prior Year Outturn Total, 2021-22 £000	
		Accruals	<i>Cash basis</i>	Accruals	<i>Cash basis</i>
Income outside the ambit of the Estimate (resource)		(362)	<i>(362)</i>	(829)	<i>(829)</i>
Income outside the ambit of the Estimate (capital)		-	<i>-</i>	-	<i>-</i>
[Excess] cash surrendered to the Consolidated Fund		-	<i>-</i>	-	<i>-</i>
<b>Total amount payable to the Consolidated fund</b>		<b>(362)</b>	<b><i>(362)</i></b>	<b>(829)</b>	<b><i>(829)</i></b>

**SOAS 4.2 Consolidated Fund Income**

Consolidated Fund income shown in note SOAS 4.1 above does not include any amounts collected by the Department where it was acting as agent of the Consolidated Fund rather than as principal. Full details of income collected as agent for the Consolidated Fund are in the Department's Trust Statements, Rate Levy Accruals Accounts, published separately.

SOAS 1 to 4 form part of these accounts.

**Other Assembly Accountability Disclosure****Regularity of Expenditure (Audited information)****i. Losses and special payments****Losses Statement**

In 2022-23 there were losses to the value of £552k which represented 3,439 cases, of which £547k representing 3,435 cases related to the core Department (2021-22: £566k which represented 4,496 cases, of which £510k representing 4,488 cases related to the core Department).

**Special Payments**

In 2022-23 there were special payments paid in the period to the value of £320k which represented 18 cases (2021-22: £109k which represented 15 cases), all of which were related to the core Department.

No losses or special payments were in excess of £250k.

## ii. Fees and Charges (Audited Information)

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

Business Activity	2022-23			2021-22	Financial Objective	Commentary
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)		
	£000	£000	£000	£000		
<b>Central Management of the Civil Service Pension Scheme</b>	2,176	2,177	(1)	1	To recover the full costs associated with the management of the Northern Ireland Civil Service Pension Schemes including the payment of pensions and associated arrangements.	Objective achieved.
<b>Construction and Procurement Delivery</b>	15,754	15,439	315	(111)	100% cost recovery on chargeable services in relation to professional procurement services to the NICS and other public sector bodies.	Objective achieved. Income includes rent from owned buildings. This rent is charged to ALB's who occupy part of the NICS estate that could be utilised by Departments or could be sold.
<b>Departmental Solicitor's Office – Litigation Division Commercial and Property Division</b>	5,001	4,769	232	343	Full cost recovery on Litigation and Commercial and Property services.	Objective achieved.
<b>Employer Pension Services</b>	5,059	5,074	(15)	73	To recover the full costs of providing pension services to current employees who are members of the Northern Ireland Civil Service Pensions Schemes on behalf of their employers. Surplus/deficit managed by DoF baseline.	Objective achieved. The small deficit is due to budget adjustment.
<b>Enterprise Shared Services – Service Management Division</b>	11,280	13,680	(2,400)	(3,203)	To recover the full cost of the delivery of the HR Connect contract, with the exception of service management costs which are funded centrally through a baseline.	Objective achieved. The deficit reflects the cost of the work undertaken for the parent Department, DoF. The DoF costs cannot be hard charged. These surplus costs were covered by DoF baseline funding.
<b>Group Internal Audit &amp; Fraud Investigation Service (GIAFIS)</b>	3,919	4,425	(506)	(382)	100% cost recovery on Department Internal Audit Services.	Objective achieved. The deficit reflects the cost of the work undertaken for the parent Department, DoF and includes the salary cost for the head of GIAFIS. The DoF costs cannot be hard charged. These surplus costs were covered by DoF baseline funding.

Business Activity	2022-23			2021-22	Financial Objective	Commentary
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)		
	£000	£000	£000	£000		
<b>Land &amp; Property Services – Client Services</b>	3,063	2,842	221	(266)	To recover the full costs of services provided.	Objective achieved.
<b>Land &amp; Property Services – Land Registration</b>	21,453	12,603	8,850	10,189	To recover the full costs of services in relation to land registers, registry of deeds and statutory charges registry.	Objective achieved. The surplus generated has been reviewed and the main contribution factors include the current Land Registration fees are set by the 2014 Fees Order, they were set at a rate that anticipated the full cost recovery for delivering the service at that point in time. In addition a concerted effort to reduce workstocks which had built up over previous years was undertaken to reduce the waiting time for clients and the public. Since the fee income is recognised in budget when the application is completed, the acceleration of the processing of applications increased income levels in previous years. Other efficiencies, particularly a reduction in staff numbers, in delivering services also contributed to the surplus income being generated. In normal years, a new fees order would be put in place to reduce the fees to bring income levels into line with the Registry’s costs. This has not been possible since the Assembly are not sitting; therefore, it has not yet been possible to reduce income levels and the surplus income continues to be generated.
<b>Land &amp; Property Services – Land Parcel Identification System (LPIS)</b>	1,666	1,685	(19)	-	To recover the full cost of special project mapping work provided on behalf of DAERA.	Objective achieved.
<b>PD - recovery of accommodation costs</b>	7,910	6,533	(1,377)	-	To recover the full costs of providing accommodation	Objective achieved. Income includes rent from owned buildings, creating a surplus. This rent is charged to ALB's who occupy part of the NICS estate that could be utilised by Departments or could be sold.

Business Activity	2022-23			2021-22	Financial Objective	Commentary
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)		
	£000	£000	£000	£000		
<b>NI Direct contact centre services</b>	1,640	2,974	1,334	-	To recover the variable charges for delivery of the NI Direct contact centre contract. These are re-charged using the contact centre. Core fixed charges of the contract are currently funded directly by DoF as a central Government shared service provision to enable whole of NICS access.	Objective to recover variable charges largely achieved. A small percentage of variable charges remain unrecoverable due to technical issues around establishing ownership of shared services (due to complexities arising from the NICS VoIP network). Fixed contract charges continue to be funded centrally from DoF baseline funding. The deficit shown relates to that central funding element.
<b>Land &amp; Property Services – Ordnance Survey</b>	11,234	12,826	(1,592)	(833)	To recover the full cost of mapping services provided.	When taking into account the notional income relating to the parent department (DoF) which equates to £829k, the deficit is reduced to £763k. The business area are continually reviewing income generating activities and ways to reduced overheads to address the deficit. The 2022-23 financial year saw Ordnance Survey record the highest level of income but the overheads have also increased which resulted in the deficit.
<b>Northern Ireland Statistics and Research Agency</b>	19,825	19,559	266	951	To recover the cost of activities in relation to the General Registry Office and NISRA statistics and out-posted statisticians, for which core funding is not provided by DoF.	Objective achieved.
<b>Occupational Health Service</b>	1,438	1,451	(13)	(5)	To recover the full costs associated with the management of NICS OHS and medical advisory services provided to the Departments, Driver and Vehicle Agency, HSC NI Pensions Scheme and Teachers Superannuation Scheme NI.	Objective achieved - Surplus costs were covered by baseline funding OHS receives and is not included in the income figure.
<b>Strategic Policy and Reform Business Consultancy Service</b>	668	1,251	(583)	(470)	To recover the full cost of Business Consultancy services provided to NICS and other public sector bodies.	Objective achieved. The deficit occurs as a result of the cost of the work undertaken for the parent Department DoF. The DoF costs cannot be hard charged. These surplus costs were covered by DoF baseline funding.

Business Activity	2022-23			2021-22	Financial Objective	Commentary
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)		
	£000	£000	£000	£000		
<b>IT Assist</b>	19,770	19,770	-	-	To recover the full costs associated with the delivery of the laptop/desktop service, server hosting and IPT tariff IT Assist provides to government departments and other public sector organisations.	Objective achieved.
<b>Digital Transformation Service – Enterprise Digital Development</b>	699	2,179	(1,480)	(1,321)	To recover full costs associated with providing Enterprise Digital Development Services.	Objective not achieved. Business Area continues to review charging for services. EDD are working to move to a full cost recovery model as part of the ESS restructure and budget exercise. Given the budget situation across the NICS it is difficult to increase costs for the support of existing systems and the costs of some systems provided for DoF (and the wider NICS) are absorbed by EDD. EDD have introduced more robust processes for the costing of new projects to ensure full cost recovery across multiple disciplines (e.g. Business Analysis, UX, Test, development, hosting etc). No new projects are being taken on without confirmation of funding being in place from the business area and agreement on costs. A significant issue for EDD is the recovery of costs for Websites which is being reviewed. The charges date back to a PSG agreement in 2014 when the service was significantly smaller and less complex. The success of digital delivery year on year has added to the running costs but charging has not been updated to reflect the true cost of delivery.
<b>Digital Transformation Service – Operations</b>	2,964	6,319	(3,355)	(2,966)	To recover the full cost of the delivery of the nirect contract, with the exception of Core service management costs which are funded centrally through a baseline.	Objective Partially Achieved. ‘There remains Core contract service charges that will continue to be funded centrally from the baseline funding until the contract ends in 2029. A review of charging is planned to take place in Autumn 2023, and annually thereafter.

Business Activity	2022-23			2021-22	Financial Objective	Commentary
	Income	Full Cost	Surplus/ (deficit)	Surplus/ (deficit)		
	£000	£000	£000	£000		
<b>DSO - Advisory Income</b>	540	5,203	(4,663)	-	Advisory divisions operate a notional charging policy with the exception of some clients. Costs included here are for the full Advisory divisions as the costs associated with the hard charging clients cannot be separately identified.	Income for Advisory Division work for clients who are hard charged has been recovered.



**iii. Remote Contingent Liabilities (Audit Information)****Contingent Liabilities requiring disclosure under assembly reporting requirements and not under IAS 37**

In addition to contingent liabilities reported within the meaning of IAS37 shown in Note 15 of the Annual Accounts, the Department also considers liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. As at 31 March 2023, the Department have the following remote contingent liabilities:

*Impact of BREXIT on EU funding*

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

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

*Professional indemnity*

The Department has entered into 90 indemnities but the possibility of these crystallising is considered to be too remote to require disclosure.

*Legal cases*

The Department has identified 14 legal cases which includes 2 pending judicial reviews, however it is too early to determine the outcome for each case and the possibility of these crystallising is considered too remote to require disclosure.

**This Accountability Report is approved and signed**

**Neil Gibson**  
**Accounting Officer**  
**Department of Finance**  
**28 June 2023**

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## The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

### Opinion on financial statements

I certify that I have audited the financial statements of the Department of Finance and of its Departmental Group for the year ended 31 March 2023 under the Government Resources and Accounts Act (Northern Ireland) 2001. The Department comprises the core Department and its agency. The Departmental Group consists of the Department and the body designated for inclusion under the Government Resources and Accounts (Northern Ireland) 2001 (Estimates and Accounts) (Designation of Bodies) Order 2022. The financial statements comprise the Department's and the Departmental Group's:

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

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

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

In my opinion the financial statements:

- give a true and fair view of the state of the Department and the Departmental Group's affairs as at 31 March 2023 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2023 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis for opinions

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

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

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

### **Conclusions relating to going concern**

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

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

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

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

### **Other Information**

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

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

I have nothing to report in this regard.

### **Opinion on other matters**

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

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

**Matters on which I report by exception**

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

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

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

**Responsibilities of the Accounting Officer for the financial statements**

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

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

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

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

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department and its Group through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001, Government Resources and Accounts (Northern Ireland) 2001 (Estimates and Accounts) (Designation of Bodies) Order 2022, the Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022;
- making enquires of management and those charged with governance on the Department and its Group's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Department and its Group's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: expenditure recognition, and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- communicating with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business; and

- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. The voted Assembly control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Report

I have no observations to make on these financial statements.



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

*3 July 2023*

**FINANCIAL STATEMENTS**

## Consolidated Statement of Comprehensive Net Expenditure For the year ended 31 March 2023

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

	Note	2022-23		2021-22	
		Core Dept. & Agency £000	Group £000	Core Dept. & Agency £000	Group £000
Revenue from contracts with customers	4	(127,987)	(164,475)	(118,289)	(159,996)
Other operating income	4	(16,432)	(16,432)	(16,953)	(16,953)
<b>Total operating income</b>		<b>(144,419)</b>	<b>(180,907)</b>	<b>(135,242)</b>	<b>(176,949)</b>
Staff costs	3.3	181,072	182,767	180,092	181,818
Purchase of goods and services	3.3	105,578	142,309	113,977	155,802
Depreciation and impairment charges	3.3	52,334	52,452	34,849	34,915
Provision expense	3.3	5,575	5,814	(550)	(396)
Other operating expenditure	3.3	32,003	30,942	136,793	135,815
<b>Total operating expenditure</b>		<b>376,562</b>	<b>414,284</b>	<b>465,161</b>	<b>507,954</b>
<b>Net operating expenditure</b>		<b>232,143</b>	<b>233,377</b>	<b>329,919</b>	<b>331,005</b>
Finance income	4	-	-	-	-
Finance expense	3.3	829	914	-	182
		<b>829</b>	<b>914</b>	<b>-</b>	<b>182</b>
<b>Net expenditure for the year</b>		<b>232,972</b>	<b>234,291</b>	<b>329,919</b>	<b>331,187</b>
Notional Audit Costs	3.4	379	379	346	346
Other Notional Costs		-	-	-	-
<b>Total Notional Costs</b>		<b>379</b>	<b>379</b>	<b>346</b>	<b>346</b>
<b>Net Expenditure for the year including notionals</b>		<b>233,351</b>	<b>234,670</b>	<b>330,265</b>	<b>331,533</b>
<b>Other comprehensive net expenditure</b>					
Items that will not be reclassified to net operating expenditure:					
Net (gain)/loss on revaluation of property, plant and equipment	5	(2,528)	(2,528)	(918)	(918)
Net (gain)/loss on revaluation of intangible assets	6	(3,220)	(3,220)	(11,723)	(11,723)
Actuarial (gain)/loss on pension scheme liabilities		-	(7,292)	-	139
<b>Comprehensive net expenditure for the year</b>		<b>227,603</b>	<b>221,630</b>	<b>317,624</b>	<b>319,031</b>

Notes 1 to 22 form part of these accounts.



## Consolidated Statement of Financial Position As at 31 March 2023

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

		2023		2022	
	Note	Core Dept. & Agency £000	Group £000	Core Dept. & Agency £000	Group £000
<b>Non-current assets</b>					
Property, plant and equipment	5	511,332	511,513	435,052	435,208
Intangible assets	6	42,101	42,223	29,570	29,700
Trade and other receivables	11	3,183	5,055	1,941	4,743
<b>Total non-current assets</b>		<b>556,616</b>	<b>558,791</b>	<b>466,563</b>	<b>469,651</b>
<b>Current assets</b>					
Assets classified as held for sale	9	97	97	97	97
Trade and other receivables	11	60,117	102,111	54,675	90,099
Cash and cash equivalents	10	43,153	82,759	44,589	95,792
<b>Total current assets</b>		<b>103,367</b>	<b>184,967</b>	<b>99,361</b>	<b>185,988</b>
<b>Total assets</b>		<b>659,983</b>	<b>743,758</b>	<b>565,924</b>	<b>655,639</b>
<b>Current liabilities</b>					
Bank overdraft	10	(561)	(561)	(2,548)	(2,548)
Trade and other payables	12	(98,859)	(171,254)	(93,087)	(171,472)
Provisions	13	(6,582)	(6,582)	(2,205)	(2,205)
<b>Total current liabilities</b>		<b>(106,002)</b>	<b>(178,397)</b>	<b>(97,840)</b>	<b>(176,225)</b>
<b>Total assets less current liabilities</b>		<b>553,981</b>	<b>565,361</b>	<b>468,084</b>	<b>479,414</b>
<b>Non-current liabilities</b>					
Provisions	13	(9,115)	(9,115)	-	-
Provision – Pension Liability		-	(6,906)	-	(12,920)
Other payables	12	(69,677)	(80,670)	-	(10,950)
<b>Total non-current liabilities</b>		<b>(78,792)</b>	<b>(96,691)</b>	<b>-</b>	<b>(23,870)</b>
<b>Total assets less total liabilities</b>		<b>475,189</b>	<b>468,670</b>	<b>468,084</b>	<b>455,544</b>
<b>Taxpayers' equity and other reserves</b>					
General fund		303,563	297,044	292,997	280,457
Revaluation reserve		171,626	171,626	175,087	175,087
<b>Total equity</b>		<b>475,189</b>	<b>468,670</b>	<b>468,084</b>	<b>455,544</b>



**Neil Gibson**  
**Accounting Officer**  
**28 June 2023**

Notes 1 to 22 form part of these accounts.

## Consolidated Statement of Cash Flows

### For the year ended 31 March 2023

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

		2022-23		2021-22	
	Note	Core Dept. & Agency £000	Group £000	Core Dept. & Agency £000	Group £000
<b>Cash flows from operating activities</b>					
Net operating expenditure		(233,351)	(234,670)	(330,265)	(331,533)
Adjustments for non-cash transactions		68,042	68,399	42,557	42,777
(Increase)/Decrease in trade and other receivables		(6,684)	(12,324)	57,917	52,688
<i>less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		(870)	(870)	(40,295)	(40,295)
Increase/(Decrease) in trade and other payables		75,449	69,502	(146,081)	(135,742)
<i>less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		(80,715)	(80,715)	9,271	9,271
Adjustments for non-cash transactions SEUPB		-	1,147	-	1,374
Use of provisions		(1,160)	(1,220)	(69)	(145)
<b>Net cash inflow/ (outflow) from operating activities</b>		<b>(179,289)</b>	<b>(190,751)</b>	<b>(406,965)</b>	<b>(401,605)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(34,947)	(35,051)	(25,436)	(25,492)
Less non-cash additions – IFRS 16		9,077	9,077	-	-
Purchase of intangible assets		(8,904)	(8,935)	(6,316)	(6,438)
Proceeds from disposal of non-current assets		2	2	605	605
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(34,772)</b>	<b>(34,907)</b>	<b>(31,147)</b>	<b>(31,325)</b>
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (Supply) – current year		227,236	227,236	442,463	442,463
From the Consolidated Fund (Supply) – prior year		863	863	41,165	41,165
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI contracts		(12,658)	(12,658)	-	-
<b>Net financing</b>		<b>215,441</b>	<b>215,441</b>	<b>483,628</b>	<b>483,628</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund</b>		<b>1,380</b>	<b>(10,217)</b>	<b>45,516</b>	<b>50,698</b>
Payments of amounts due to the Consolidated Fund		(829)	(829)	(11,392)	(11,392)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for payments to the Consolidated Fund</b>		<b>551</b>	<b>(11,046)</b>	<b>34,124</b>	<b>39,306</b>
<b>Cash and cash equivalents at the beginning of the period</b>	10	<b>42,041</b>	<b>93,244</b>	<b>7,917</b>	<b>53,938</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>42,592</b>	<b>82,198</b>	<b>42,041</b>	<b>93,244</b>

Notes 1 to 22 form part of these accounts.

## Consolidated Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2023

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

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
<b>Balance at 31 March 2021</b>		<b>152,491</b>	<b>171,141</b>	<b>323,632</b>
Opening balance adjustment		7	-	7
Net Assembly Funding – drawdown		483,628	-	483,628
Net Assembly Funding – deemed		(41,165)	-	(41,165)
Net Assembly Funding – prior year excess		(7)	-	(7)
Supply receivable/(payable) adjustment	11	870	-	870
Amounts repayable to the Consolidated Fund	12	(829)	-	(829)
Comprehensive net expenditure for the year	CSoCNE	(331,533)	12,641	(318,892)
Auditors' remuneration	3.4	346	-	346
Actuarial (gain)/loss		(139)	-	(139)
Other non-cash charges	3.2	7,749	-	7,749
Other reserves movements including transfers		8,695	(8,695)	-
Other reserves movements		344	-	344
<b>Balance at 31 March 2022</b>		<b>280,457</b>	<b>175,087</b>	<b>455,544</b>
Opening balance adjustment		-	-	-
Net Assembly Funding – drawdown		228,099	-	228,099
Net Assembly Funding – deemed		(863)	-	(863)
Net Assembly Funding – prior year excess		-	-	-
Supply receivable/(payable) adjustment	12	(1,391)	-	(1,391)
Amounts repayable to the Consolidated Fund	12	(362)	-	(362)
Comprehensive net expenditure for the year	CSoCNE	(234,670)	5,748	(228,922)
Auditors' remuneration	3.4	379	-	379
Actuarial (gain)/loss		7,292	-	7,292
Other non-cash charges – benefit grant expenditure	3.2	8,846	-	8,846
Other reserves movements including transfers		9,209	(9,209)	-
Other reserves movements		48	-	48
<b>Balance at 31 March 2023</b>		<b>297,044</b>	<b>171,626</b>	<b>468,670</b>

Notes 1 to 22 form part of these accounts.

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## Notes to the Accounts

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2022-23 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Finance Group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Group are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

Management have reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts in 1.24 below.

#### 1.1 Accounting convention

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

#### 1.2 Basis of consolidation

These accounts comprise a consolidation of the core Department, its departmental agency, and other bodies listed in note 20 SEUPB, which fall within the departmental boundary as defined in the *FReM*, and make up the 'Departmental Group'. Transactions between entities included in the consolidation are eliminated. The consolidated bodies prepare accounts in accordance with either the *FReM* and North/South Body Guidance. For those bodies that do not prepare accounts in accordance with the *FReM*, adjustments are made at consolidation if necessary where differences would have a significant effect on the accounts.

#### 1.3 Property, plant and equipment and intangible assets

Expenditure on property, plant and equipment of over £1,000 is capitalised, with the exception of computer equipment, which is capitalised if expenditure is over £500, and telecoms equipment, which has a capitalisation threshold of £5,000.

Databases, internally developed software and associated licenses costing greater than £500, and purchased software and associated licences costing greater than £1,000, are capitalised under intangible assets.

Capitalisation only occurs if the asset has an expected useful economic life of more than one year.

On initial recognition, property, plant and equipment and intangible assets are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Assets classified as "under construction" are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

All property, plant and equipment and intangible assets are carried at fair value.

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years. A full professional valuation of land and buildings was undertaken by Land and Property Services (LPS) as at 1 April 2020. In addition, such assets are revalued annually, between professional valuations, using indices provided by LPS, a directorate within DoF. Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost.

No interim valuation is performed. The current policy is to revalue annually those properties that have undergone significant works, or where a new property has been brought into use.

Professional valuations of antiques and artwork are undertaken every 4 years. Kim Mawhinney, Head of Art at National Museums Northern Ireland, undertook the most recent valuation as at 1 April 2020. Antiques and artwork are not subject to annual indexation.

With the exception of the above, and items under construction, fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS). The indexation calculation reflects the annual movement in indices from December to December.

#### 1.4 Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated/amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation/amortisation is charged in the month of acquisition.

No depreciation is provided on freehold land and antique/artwork collections since they have unlimited or very long established useful lives. Items under construction are not depreciated until they are commissioned. Capital expenditure on leasehold improvements is depreciated over the remaining term of the lease.

Estimated useful lives are in the following ranges:

Buildings	1-60 years
Motor vehicles	3-10 years
Plant and machinery	3-30 years
IT assets (including intangible assets)	3-12 years
Furniture and fittings	up to 10 years

The overall useful life of the Department's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on these assets at the same rate as if separate components had been identified and depreciated at different rates.

#### 1.5 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is

available for immediate sale in its present condition. Management must be committed to the sale and it should be expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation is not charged once an asset has been classified as held for sale.

### **1.6 Donated assets**

The Department has a number of donated assets, including antiques within the Government Art Collection and refurbishment work undertaken at the Maynard Sinclair Pavilion in 2002-03 and 2003-04.

Donated assets are capitalised at their current value on receipt, and this value is recognised as income. Donated assets are revalued, depreciated (excluding antiques) and subject to impairment review in the same way as other non-current assets.

The Department is not aware of any conditions or restrictions having been imposed by the donors of the artwork.

### **1.7 Service concession arrangements**

The *FReM* requires that service concession arrangements should be accounted for in accordance with IFRIC 12 where the government body controls the use of the asset and the residual interest in the asset at the end of the arrangement. The Department therefore recognises assets that fall within this definition as non-current assets together with a liability to pay for them. The services received under the contract are recorded as operating expenses.

### **1.8 Operating income**

Operating income is income which relates directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full cost basis to other public bodies and citizens.

In 2018-19 the Department adopted IFRS 15 *Revenue from Contracts with Customers*. The Department has Service Level Agreements with a wide range of public sector organisations. These contracts enable the Department to impose a charge on the customer and the requirement for the customer undertaking the relevant activities to be liable to pay the charge. The Service Level Agreement provides the enforceability on both parties. The income from these activities is effectively revenue from contracts with customers for services provided to the NI Departments, Public Bodies and UK Departments and Public Bodies and external customers. Note 5 shows the income by customer for each Business Group.

The timing and amount of the levy due from the customer is set out in the Service Level Agreement. The customer is invoiced and the revenue recognised on completion of the services. It is probable that the Department will collect the consideration to which it is entitled. Any amounts due at the year-end but not yet invoiced to the customer are included as accrued income in the financial statements.

Services that are statutory in nature and provided to members of the public are usually paid for in advance of the service being provided or when the service is provided.

The income generated in pursuit of these activities or as part of managing the Department's affairs is Operating Income in the Statement of Comprehensive Net Expenditure.

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Operating Income includes both income classified as Accruing Resources and income due to the Consolidated Fund, which in accordance with *FReM*, is treated as operating income. Operating income is stated net of VAT.

### **1.10 Administration and programme expenditure**

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs under the administrative cost control regime set by the Department of Finance.

### **1.11 Foreign exchange**

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

### **1.12 Grants payable**

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants relating to activity occurring over a specific time period, usually a financial year, are recorded as expenditure for that period.

### **1.13 Employee benefits including pensions**

Under the requirements of IAS 19 *Employee Benefits*, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end.

Past and present employees are covered by the provisions of the Northern Ireland Civil Service (NICS) Pension Schemes. The defined benefit schemes are unfunded. The Department recognises the expected cost of pension provision on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS Pension Schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS Pension Schemes. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

The Department is required to meet the additional cost of benefits beyond the normal NICS Pension Schemes benefits in respect of employees who retire early or who qualify for Injury Benefits. The Department provides in full for the cost of the early retirement once it has been agreed and annually expenses the costs of Injury Benefit awards.

SEUPB has its own separate pension scheme from the Department. SEUPB operates a defined benefit pension scheme which is funded annually on a 'pay as you go' basis from monies available to it, including monies provided by DoF and the Department of Public Expenditure & Reform (DPER) in Ireland. Funding is also provided by way of deductions from staff salaries, which are repaid by the SEUPB to DoF and DPER. Pension Scheme liabilities are measure on actuarial basis using the projected unit method. More information about the Group's pension schemes can be found in the accounts of the SEUPB.

### 1.14 Provisions

The Department provides for legal or constructive obligations, which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. These relate to early departure charges, potential legal actions and provision for liabilities in respect of contracts. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury.

### 1.15 Contingent liabilities

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

These comprise:

- a. Items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Assembly by Departmental Minute prior to the Department entering into the arrangement; *and*
- b. All items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the *FReM* to be noted in the resource accounts.

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

### 1.16 Value Added Tax (VAT)

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

### 1.17 Financial instruments

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

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for de-recognition. A financial liability is derecognised when, and only when, it is extinguished.

The Department has financial instruments in the form of trade receivables and payables and cash and cash equivalents.



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In accordance with IFRS 9 *Financial Instruments – Classification and Measurement*, financial assets in the form of trade receivables, cash and cash equivalents and other receivables are measured at amortised cost.

The Department impairs its trade receivables by making loss allowances equal to the lifetime expected credit losses if the credit risk on the trade receivables has increased significantly since its initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised. Financial liabilities are measured at amortised cost.

### **1.18 Insurance**

Only insurance costs in respect of motor vehicles are charged to the Statement of Comprehensive Net Expenditure.

Departments do not generally insure. Cover for insurance is not provided against the following: fire, explosion, common-law third party and similar risks. Notional insurance premiums are not charged to the Statement of Comprehensive Net Expenditure. Instead expenditure in connection with uninsured risks is charged as incurred.

### **1.19 Comparatives**

Comparative figures are shown for those items listed in the primary schedules and associated notes, in compliance with the disclosure requirements of *FReM* unless otherwise stated.

### **1.20 Exceptional items**

In accordance with *FReM*, disclosure of exceptional items is included under either administration or programme expenditure as appropriate. There were no exceptional items in 2022-23 (2021-22:£NIL).

### **1.21 Government grants receivable**

Grants receivable for revenue purposes are recognised in the Statement of Comprehensive Net Expenditure so as to match them with the expenditure towards which they are intended to contribute.

Grants received as a contribution towards a non-current asset are recognised as income and taken through the Statement of Comprehensive Net Expenditure, unless the funder imposes a condition requiring that the future economic benefits embodied in the grant are consumed as specified by the grantor or must be

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returned to them. Assets funded by government grant are revalued, depreciated and subject to impairment review in the same way as other non-current assets.

SEUPB operates a central payments unit which has established to make payment to projects funded under relevant EU Programmes on behalf of Accountable Government Departments in Northern Ireland and Ireland. For the INTERREG and PEACE programmes, payment made to projects (as adjusted for accruals and unearned advances) and income is shown within the SoCNE. More information about the central payments unit can be found in the accounts of the SEUPB.

### 1.22 Critical accounting estimates and key judgements

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with *FReM*, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

### 1.23 Third party assets

Third-party assets are assets for which the Department acts as custodian or trustee, but in which the Department has no direct beneficial interest. Third-party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of the Departments third-party assets are provided in Note 19.

### 1.24 IFRS 16 Leases

IFRS 16 Leases has been implemented from 1 April 2022. It largely removes the distinction between operating and finance leases and introduces a single lease accounting model. A lessee is required to recognise ('right-of-use') assets and liabilities for all leases (apart from the exemptions listed below). This replaces the previous standard, IAS 17 Leases, representing a change in accounting policy applied in accordance with IAS 1 and IAS 8 as adapted by the *FReM*.

#### *Implementation and Assumptions*

The Department has expanded the definition of a lease to include arrangements with nil consideration, for example peppercorn leases, defined as lease payments significantly below market value. These assets are measured at current value in use or fair value on initial recognition. On transition, any differences between the discounted lease liability and the right of use asset are included through cumulative catch. Any differences between the lease liability and right of use asset for new leases after implementation of IFRS 16 are recorded in income in the SoCNE.

The Department has elected not to recognise right of use assets and lease liabilities for the following leases:

- low value assets, with an assessment performed on the underlying asset when new (these are determined to be in line with capitalisation thresholds); and
- leases with a lease term of 12 months or less.

#### *Previous treatment*

In the comparative period, as a lessee the Department classified leases that transferred substantially all the risks and rewards of ownership as finance leases. The leased assets were measured at an amount equal to lower of the fair value and the present value of minimum lease payments.

Leases other than finance leases were classified as operating leases. Assets previously held as operating leases were not recognised in the Department's SoFP. Payments were recognised in the SoCNE on a straight line basis over the term of the lease. Lease incentives were recognised as an integral part of the total lease expense, over the term of the lease.

### ***Policy applicable from 1 April 2022***

At inception of a contract, the Department assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. To assess whether a contract conveys the right to control the use of an identified asset, the Department assesses whether:

- the contract involves the use of an identified asset;
- the Department has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- the Department has the right to direct how and for what purpose the asset is used for.

The policy is applied to contracts entered into, or changed, on or after 1 April 2022.

### ***Departmental Group as a lessee***

#### ***Right of use assets***

The Department recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease. The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- a longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and
- the fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property, plant and equipment assets.

The Department applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

#### ***Lease liabilities***

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (0.95% for leases recognised in 2022, 3.51% for those in 2023). The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Department's estimates of the amount expected to be payable under a residual value guarantee, or if the Department changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Department is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Department is reasonably certain not to terminate early.

At the commencement of a lease (or on the date of transition to IFRS 16, if later), the Department recognises a right of use asset and a lease liability.

### ***Dilapidations Provisions***

IFRS 16 requires dilapidation provisions to be capitalised as part of the cost of the right-of-use asset (IFRS 16, 24(d)). These dilapidation provisions are treated as provisions in respect of capital expenditure for budgeting purposes, consistent with normal Consolidated Budgeting Guidance (CBG) principles (see guidance on capitalised provisions in CBG Chapter 6). Appendix G clarifies this treatment.

### ***Departmental Group as lessor***

Where the Department acts as a lessor, the arrangement will be assessed to determine whether it constitutes a finance lease, this being where the risks and rewards incidental to ownership of an underlying asset are substantially transferred to the lessee. For these leases the asset is derecognised, and a receivable is recognised, with accrued interest being treated as income over its life. All other leases are treated as operating leases and rental income is recognised in the SoCNE on a straight-line basis.

### ***Transitional Impact on financial statements***

On transition to IFRS 16, the Departmental Group recognised an additional £94.7m of right of use assets and £94.7m of lease liabilities. The financial impact that the application of IFRS 16 has on the Departments SoCNE and SoFP as at 31 March 2023 is set out in table below:

		2021-22								2022-23	
		Current Treatment		Initial Recognise Asset 1 April	New Recognise Properties Asset	New Recognise Delaps Asset	Depreciate Asset	Interest	Cash Paid	Net Impact 2022-23	
		Asset	Cash Paid								£000
SoCNE	Income Expense	-	-	-	-	-	-	-	-	-	
		-	9,924	-	-	-	14,141	829	-	14,970	
SoFP	Asset	-	-	94,716	1,853	9,077	(14,141)	-	-	(3,211)	
	Cash	-	(9,924)	-	-	-	-	-	(13,405)	(13,405)	
	Liability/ Provision Equity	-	-	(94,716)	(1,853)	(9,077)	-	(829)	13,405	1,646	
		-	-	-	-	-	-	-	-	-	

## **1.25 Pending application of newly issued accounting standards not yet effective**

The Department has reviewed new standards, interpretations and amendments to existing standards which have been issued but are either not yet effective, nor adopted early for these accounts. The standards are mandatory for the Department's accounting periods beginning on or after 1 April 2023 or later periods.

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Other than as outlined below, the Department considers that these standards are not relevant or material to its operations.

### **IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities**

The International Accounting Standard Board (IASB) have issued new and amended standards (IFRS 10, IFRS 11 and IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective with EU adoption from 1 January 2014.

### **IFRS 17 Insurance Contracts**

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

## **1.26 Review of Financial Process**

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

The Department is applying this accounting policy change for the first time for the financial year ended 31 March 2023 and, in accordance with IAS 1 as adapted by the FReM, has restated prior year comparatives to ensure comparability and consistency of financial information against the current reporting period. The most significant changes to the Annual Report and Accounts as a result of RoFP are as follows:

- The Departmental boundary (incorporating both Estimates and Accounts boundaries) has been extended to incorporate SEUPB. This North/South body was not previously consolidated within these Account. Therefore, the Departmental Group now includes the Core Department, supply financed Agency and 53% of SEUPB accounts;
- The primary statements (including the SoAS) and the Notes to the Accounts (including Net Outturn, Reconciliation of outturn to net operating expenditure, Reconciliation of Net Cash Requirement and 2022-23 Income payable to the Consolidated Fund) have been revised to incorporate the alignment requirements; *and*
- The Assembly control totals have been revised to reflect the alignment of the Estimates and Budgeting boundaries.

## **1.27 Financial Reporting – Future Developments**

The Department has considered the accounting initiatives identified by HM Treasury for which the Standards are under development and considers these changes are not relevant or material to its operations.

## 2 Statement of Operating Expenditure by Operating Segment

Reportable segment	2022-23			2021-22 Restated*		
	Gross expenditure	Income	Net expenditure	Gross expenditure	Income	Net expenditure
	£000	£000	£000	£000	£000	£000
Construction and Procurement Delivery	89,310	(23,663)	65,647	83,001	(21,922)	61,079
Departmental Solicitors Office	11,352	(5,704)	5,648	10,577	(5,567)	5,010
Enterprise Shared Services	90,375	(34,637)	55,738	96,998	(39,068)	57,930
EU Programmes	3,900	(3,338)	562	4,236	(3,485)	751
Finance and Corporate Services Division	3,687	(206)	3,481	3,704	(202)	3,502
Communications and Engagement Division	2,090	-	2,090	2,243	-	2,243
Internal Audit and Fraud Investigation	4,426	(3,919)	507	4,383	(4,009)	374
Land and Property Services	87,248	(37,563)	49,685	190,239	(37,621)	152,618
Northern Ireland Civil Service Human Resources	36,347	(13,807)	22,540	22,124	(2,488)	19,636
People and Organisational Development	1,908	-	1,908	-	-	-
Northern Ireland Statistics and Research Agency	34,105	(19,825)	14,280	37,137	(19,179)	17,958
Other Bodies – International Fund for Ireland (IFI)	523	-	523	649	-	649
Public Spending Directorate	3,620	(15)	3,605	3,376	(15)	3,361
Special EU Programmes Body	38,868	(36,488)	2,380	43,953	(41,707)	2,246
Strategic Policy and Reform Directorate	6,655	(1,274)	5,381	6,275	(1,359)	4,916
Centrally Managed	784	(468)	316	(759)	(327)	(1,086)
<b>Total</b>	<b>415,198</b>	<b>(180,907)</b>	<b>234,291</b>	<b>508,136</b>	<b>(176,949)</b>	<b>331,187</b>

\*Restatement of comparatives to reflect the organisational restructuring which took place in 2022-23.

### Description of segments

The reportable segments detailed above are those reported to the Departmental Board. Refer to Appendix 1 for the key roles and responsibilities of each segment.

### 2.1 Reconciliation between Operating Segments and CSocNE

	2022-23 £000	2021-22 £000
Total net expenditure reported for operating segments	234,291	331,187
Reconciling items:	-	-
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	234,291	331,187
Notional costs	379	346
Total net expenditure including notionals per the Consolidated Statement of Comprehensive Net Expenditure	234,670	331,533

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**2.2 Reconciliation between Operating Segments and CSoFP**

	<b>2022-23</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>
Total assets reported for operating segments	743,758	655,639
Reconciling items:	-	-
Total assets per the Consolidated Statement of Financial Position	743,758	655,639
Total liabilities reported for operating segments	(275,088)	(200,095)
Reconciling items:	-	-
Total liabilities per Consolidated Statement of Financial Position	(275,088)	(200,095)
Total net assets per Consolidated Statement of Financial Position	468,670	455,544

### 3 Expenditure

#### 3.1 Other Administration Expenditure

	Note	2022-23 £000	2021-22 £000	
		Core Departmental & Agency Group	Core Departmental & Agency Group Restated	
		2022-23 £000	2021-22 £000	
		Core Departmental & Agency Group	Core Departmental & Agency Group Restated	
<b>Staff costs<sup>1</sup>:</b>				
Wages and salaries		75,590	74,286	
Social security costs		7,821	7,647	
Other pension costs		21,973	22,073	
	<b>3.3</b>	<b>105,384</b>	<b>104,006</b>	
<b>Goods and services:</b>				
Accommodation, maintenance and utilities		31,944	34,904	
Accounting and information technology		46,588	41,590	
Personnel and training costs		1,884	2,084	
Printing, stationery and advertising		898	913	
Travel, subsistence and hospitality		340	229	
Legal costs		566	308	
Other costs		4,341	3,550	
EU grant expenditure		-	-	
PFI and other service charges	<b>16</b>	3,853	3,578	
Rentals under operating leases:				
Other operating leases	<b>15.3</b>	1,027	9,919	
Hire of plant and machinery		-	2	
	<b>3.3</b>	<b>91,441</b>	<b>97,077</b>	
<b>Interest charges:</b>				
Finance leases		692	-	
Interest payable and similar charges		-	182	
	<b>3.3</b>	<b>692</b>	<b>-</b>	
<b>Other expenditure:</b>				
Banking and cash handling costs		1	-	
Bad debts and bad debt provision		-	(29)	
Exchange losses/(gains)		14	2	
Losses and special payments		1,160	144	
	<b>3.3</b>	<b>1,175</b>	<b>117</b>	
<b>Non-Cash Items:</b>				
<b>Other Expenditure:</b>				
(Profit)/loss on disposal of property, plant and equipment	<b>3.3</b>	41	(24)	
<b>Depreciation and Impairment:</b>				
Depreciation		35,486	22,879	
Amortisation		7,382	7,592	
Impairment		1,643	-	
	<b>3.3</b>	<b>44,511</b>	<b>30,471</b>	
<b>Total</b>	<b>3.3</b>	<b>243,244</b>	<b>231,647</b>	

<sup>1</sup> Further analysis of staff costs is located in the Accountability Report



## 3.2 Programme Expenditure

Note	2022-23	2022-23	2021-22	2021-22
	£000	£000	£000	£000
	Core Department & Agency	Departmental Group	Core Department & Agency Restated	Departmental Group Restated
<b>Staff costs<sup>2</sup>:</b>				
	56,262	56,262	56,919	56,919
	4,986	4,986	4,861	4,861
	14,440	14,440	14,306	14,306
<b>3.3</b>	<b>75,688</b>	<b>75,688</b>	<b>76,086</b>	<b>76,086</b>
<b>Goods and services:</b>				
	2,905	2,905	3,731	3,731
	7,379	7,379	5,915	5,915
	3,142	3,142	2,429	2,429
	210	210	519	519
	300	300	382	382
	100	100	107	107
	9	9	63	63
<b>16</b>	-	-	3,516	3,516
<b>Rentals under operating leases:</b>				
	1	1	5	5
<b>15.3</b>	<b>91</b>	<b>91</b>	<b>233</b>	<b>233</b>
<b>3.3</b>	<b>14,137</b>	<b>14,137</b>	<b>16,900</b>	<b>16,900</b>
<b>Other Expenditure</b>				
<b>Grants:</b>				
	3,338	3,338	3,485	3,485
	13,219	13,219	11,640	11,640
	1,889	826	1,784	806
	(796)	(796)	66,309	66,309
	(50)	(50)	(50)	(50)
	25	25	(200)	(200)
	13	13	795	795
	195	195	40,524	40,524
<b>Other expenditure:</b>				
	2,812	2,812	2,668	2,668
	167	167	548	548
	635	635	645	645
	123	123	206	206
	263	263	270	270
	(23)	(23)	139	139
	93	93	1	1
<b>3.3</b>	<b>21,903</b>	<b>20,840</b>	<b>128,764</b>	<b>127,786</b>
<b>Non Cash Items:</b>				
<b>Other Expenditure:</b>				
	38	38	(3)	(3)
	8,846	8,846	7,749	7,749
	-	-	190	190
<b>3.3</b>	<b>8,884</b>	<b>8,884</b>	<b>7,936</b>	<b>7,936</b>

**Provision Expense:**

Increase/(decrease) in provisions	13	5,575	5,575	(550)	(550)
Borrowing costs on provisions		-	239	-	154
	3.3	5,575	5,814	(550)	(396)

**Depreciation and Impairment:**

Depreciation		1,274	1,274	1,255	1,255
Amortisation		6,774	6,774	2,885	2,885
Impairment		(225)	(225)	238	238
	3.3	7,823	7,823	4,378	4,378

**Interest Charges:**

Finance Leases	3.3	137	137	-	-
<b>Total</b>	<b>3.3.</b>	<b>134,147</b>	<b>133,323</b>	<b>233,514</b>	<b>232,690</b>

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

**3.3 Reconciliation between Expenditure and SoCNE**

	Other Administration Expenditure		Programme Expenditure		2022-23 Total Expenditure	
	£000	£000	£000	£000	£000	£000
	Core Department & Agency	Group	Core Department & Agency	Group	Core Department & Agency	Group
Staff costs	105,384	107,079	75,688	75,688	181,072	182,767
Purchase of goods and services	91,441	128,172	14,137	14,137	105,578	142,309
Depreciation and impairment	44,511	44,629	7,823	7,823	52,334	52,452
Provision expense	-	-	5,575	5,814	5,575	5,814
Other Expenditure	1,175	1,177	21,903	20,840	23,078	22,017
Other Expenditure – Non Cash	41	41	8,884	8,884	8,925	8,925
Total operating expenditure	<b>242,552</b>	<b>281,098</b>	<b>134,010</b>	<b>133,186</b>	<b>376,562</b>	<b>414,284</b>
Finance Expenditure	692	777	137	137	829	914
Total expenditure for the year	<b>243,244</b>	<b>281,875</b>	<b>134,147</b>	<b>133,323</b>	<b>377,391</b>	<b>415,198</b>

	Other Administration Expenditure		Programme Expenditure		2021-22 Total Expenditure	
	£000	£000	£000	£000	£000	£000
	Core Department & Agency	Group	Core Department & Agency	Group	Core Department & Agency	Group
Staff costs	104,006	105,732	76,086	76,086	180,092	181,818
Purchase of goods and services	97,077	138,902	16,900	16,900	113,977	155,802
Depreciation and impairment	30,471	30,537	4,378	4,378	34,849	34,915
Provision expense	-	-	(550)	(396)	(550)	(396)
Other Expenditure	117	117	128,764	127,786	128,881	127,903
Other Expenditure – Non Cash	(24)	(24)	7,936	7,936	7,912	7,912
Total operating expenditure	<b>231,647</b>	<b>275,264</b>	<b>233,514</b>	<b>232,690</b>	<b>465,161</b>	<b>507,954</b>
Finance Expenditure	-	182	-	-	-	182
Total expenditure for the year	<b>231,647</b>	<b>275,446</b>	<b>233,514</b>	<b>232,690</b>	<b>465,161</b>	<b>508,136</b>

### 3.4 Notional Audit Costs

The non-cash auditors' remuneration for the year includes costs incurred by the Department for the departmental group audit, and by agency for the audit of their individual accounts as shown in the breakdown below. Further details for agency can be found in their individual accounts.

	Note	2022-23 £000 Total	2021-22 £000 Total
Core Department		361	329
Agency		18	17
<b>Total Core Department and Agency</b>		<b>379</b>	<b>346</b>
Other designated bodies - SEUPB		-	-
<b>Departmental Group Notional Audit Costs</b>		<b>379</b>	<b>346</b>

During 2022-23 the Department did not purchase any non-audit services from its auditor (2021-22:£NIL). In relation to the National Fraud Initiative, there was no costs incurred in 2022-23 (2021-22: no costs incurred).

## 4 Income

Note	2022-23 £000 Core Department & Agency	2022-23 £000 Departmental Group	2021-22 Restated £000 Core Department & Agency Restated	2021-22 Restated £000 Departmental Group
<b>Revenue from Contracts with Customers:</b>				
<b>Administration Income</b>				
Sales and recharges	75,471	75,471	69,756	69,756
Grant Income – SEUPB	-	36,403	-	41,525
Other fees, levies and charges	7,498	7,583	4,420	4,602
	82,969	119,457	74,176	115,883
<b>Programme Income</b>				
Sales and recharges	23,565	23,565	22,413	22,413
Other fees, levies and charges	21,453	21,453	21,700	21,700
	45,018	45,018	44,113	44,113
<b>Sub-total revenue from contracts with customers</b>	<b>127,987</b>	<b>164,475</b>	<b>118,289</b>	<b>159,996</b>
<b>Other Operating Income:</b>				
<b>Administration Income</b>				
Recovery of secondee costs	510	510	712	712
Other income	214	214	46	46
	724	724	758	758
<b>Programme Income</b>				
Recovery of secondee costs	12,223	12,223	11,927	11,927
EU grant income (current)	3,337	3,337	3,485	3,485
Other income	148	148	783	783
	15,708	15,708	16,195	16,195
<b>Sub-total other operating income</b>	<b>16,432</b>	<b>16,432</b>	<b>16,953</b>	<b>16,953</b>
<b>Total operating income</b>	<b>144,419</b>	<b>180,907</b>	<b>135,242</b>	<b>176,949</b>

Note	2022-23			2021-22
	£000 Core Department & Agency	£000 Departmental Group	£000 Core Department & Agency Restated	Restated £000 Departmental Group
<b>Of which:</b>				
Administration	83,693	120,181	74,934	116,641
Programme	60,726	60,726	60,308	60,308
	<b>144,419</b>	<b>180,907</b>	<b>135,242</b>	<b>176,949</b>
<b>Of which:</b>				
Agency	19,825	19,825	19,179	19,179
Core Department	124,594	161,082	116,063	157,770
	<b>144,419</b>	<b>180,907</b>	<b>135,242</b>	<b>176,949</b>

Disaggregation of revenue from contracts with customers per operating segment is as follows:

	2022-23					
	£000 CFN	£000 ESS	£000 NICS HR	£000 PSDLG	£000 Core Department & Agency	£000 Departmental Group
Income from NI Departments	16,640	22,659	12,768	19,502	71,569	71,569
Income from other NI Public Bodies	10,321	11,033	1,023	2,443	24,820	24,820
Income from UK Departments and Public Bodies	2,505	785	14	1,579	4,883	4,883
Income from external customers	2,155	155	2	24,403	26,715	63,203
	<b>31,621</b>	<b>34,632</b>	<b>13,807</b>	<b>47,927</b>	<b>127,987</b>	<b>164,475</b>
	2021-22					
	£000 CFN	£000 ESS	£000 NICS HR	£000 PSDLG	£000 Core Department & Agency	£000 Departmental Group
Income from NI Departments	15,950	28,268	2,226	17,658	64,102	64,102
Income from other NI Public Bodies	8,484	8,377	224	2,161	19,246	19,246
Income from UK Departments and Public Bodies	2,815	556	3	1,684	5,058	5,058
Income from external customers	2,241	1,827	34	25,781	29,883	71,590
	<b>29,490</b>	<b>39,028</b>	<b>2,487</b>	<b>47,284</b>	<b>118,289</b>	<b>159,996</b>

## 5 Property, plant and equipment

									2022-23
Consolidated	Land £000	Buildings £000	Dwellings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Antiques £000	Assets under Construction £000	Total £000
<b>Cost or valuation</b>									
At 1 April 2022	91,820	379,327	378	74,932	6,286	45,319	2,653	19,100	619,815
Opening balance adjustment	8,688	69,649	-	-	254	-	-	-	78,591
Additions	-	11,691	-	8,711	229	151	-	11,092	31,874
Disposals	-	-	-	(7,226)	(735)	(24,132)	-	-	(32,093)
Impairments	-	91	-	421	7	-	-	-	519
Reclassifications and transfers	-	1,881	-	-	-	155	-	(2,076)	(40)
Revaluations	322	431	-	2,158	395	1,072	2	-	4,380
<b>At 31 March 2023</b>	<b>100,830</b>	<b>463,070</b>	<b>378</b>	<b>78,996</b>	<b>6,436</b>	<b>22,565</b>	<b>2,655</b>	<b>28,116</b>	<b>703,046</b>
<b>Depreciation</b>									
At 1 April 2022	-	95,391	56	53,341	3,639	32,176	4	-	184,607
Charged in year	-	24,778	20	9,322	690	2,024	1	2	36,837
Disposals	-	-	-	(7,190)	(733)	(24,132)	-	-	(32,055)
Impairments	-	43	-	246	3	-	-	-	292
Reclassifications and transfers	-	-	-	-	-	-	-	-	-
Revaluations	-	76	-	1,107	143	525	1	-	1,852
<b>At 31 March 2023</b>	<b>-</b>	<b>120,288</b>	<b>76</b>	<b>56,826</b>	<b>3,742</b>	<b>10,593</b>	<b>6</b>	<b>2</b>	<b>191,533</b>
<b>Carrying amount at 31 March 2023</b>	<b>100,830</b>	<b>342,782</b>	<b>302</b>	<b>22,170</b>	<b>2,694</b>	<b>11,972</b>	<b>2,649</b>	<b>28,114</b>	<b>511,513</b>
<b>Carrying amount at 31 March 2022</b>	<b>91,820</b>	<b>283,936</b>	<b>322</b>	<b>21,591</b>	<b>2,647</b>	<b>13,143</b>	<b>2,649</b>	<b>19,100</b>	<b>435,208</b>
<b>Asset financing:</b>									
Owned	100,830	342,782	302	22,170	2,694	11,972	2,649	28,114	511,513
EU Grant Funded	-	-	-	-	-	-	-	-	-
Donated	-	-	-	-	-	-	-	-	-
<b>Carrying amount at 31 March 2023</b>	<b>100,830</b>	<b>342,782</b>	<b>302</b>	<b>22,170</b>	<b>2,694</b>	<b>11,972</b>	<b>2,649</b>	<b>28,114</b>	<b>511,513</b>
<b>Of the total:</b>									
Department	100,830	342,775	302	21,796	2,669	11,709	2,649	28,052	510,782
Agency	-	-	-	221	11	256	-	62	550
Other designated bodies - SEUPB	-	7	-	153	14	7	-	-	181
<b>Carrying amount at 31 March 2023</b>	<b>100,830</b>	<b>342,782</b>	<b>302</b>	<b>22,170</b>	<b>2,694</b>	<b>11,972</b>	<b>2,649</b>	<b>28,114</b>	<b>511,513</b>

## Property, plant and equipment (continued)

Consolidated									2021-22
	Land £000	Buildings £000	Dwellings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Antiques £000	Assets under Construction £000	Total £000
<b>Cost or valuation</b>									
At 1 April 2021	91,810	375,214	360	69,043	4,629	39,608	2,607	10,270	593,541
Additions	-	1,310	-	7,394	1,456	5,160	44	11,530	26,894
Disposals	-	-	-	(1,453)	(9)	-	-	-	(1,462)
Impairments	-	66	-	(464)	(7)	-	-	-	(405)
Reclassifications and transfers	-	2,470	-	(25)	-	92	-	(2,700)	(163)
Revaluations	10	267	18	437	217	459	2	-	1,410
<b>At 31 March 2022</b>	<b>91,820</b>	<b>379,327</b>	<b>378</b>	<b>74,932</b>	<b>6,286</b>	<b>45,319</b>	<b>2,653</b>	<b>19,100</b>	<b>619,815</b>
<b>Depreciation</b>									
At 1 April 2021	1	82,978	34	45,217	3,146	30,014	2	-	161,392
Charged in year	-	12,362	19	9,395	444	1,951	1	-	24,172
Disposals	-	-	-	(1,248)	(9)	-	-	-	(1,257)
Impairments	-	22	-	(187)	(2)	-	-	-	(167)
Reclassifications and transfers	-	-	-	(25)	-	-	-	-	(25)
Revaluations	(1)	29	3	189	60	211	1	-	492
<b>At 31 March 2022</b>	<b>-</b>	<b>95,391</b>	<b>56</b>	<b>53,341</b>	<b>3,639</b>	<b>32,176</b>	<b>4</b>	<b>-</b>	<b>184,607</b>
<b>Carrying amount at 31 March 2022</b>	<b>91,820</b>	<b>283,936</b>	<b>322</b>	<b>21,591</b>	<b>2,647</b>	<b>13,143</b>	<b>2,649</b>	<b>19,100</b>	<b>435,208</b>
<b>Carrying amount at 31 March 2021</b>	<b>91,809</b>	<b>292,236</b>	<b>326</b>	<b>23,826</b>	<b>1,483</b>	<b>9,594</b>	<b>2,605</b>	<b>10,270</b>	<b>432,149</b>
<b>Asset financing:</b>									
Owned	91,820	273,359	322	21,591	2,647	13,143	2,572	19,100	424,554
EU Grant Funded	-	9,234	-	-	-	-	-	-	9,234
Donated	-	1,343	-	-	-	-	77	-	1,420
<b>Carrying amount at 31 March 2022</b>	<b>91,820</b>	<b>283,936</b>	<b>322</b>	<b>21,591</b>	<b>2,647</b>	<b>13,143</b>	<b>2,649</b>	<b>19,100</b>	<b>435,208</b>
<b>Of the total:</b>									
Department	91,820	283,923	322	21,383	2,632	12,794	2,649	19,070	434,593
Agency	-	-	-	81	8	340	-	30	459
Other designated bodies	-	13	-	127	7	9	-	-	156
<b>Carrying amount at 31 March 2022</b>	<b>91,820</b>	<b>283,936</b>	<b>322</b>	<b>21,591</b>	<b>2,647</b>	<b>13,143</b>	<b>2,649</b>	<b>19,100</b>	<b>435,208</b>

\*Details of the Property, Plant and Equipment assets that have been valued are disclosed in Note 1 Accounting Policies.

## 6 Intangible assets

Intangible assets comprise internally developed software and databases, purchased software and software licences for the Department and its agency consolidated into these statements.

<b>Consolidated</b>	<b>2022-23</b>			
	<b>Information technology (intangible) £000</b>	<b>Software Licences £000</b>	<b>Assets under Construction (intangible) £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 April 2022	191,969	19,814	-	211,783
Opening Balance adjustment	16,125	-	-	16,125
Additions	7,338	832	853	9,023
Disposals	(18,198)	(11,759)	-	(29,957)
Impairments	(3,700)	-	-	(3,700)
Reclassifications and transfers	227	-	(188)	39
Revaluations	19,149	652	-	19,801
At 31 March 2023	<b>212,910</b>	<b>9,539</b>	<b>665</b>	<b>223,114</b>
<b>Amortisation</b>				
At 1 April 2022	165,235	16,848	-	182,083
Charged in year	12,769	1,427	-	14,196
Disposals	(18,155)	(11,759)	-	(29,914)
Impairment	(2,055)	-	-	(2,055)
Reclassifications and transfers	-	-	-	-
Revaluations	16,172	409	-	16,581
At 31 March 2023	<b>173,966</b>	<b>6,925</b>	<b>-</b>	<b>180,891</b>
<b>Carrying amount at 31 March 2023</b>	<b>38,944</b>	<b>2,614</b>	<b>665</b>	<b>42,223</b>
<b>Carrying amount at 31 March 2022</b>	<b>26,734</b>	<b>2,966</b>	<b>-</b>	<b>29,700</b>
<b>Asset financing:</b>				
Owned	38,944	2,614	665	42,223
UK Grant Funded	-	-	-	-
Finance leased	-	-	-	-
Carrying amount at 31 March 2023	<b>38,944</b>	<b>2,614</b>	<b>665</b>	<b>42,223</b>
<b>Of the total</b>				
Department	35,140	2,481	665	38,286
Agency	3,682	133	-	3,815
Other designated bodies - SEUPB	122	-	-	122
Carrying amount at 31 March 2023	<b>38,944</b>	<b>2,614</b>	<b>665</b>	<b>42,223</b>

The amortisation charged during the accounting period in respect of assets held under finance leases was £357k (2021-22: £106k).

**Intangibles assets (continued)**

2021-22

<b>Consolidated</b>	<b>Information technology (intangible) £000</b>	<b>Software Licences £000</b>	<b>Assets under Construction (intangible) £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 April 2021	178,548	18,320	1,088	<b>197,956</b>
Additions	5,036	957	335	<b>6,328</b>
Reclassifications and transfers	(2,012)	(30)	(1,423)	<b>(3,465)</b>
Revaluations	10,397	567	-	<b>10,964</b>
<b>At 31 March 2022</b>	<b>191,969</b>	<b>19,814</b>	-	<b>211,783</b>
<b>Amortisation</b>				
At 1 April 2021	160,744	15,005	1	<b>175,750</b>
Charged in year	8,935	1,570	-	<b>10,505</b>
Reclassifications and transfers	(3,382)	(30)	(1)	<b>(3,413)</b>
Revaluations	(1,062)	303	-	<b>(759)</b>
<b>At 31 March 2022</b>	<b>165,235</b>	<b>16,848</b>	-	<b>182,083</b>
<b>Carrying amount at 31 March 2022</b>	<b>26,734</b>	<b>2,966</b>	-	<b>29,700</b>
<b>Carrying amount at 31 March 2021</b>	<b>17,804</b>	<b>3,315</b>	<b>1,087</b>	<b>22,206</b>
<b>Asset financing:</b>				
Owned	26,663	2,966	-	<b>29,629</b>
UK Grant Funded	4	-	-	<b>4</b>
Finance leased	67	-	-	<b>67</b>
<b>Carrying amount at 31 March 2022</b>	<b>26,734</b>	<b>2,966</b>	-	<b>29,700</b>
<b>Of the total</b>				
Department	23,012	2,897	-	<b>25,909</b>
Agency	3,592	69	-	<b>3,661</b>
Other designated bodies - SEUPB	130	-	-	<b>130</b>
<b>Carrying amount at 31 March 2022</b>	<b>26,734</b>	<b>2,966</b>	-	<b>29,700</b>



## 7 Impairments

	2022-23		2021-22	
	£000 Core Department & Agency	£000 Departmental Group	£000 Core Department & Agency	£000 Departmental Group
Charged direct to the Statement of Comprehensive Net Expenditure	1,418	1,418	238	238
Taken through the Revaluation Reserve	(5,748)	(5,748)	(12,641)	(12,641)
<b>Total impairment charge for the year</b>	<b>(4,330)</b>	<b>(4,330)</b>	<b>(12,403)</b>	<b>(12,403)</b>

## 8 Financial instruments

IFRS 7 *Financial Instruments: Disclosures* requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of the non-trading nature of its activities and the way in which government departments are financed, the Department of Finance is not exposed to the degree of financial risk faced by business entities.

### Classification of financial instruments

All departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as loans and receivables and comprise trade and other receivables (Note 11) and cash and cash equivalents (Note 10). The Department's financial liabilities comprise payables excluding tax liabilities, accruals and deferred income (Note 12). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities.

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

	From interest	From subsequent measurement			2022-23	2021-22
		At fair value	Currency translation	Impairment /reversal of impairment	Net gain/ (loss)	Net gain/ (loss)
					£000	£000
Loans and receivables	–	–	27	(386)	(359)	(584)
Financial liabilities measured at amortised cost	–	–	(18)	-	(18)	(5)
<b>Total</b>	–	–	<b>9</b>	<b>(386)</b>	<b>(377)</b>	<b>(589)</b>

Finance costs from financial liabilities measured at amortised cost consist of interest charges in relation to finance lease liabilities. The net currency translation gains or losses on financial assets classified as loans and receivables are attributable to monies due from the EU in respect of grant payments. The net currency

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translation gains or losses on financial liabilities are attributable to exchange gains or losses arising on the settlement of invoices issued to the Department in other currencies.

The impairment/reversal of impairment relates to bad debts written off or provided.

Late payment charges in respect of payables are disclosed in the Management Commentary, see Payment to Suppliers section in the Performance Report on page 20. The Department recognised all the components of net gain/loss through the Statement of Comprehensive Net Expenditure.

### **Risk management**

Financial risks include credit risk, liquidity risk and market risks (currency and interest rate).

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Department is not exposed to significant credit risk and manages its exposure via credit risk management policies which require review of the credit history of the organisations that the Department wishes to trade with. Publicly available credit information from recognised providers is utilised for this purpose where necessary. The maximum exposure to credit risk is represented by the carrying amounts of the trade receivables carried in the Statement of Financial Position.

#### **Liquidity risk**

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

#### **Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Department receives reimbursement of certain grant payments from the European Union (EU). Transactions with the EU are denominated in euro and therefore exposed to currency risk. The revenue due from the EU is recognised as a receivable when it is initially paid to grant recipients. However, only when the Department submits claims to the EU is the relevant portion of the receivable subject to exchange rate risk. The exchange risk on receivables is offset by EU advances received, which are included within payables. At 31 March 2023 the net exposure was £1.9m (31 March 2022: £1.5m).

#### *Sensitivity analysis*

Based on the balance denoted in euro at 31 March 2023, a 15% weakening or strengthening of sterling against the euro would have increased or decreased the exchange rate movement by £283k respectively (31 March 2022: movement of £225k). This movement is attributable to the foreign exchange gains or losses on translation of the euro denominated receivables and payables with the EU as described above.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Department's financial assets and liabilities carry NIL or fixed rates of interest. The lease rate used is the HM Treasury discount rate promulgated in PES papers as their incremental borrowing rate. The single HM Treasury nominal discount rate for leases, for the full calendar year 2022, is 0.95%. The rate was used to measure liabilities on leases that commence and those that transition to IFRS 16 on 1 April 2022. The Department is therefore not exposed to any interest rate risk.

**9 Assets classified as held for sale**

	£000	2022-23 £000	£000	2021-22 £000
	Core Department & Agency	Departmental Group	Core Department & Agency	Departmental Group
Balance at 1 April	97	97	470	470
Transfers in	-	-	-	-
Disposals	-	-	(373)	(373)
Impairment Loss	-	-	-	-
<b>Balance at 31 March</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>

The Department intends to dispose of these assets within the next year. They comprise of one building and associated land that it no longer requires.

**10 Cash and cash equivalents**

	£000	2022-23 £000	£000	2021-22 £000
	Core Department & Agency	Departmental Group	Core Department & Agency	Departmental Group
Balance at 1 April	42,041	93,244	7,917	53,938
Net change in cash and cash equivalents	551	(11,046)	34,124	39,306
<b>Balance at 31 March</b>	<b>42,592</b>	<b>82,198</b>	<b>42,041</b>	<b>93,244</b>

The following balances at 31 March were held at:

Commercial banks and cash in hand	42,592	82,198	42,041	93,244
<b>Balance at 31 March</b>	<b>42,592</b>	<b>82,198</b>	<b>42,041</b>	<b>93,244</b>

Balances for cash and cash equivalents are disclosed in the Statement of Financial Position as follows:

Current Assets	43,153	82,759	44,589	95,792
Current liabilities	(561)	(561)	(2,548)	(2,548)
<b>Total</b>	<b>42,592</b>	<b>82,198</b>	<b>42,041</b>	<b>93,244</b>

**11 Trade receivables and other current assets**

	2022-23		2021-22	
	£000 Core Department & Agency	£000 Departmental Group	£000 Core Department & Agency	£000 Departmental Group
<b>Amounts falling due within one year:</b>				
Trade receivables	8,699	8,699	8,576	8,576
Other receivables	6,180	6,194	6,823	6,832
VAT recoverable	4,036	4,036	4,548	4,548
Prepayments	18,839	19,082	12,808	12,984
Accrued income	18,889	18,889	17,825	17,825
Accrued EU income -SEUPB	-	35,379	-	30,248
Amounts due from EU commission	3,474	9,832	3,225	8,216
Amounts due from the Consolidated Fund in respect of supply	-	-	870	870
	<b>60,117</b>	<b>102,111</b>	<b>54,675</b>	<b>90,099</b>
<b>Amounts falling due after more than one year:</b>				
Trade receivables	3,183	3,183	1,941	1,941
Amounts due from EU commission	-	1,872	-	2,802
	<b>3,183</b>	<b>5,055</b>	<b>1,941</b>	<b>4,743</b>
<b>Total</b>	<b>63,300</b>	<b>107,166</b>	<b>56,616</b>	<b>94,842</b>

Included within prepayments and accrued income is £NIL (2021-22: £NIL) that will be due to the Consolidated Fund once the debts are collected.

The following table shows the provision for bad debt included in trade receivables in the table above at the period end:

	2022-23		2021-22	
	£000 Core Department & Agency	£000 Departmental Group	£000 Core Department & Agency	£000 Departmental Group
<b>Balance at 1 April</b>	(5,912)	(5,912)	(5,824)	(5,824)
Impairment losses (recognised)/derecognised in receivables	(386)	(386)	(448)	(448)
Amounts written off as uncollectable	688	688	360	360
<b>Balance at 31 March</b>	<b>(5,610)</b>	<b>(5,610)</b>	<b>(5,912)</b>	<b>(5,912)</b>

In determining the recoverability of a trade receivable, the Department considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. No interest is charged on the trade receivables. The Department has provided fully for all receivables where there is evidence to suggest the debt is not recoverable.

The following table shows the aging of trade debts past due but not impaired; no provision has been made where there has not been a significant change in credit quality and the Department believes that the amounts are still fully recoverable:

	2022-23		2021-22	
	£000	£000	£000	£000
	Core Department & Agency	Departmental Group	Restated Core Department & Agency	Departmental Group
Neither past due nor impaired trade receivables	7,602	7,602	6,985	6,985
1-30 days	171	171	258	258
31-60 days	369	369	198	198
61-90 days	64	64	250	250
91-180 days	411	411	738	738
181-360 days	345	345	454	454
361 days plus	5,418	5,418	3,869	3,869
<b>Gross carrying value</b>	<b>14,380</b>	<b>14,380</b>	<b>12,752</b>	<b>12,752</b>
Less: impairment	(2,498)	(2,498)	(2,235)	(2,235)
<b>Net carrying value</b>	<b>11,882</b>	<b>11,882</b>	<b>10,517</b>	<b>10,517</b>

## 12 Trade payables and other current liabilities

	2022-23		2021-22	
	£000	£000	£000	£000
	Core Department & Agency	Departmental Group	Restated Core Department & Agency	Departmental Group
<b>Amounts falling due within one year:</b>				
Other taxation and social security	18,772	18,772	19,466	19,466
Trade payables	649	801	418	570
Other payables	23,454	23,454	23,515	23,541
Accruals	35,236	35,688	42,585	42,778
Deferred income	5,785	5,785	6,267	6,267
Deferred EU income	-	44,219	-	39,098
Amounts owed to accountable Departments /EU Commission	-	27,572	-	38,916
Current part of finance leases	13,210	13,210	-	-
Amounts issued from CF for supply but not spent at year end	1,391	1,391	7	7
Consolidated Fund Extra Receipts due to be paid to the CF Fund:				
CFER – received	362	362	829	829
CFER – receivable	-	-	-	-
	<b>98,859</b>	<b>171,254</b>	<b>93,087</b>	<b>171,472</b>
<b>Amounts falling due after more than one year:</b>				
Finance leases	69,677	69,677	-	-
Amounts owed to Accountable Department/EU commission	-	10,993	-	10,950
	<b>69,677</b>	<b>80,670</b>	<b>-</b>	<b>10,950</b>
<b>Total</b>	<b>168,536</b>	<b>251,924</b>	<b>93,087</b>	<b>182,422</b>

**13 Provisions for liabilities and charges**

	£000	2022-23 £000	£000	2021-22 £000
	Core Department & Agency	Departmental Group	Core Department & Agency	Departmental Group
Balance at 1 April	2,205	15,125	2,824	14,497
Provided in the year*	15,471	16,566	1,120	2,167
Provisions not required written back	(819)	(815)	(1,670)	(1,687)
Provisions utilised in year	(1,160)	(1,220)	(69)	(145)
Actuarial (gain)/loss	-	(7,292)	-	139
Borrowing costs	-	239	-	154
<b>Balance at 31 March</b>	<b>15,697</b>	<b>22,603</b>	<b>2,205</b>	<b>15,125</b>

\*Includes dilapidations that are capitalised in respect of right of use assets. See table below.

**Analysis of expected timing of discounted flows**

	£000	2022-23 £000	£000	2021-22 £000
	Core Department & Agency	Departmental Group	Core Department & Agency	Departmental Group
Not later than one year	6,582	6,582	2,205	2,205
Later than one year and not later than five years	5,141	5,141	-	-
Later than five years	3,974	10,880	-	12,920
<b>Balance at 31 March</b>	<b>15,697</b>	<b>22,603</b>	<b>2,205</b>	<b>15,125</b>

	£000	£000	£000	£000
	Legal Claims	Pensions	Right of Use Asset - Dilapidations	Total
Not later than one year	5,783	-	799	6,582
Later than one year and not later than five years	837	-	4,304	5,141
Later than five years	-	6,906	3,974	10,880
<b>Balance at 31 March</b>	<b>6,620</b>	<b>6,906</b>	<b>9,077</b>	<b>22,603</b>

**13.1 Legal claims**

This represents public liability, employer liability, contract and compensation claims and dilapidations as advised by the business areas within the Department.

Public liability claims include personal injury claims. Employer liability claims include legal costs that will have to be borne by the Department and relate to accidents or injury caused due to faults in the fabric of a departmental building and other damages including fair employment and industrial tribunal cases.

Contract claims are associated with claims made by contractors for unforeseen delays in the completion of projects or cost over-runs, which are outside of their control. The provisions details are based on evaluations made by qualified professional and technical personnel employed by DoF.

A discount rate has not been applied on any of the provisions as the time value of money is not significant.

### 13.2 Other legal issues

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for the December 2022 but the Supreme Court judgement has not yet been issued. The 2022-23 Holiday Pay provision has been estimated by NICSHR and covers the period from 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

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

### 13.3 Pensions

Pension liabilities represents the present value of future SEUPB pension payments earned by staff to date. The North/South Pension Scheme is a multi-employer defined benefit scheme, operating within the approvals of the North South Ministerial Council (NSMC). More information about this can be found in the accounts of the SEUPB.

### 13.4 Right of Use Asset Dilapidations

IFRS 16 requires dilapidation provisions to be capitalised as part of the cost of the right-of-use assets. These dilapidation provisions should be treated as provisions in respect of capital expenditure.

## 14 Contingent liabilities disclosed under IAS 37

The Department has entered into the following unquantifiable contingent liabilities:

### Public/employer liability cases

There are currently 17 cases (2021-22: 16 cases) pending against the Department. The maximum that will be payable cannot be accurately estimated.

### Industrial tribunal cases

There are currently no industrial tribunal cases (2021-22: NIL cases) pending.

### Other legal issues

There are currently 5 judicial review cases (2021-22: 2 cases) pending.

### Tax Compliance

The Department continues to work HMRC to ensure full tax compliance in all areas. It is expected that some revision to existing practices will be required but it is not possible to accurately estimate all potential liabilities at this stage.

## Public Sector Pensions – Injury to Feelings Claims

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

## 15 Leases

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

The Department's lease contracts comprise of operational land and buildings, information technology relating to a PFI arrangement for the design, implementation and management of the IT infrastructure for land registration systems, and plant & machinery which includes motor vehicles and an aircraft.

With the exception of short term leases and lease of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and as lease liability.

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

	Land	Buildings	Information Technology	Plant & Machinery	Total
	£000	£000	£000	£000	£000
Plant, Property and equipment (Note 5)	8,688	69,649	-	254	78,591
Intangible Assets (Note 6)	-	-	16,125	-	16,125
<b>As at 1 April 2022</b>	<b>8,688</b>	<b>69,649</b>	<b>16,125</b>	<b>254</b>	<b>94,716</b>
Additions	-	1,853	-	-	1,853
Depreciation expense	-	(10,429)	(3,583)	(129)	(14,141)
<b>At 31 March 2023</b>	<b>8,688</b>	<b>61,073</b>	<b>12,542</b>	<b>125</b>	<b>82,428</b>

### 15.2 Quantitative disclosures around lease liabilities

Maturity Analysis	2022-23	
	Core Department & Agency £000	Group £000
<b>Land and Buildings:</b>		
Not later than one year	(9,352)	(9,352)
Later than one year and not later than five years	(28,114)	(28,114)
Later than five years	(23,941)	(23,941)
	<b>(61,407)</b>	<b>(61,407)</b>
<i>Less</i> interest element	2,446	2,446
Present value of obligations	<b>(58,961)</b>	<b>(58,961)</b>
<b>Other:</b>		
Not later than one year	(3,858)	(3,858)
Later than one year and not later than five years	(9,232)	(9,232)



Later than five years	(8,390)	(8,390)
	<b>(21,480)</b>	<b>(21,480)</b>
<i>Less</i> interest element	5,111	5,111
Present value of obligations	<b>(16,369)</b>	<b>(16,369)</b>
<b>Total present value of obligation</b>	<b>(75,330)</b>	<b>(75,330)</b>
Current portion	<b>(12,494)</b>	<b>(12,494)</b>
Non – current position	<b>(62,836)</b>	<b>(62,836)</b>

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

	Core Department & Agency	2022-23 Group
	£000	£000
Expense related to short-term leases	1,021	1,021
Expenses related to low-value assets leases (excluding short-term leases)	7	116
	<b>1,028</b>	<b>1,137</b>

### 15.4 Quantitative disclosures around cash outflows for leases

	Core Department & Agency	2022-23 Group
	£000	£000
Total cash outflow for leases	(12,658)	(12,658)
	<b>(12,658)</b>	<b>(12,658)</b>

### 15.5 Reconciliation from IAS 17 operating lease commitment to the IFRS 16

	Core Department & Agency	2022-23 Group
	£000	£000
Operating lease commitments as at 31 March 2022	73,080	73,080
<b>Adjustments from IAS 17 to IFRS 16:</b>		
Low value and short term lease commitments	(1,086)	(1,086)
Assessment of leases extensions periods and rent reviews	6,597	6,597
Service charges and other elements treated under IFRS 16	16,125	16,125
IFRS 16 opening balance lease liabilities	<b>94,716</b>	<b>94,716</b>

## 16 Commitments under PFI and other service concession arrangements

### 16.1 Off-balance sheet (SoFP)

The requirements of IFRIC 12, IFRIC 4 and IFRS 16 have been considered and it has been concluded that the Department has no 'off-balance' items to disclose.

A contract with BT (formerly BT Syntegra) to design, implement and manage the IT infrastructure for land registration systems, which was previously recognised by the Department as 'off-balance' sheet. The Department recognises the appropriate accounting treatment of this contract is now under IFRS 16 from 1 April 2022 (Note 15).

There are no amounts charged in the Statement of Comprehensive Net Expenditure (SOCNE) in respect of this service (2021-22: £3.5m); and the payments to which the Department and its agency are committed are £NIL (2021-22: £13m).

### 16.2 On-balance sheet (SoFP)

The *FReM* requires that service concession arrangements should be accounted for in accordance with IFRIC 12 where the government body controls the use of the asset and the residual interest in the asset at the end of the arrangement.

The Department therefore recognises assets that fall within this definition as non-current assets together with a liability to pay for them. The services received under the contract are recorded as operating expenses. The Department's only contract which is classified as a service concession agreement was awarded to BT in June 2006. This contract ran for 12 years and expired in March 2018. It was initially extended to March 2020, then to March 2022, and thereafter March 2023, availing of a flexed plus one year option. A further contract variation 11 was signed with BT on 6 April 2022, to award a three year fixed contract extension to March 2026, with the option to avail of a further 2 flexed years, if required.

### 16.3 Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet (SoFP) PFI and other service concession transactions is £3.9m (2021-22: £3.6m).

The service element due in future periods is:

	2022-23		2021-22	
	£000	£000	£000	£000
	Core		Core	
	Department		Department	
	& Agency	Group	& Agency	Group
Not later than one year	3,400	3,400	3,275	3,275
Later than one year and not later than five years	7,600	7,600	-	-
Later than five years	-	-	-	-
<b>Total</b>	<b>11,000</b>	<b>11,000</b>	<b>3,275</b>	<b>3,275</b>

## 17 Capital and Other Commitments

	2022-23		2021-22	
	£000 Core Department & Agency	£000 Group	£000 Core Department & Agency	£000 Group
<b>Contracted capital commitments at 31 March not otherwise included in these financial statements</b>				
Property, plant and equipment	2,508	2,508	8,895	8,895
Intangible assets	3,708	3,708	6,395	6,395
	<b>6,216</b>	<b>6,216</b>	<b>15,290</b>	<b>15,290</b>

### 17.1 Other financial commitments

The Department and its agency have entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) for maintenance and construction work to buildings within the NICS estate, for nidirect, the Rating system and for a number of reform projects, including Records NI, Network NI, IPT replacement phone system, HR Shared Services and Data Accommodation. The payments to which the Department and its agency are committed are as follows:

	2022-23		2021-22	
	£000 Core Department & Agency	£000 Group	£000 Core Department & Agency	£000 Group
Not later than one year	35,057	35,057	31,101	31,101
Later than one year and not later than five years	62,237	62,237	72,892	72,892
Later than five years	9,757	9,757	10,649	10,649
<b>Total</b>	<b>107,051</b>	<b>107,051</b>	<b>114,642</b>	<b>114,642</b>

In addition to the above, the Departmental Group have other financial commitments in respect of Grants programmes, PEACE IV and INTERREG IVA, following the issue and acceptance of a number of Letter of Offers to a number of Lead Partners. The 2022-23 Grant payments to which the SEUPB are committed are £103.6m (2021-22: 131.7m).

## 18 Related Party transactions

The Department is the parent of the NI Statistics and Research Agency. This body is regarded as a related party with which the Department has had various material transactions during the year.

The Department has also had a number of transactions with other government departments and other central government bodies.

No minister, board member, key managerial staff or other related parties have undertaken any material transactions with the Department during the year.

## 19 Third party assets

The Department is responsible for the upkeep of the Ulster Memorial Tower in Thiepval, France and costs incurred on maintenance during 2022-23 totalled £47k (2021-22: £47k). This is not a departmental asset and is not included in the Statement of Financial Position.

The Department is also a trustee of a number of “Project Bank Accounts” used to make payments to both the main contractor and sub-contractors. Any balance on this account is reported in the financial statements of the main contractor. These are not departmental assets and are not included in the Statement of Financial Position.

The Department has laser scanning equipment, LiDAR, on loan from Ordnance Survey Ireland. The LiDAR is an aircraft mounted 3D laser scanning instrument. It uses a pulsed laser to measure distances to the ground and to create a point cloud that models the surface of the earth, buildings, et cetera. Under IFRS 16, the aircraft lease is capitalised in the accounts.

## 20 Entities within the departmental boundary

The entities within the boundary during 2022-23 were as follows:

### DoF Core Directorates

- Construction and Procurement Delivery (CPD);
- Northern Ireland Civil Service Human Resources (NICSHR);
- Finance and Corporate Services Division (FCSD);
- Departmental Solicitor’s Office (DSO);
- Enterprise Shared Services (ESS);
- Land and Property Services (LPS);
- People and Organisational Development (P&OD);
- Public Spending Directorate (PSD);
- Strategic Policy and Reform Directorate (SPAR);
- Group Internal Audit and Fraud Investigation Service (GIAFIS); and
- Communications and Engagement Division (CAED).

### Supply Financed Agency

- Northern Ireland Statistics and Research Agency (NISRA). NISRA publishes its own annual report and accounts.

### Sponsored Bodies

- Building Safety Expert Panel;
- Civil Service Appeals Board (CSAB);
- Fiscal Council;
- Legal Services Oversight Commission (LSOC);
- Northern Ireland Building Regulations Advisory Committee (NICSPB);
- Northern Ireland Civil Service Pension Board (NICSPB);
- Procurement Board; and
- Statistics Advisory Committee (SAC).

**North/South Body**

- Special European Union Programmes Body (SEUPB)

**Relationships with Other Bodies**

The Finance Minister is responsible for making public appointments to the board of the Northern Ireland Authority for Utility Regulation (NIAUR). NIAUR is a non-ministerial body. The Department also provides budget to contribute to the running costs of The International Fund for Ireland (IFI). IFI was established as an independent organisation by the British and Irish Governments in 1986.

**21 Events after the reporting period**

There are no events after the financial period requiring adjustment to or disclosure in these accounts.

**Date of authorisation for issue**

The Accounting Officer authorised the issue of these financial statements on 3 July 2023.

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## Appendix 1: DoF Directorates

### Construction and Procurement Delivery (CPD)

CPD has three main areas of responsibility:

1. Procurement:
  - a. Procurement Policy Responsibility;
  - b. Three operational Centres of Procurement Expertise (CoPEs)
    - i. Supplies and Services Division;
    - ii. Construction Division; *and*
    - iii. Health Projects [until 31 March 2023 as it will be moving to Business Service Organisation (BSO)]
2. Properties:
  - a. Properties Division; and
  - b. Property Services Division
3. Projects Delivery/Assurance and Commercial Capability:
  - a. Commercial Delivery Group with responsibility for:
    - i. Centre of Excellence for Programme and Project Management;
    - ii. Project Delivery Profession; *and*
    - iii. Portfolio, Programme and Project Office (P3O).

CPD supports the Procurement Board in all aspects of public procurement policy, including the development of policies approved by the Northern Ireland Executive to be implemented across Northern Ireland Departments, Agencies, NDPBs and public corporations.

CPD provides expert advice and professional services during the procurement lifecycle, from initial concept to completion and realisation of benefits. CPD helps Northern Ireland departments obtain best value for money in the procurement of the supplies, services and construction works that are needed to deliver their objectives, including through appropriate collaboration, engagement on innovative solutions, and effective project management and contract management.

There are nine Centres of Procurement Expertise (CoPEs) in NI. CPD currently has responsibility for three of these CoPEs, which are operational:

1. Supplies and Services Division;
2. Construction Division; and
3. Health Projects [until 31 March 2023 as it will be moving to Business Services Organisation (BSO)]

CPD has responsibility for the provision of public sector Government office accommodation and services throughout NI and associated refurbishment and maintenance works. It also manages the Stormont Estate grounds.

CPD is also responsible for the Commercial Delivery Group (CDG) which supports Projects Delivery/Assurance and Commercial Capability across the NICS. The CDG also provides the NI Gateway Hub, managing assurance reviews for major programmes and projects across the NI public sector.

**Northern Ireland Civil Service Human Resources (NICSHR)**

NICSHR provides strategic and operational HR advice and services to help support the NICS Board and the nine Executive departments in their commitment to make NICS a well-led, high-performing inclusive and outcomes focused Civil Service.

NICSHR has a key role in ensuring the NICS has skilled, experienced and motivated staff capable of delivering a wide range of public service roles across departments.

NICSHR has a number of key responsibilities, including:

- HR business partnering with NICS Departments and participating bodies;
- Employee Relations, Learning, Occupational Health Services and Wellbeing;
- Resourcing; *and*
- Managing the contract for the delivery of outsourced HR and payroll services (HR Connect).

NICSHR also provides HR and training services to the wider public sector.

**Financial and Corporate Services Division (FCSD)**

FCSD provides financial and corporate services to the Department including:

- Central support for the Department and for the overall management and governance;
- Advice and guidance to ensure compliance and best practice in areas such as equality, health and safety, and public appointments;
- Financial accounting, budgeting and business support;
- Strategic direction and guidance which ensures the Department is compliant with data protection and records management legislation, policy and best practice; and
- The Audit Authority which is an independent assurance function providing an opinion on the legality and regularity of expenditure declared under the Peace & INTERREG VA Programmes in addition to whether the management and control system for the Programmes functions properly.

**Departmental Solicitor's Office (DSO)**

DSO provides legal advice and counsel to the Northern Ireland Executive, Ministers, Departments, their Agencies and NDPBs; represents Departments and other clients in litigation and in property and commercial transactions; and develops proposals for civil law reform.

**Enterprise Shared Services (ESS)**

ESS provides a range of shared services, including Information Technology, Digital and Security Services, Finance, Pensions and HR and Payroll to the NICS and a number of services are also provided to the wider public sector.

- Digital Shared Services (DSS) including IT Assist (ITA) has responsibility for the provision of common, secure IT systems and services for the NICS and some wider public sector organisations, digital transformation and development, cyber security and information-related

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policies and guidance. This includes responsibility for the NI Government citizen portal [www.nidirect.gov.uk](http://www.nidirect.gov.uk) (including contact centre services) and supporting departments in the transformation and digital delivery of their citizen-facing services, along with an assisted digital programme to support the uptake of online services. In addition, the division provides media monitoring and government advertising services to departments, as well as to the NI Executive.

- NI Cyber Security Centre assists in making NI cyber safe, secure and resilient for its citizens and businesses, providing guidance to society and the business community on how to better protect their technology, systems and data from cyber-attacks. NICSC is a key advocate for cyber security in NI and works with public, private, third sector organisations to improve their ability to defend against cyber-attacks, increase their knowledge of cyber threats, and become more cyber resilient.
- Pensions Division is responsible for the overall policy, legislation, management and administration of the NICS Pension Schemes. In addition, it provides overarching public service pensions policy, primary legislation and directions for cost control for the wider Public Sector in NI.
- Finance Shared Services (Account NI) provides standardised financial transaction and reporting services to the nine Government Departments, the Northern Ireland Office (NIO) and Public Prosecution Service (PPS) and a number of their Agencies and other bodies. Account NI continues to be critical to the economy through payment of financial support, ensuring prompt payment to suppliers and funding Public Bodies and Government bank accounts.
- The Integr8 Programme has been established to enable the transformation of Finance and HR (including Payroll) services for Central Government, including the implementation of new technology solutions to replace the current systems.
- The Department of Finance is the designated Competent Authority (CA) for a number of NI sectors (energy, health, drinking water, road and rail transport) under the Network and Information Systems Regulations 2018 and the CA team appointed by DoF sits within ESS. The CA regulates operators of essential services particularly in fulfilling their security and incident-reporting responsibilities under the legislation.
- In January 2023, the management responsibility for HR Shared Services moved from ESS to NICS HR.

### **Land & Property Services (LPS)**

- Provides Ordnance Survey mapping services for NI which are used widely across public and private sectors, informing policy development and enhancing service delivery.
- Maintains the four Land Registers: Land Registry (which provides a state guarantee of title), Registry of Deeds, Statutory Charges Register, Ground Rents Register and provides land information services relating to those Registers for conveyancing purposes.
- Carries out the statutory responsibility to maintain the Valuation Lists and carry out frequent revaluations, which supports the collection of rates.



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- Delivers property valuations, estate management and property data services to the public sector (asset valuations and advice and Client Services work, road scheme compensation).
  - Has responsibility for the Government Land and Property Register programme to identify and collate information on public sector land and property assets.
  - Collects rates to fund important public services provided by central and local government.
  - Administers rate reliefs to help citizens in need of support to pay their rates, these include Lone Pensioner Allowance and Disabled Person's Allowance to owner occupiers, and the Rate Rebate Scheme for all working age claimants in receipt of Universal Credit.
  - Administers business related rate reliefs to provide assistance to non-domestic ratepayers, these include Small Business Rate Relief, relief for non-domestic vacant properties and Rate Holidays introduced to reduce the impact of the COVID-19 pandemic on business sectors most adversely affected.
  - Provides policy advice to the Minister of Finance on the rating system, and support payments, and ensures that policy implementation is supported by the necessary legislation.

During the COVID-19 pandemic, LPS took on responsibility for designing and administering a number of financial support schemes for businesses impacted by the Health Protection restrictions introduced to control the spread of the virus. In 2022-23, LPS completed delivery of the last of these schemes, the Omicron Hospitality Payment.

### People and Organisational Development (P&OD)

People & Organisational Development has responsibility for the design of HR initiatives needed to deliver Civil Services Renewal and defining policy frameworks and collective agreements in relation to all NICS HR policy (including pay and conditions) to ensure legislative compliance and to support the changing business needs of the NICS.

As such it:

- develops workforce strategy for a high performing, well led NICS that is focused on outcomes;
- provides advice and strategic direction to the Departments and the NICS Board and on the full range of HR policies issues; *and*
- leads on all Trades Unions negotiation and engagement on HR policy, pay, conditions and industrial relations issues;

People and Organisational Development also delivers the following HR services ensuring compliance with HR policies and guidance:

- Workforce Strategy, Data & Analytics;
- SCS resourcing;
- Job grading and evaluation;
- Pay and conditions of service;
- Strategic litigation unit; *and*
- Diversity and inclusion.

**Public Spending Directorate (PSD)**

PSD is responsible for the effective management of public expenditure in NI promoting accountability and good governance while maximising value for money and ensuring no breach of Treasury budget controls. This includes supporting decisions on the allocation of resources to departments in line with Executive's priorities and monitoring of in-year expenditure to support the effective use of available resources.

PSD is also responsible for ensuring that Budget legislation is in place to allow departments to deliver public services and providing cash to departments, from the NI Consolidated Fund (NICF), to fund those services. PSD supports departments in ensuring regularity, propriety and value for money and the production of high quality financial reports by providing departments with a framework of delegations, guidance and support. PSD also liaises with the Fiscal Council and Fiscal Commission on access to Budget information.

The City and Growth Deals Division within PSD centrally manages the delivery of NI's four City and Growth Deals, including the strategic direction and policy, governance and funding. The initiative equates to £1.3bn capital investment over the next 15-20 years. The Deals are developed at a local level with the aim of delivering accelerated investment in local areas, boosting jobs and productivity.

**Strategic Policy and Reform Directorate (SPAR)**

Provides strategic, economic and fiscal policy advice and analysis and manages DoF's relationship with the independent NI Fiscal Council.

Develops and publishes business case guidance and provides advice on expenditure appraisal.

Determines pay policy/pay remit process advice and guidance.

Carries out the Member State role for current EU Structural Funds and manages the European Structural & Investment Fund Database.

NI Sponsor Department for the Special EU Programmes Body, working in partnership with Department of Public Expenditure and Reform (DPER) in overseeing the delivery and closure of the 2014-20 PEACE IV & INTERREG VA EU Programmes and in the development and implementation of the upcoming 2021-27 PEACE PLUS Programme.

Leads for DoF on issues around EU Exit and divergence including replacement for EU derived legislation and powers, including the review of Retained EU Law.

Lead the cross-departmental Future Policy & Finance Work Stream focused on replacements for lost EU funds, new UK Government Funds under the Levelling Up Agenda and their strategic alignment to NI policies.

Leads the DoF response on the priority areas of Climate Change, including the developing of a DoF Action Plan, Social Inclusion including Departmental lead for Dormant Assets and ALB Review.

Leads and co-ordinates the corporate Departmental response to the UK-wide Covid Inquiry.

Leads, supports and enables the implementation of innovative best practice, through the Innovation Lab.

Provides internal consultancy services to enable reform and improve government services across the NICS, its Executive Agencies and NDPBs, through Business Consultancy Services.

Provides a comprehensive shared Library services for all NICS Departments, through the NICS e-Library and physical collections in Dundonald House and Lanyon Plaza.

Manages the NICS Economist Profession.

Provides economic advice to support broader reform through benchmarking financing/funding approaches and supporting the wider efficiency agenda.

Leading on the development of the NICS Renewal Plan.

Provides advice on matters of civil service ethics and values, including the NICS Code of Ethics and the Service-wide coordination of arrangements for handling concerns.

### **Group Internal Audit and Fraud Investigation Services (GIAFIS)**

A centralised Group Internal Audit and Fraud Investigation Service has been established as a separate division within DoF. The Group Service provides specialist internal audit and fraud investigation services to NICS departments, Executive Agencies and Arm's Length Bodies.

The overall Group Service is managed by the Group Head who has strategic responsibility for the provision of internal audit and fraud investigation services to the relevant bodies and in doing so has line management responsibility for internal audit and fraud investigation staff.

While the Group Service is located in DoF, the Group Service is accountable to individual departmental Accounting Officers. Any fraud investigations or audit activity undertaken by the Group Service is undertaken on behalf of the relevant department and reported to the relevant department – there is no reporting line on these matters to DoF.

Departments are hard charged for the services provided by the Group Service.

### **Communications and Engagement Division (CAED)**

The Communications and Engagement Division is responsible for the effective running of the Ministerial and Permanent Secretary's Private Offices, strategic external and internal communications, staff engagement, open government and transparency.

## **EXECUTIVE AGENCY**

### **Northern Ireland Statistics and Research Agency (NISRA)**

The Northern Ireland Statistics and Research Agency (NISRA), which incorporates the General Register Office (GRO), is an executive agency within the Department of Finance (NI) and was established on 1 April 1996.

The administration of the marriage and civil partnership law in Northern Ireland is the responsibility of GRO, along with the registration of births, deaths, adoptions and gender recognition. GRO is also responsible for the maintenance of registration records and the production of certificates in relation to these events on request.

The Agency is the principal source of Official Statistics and social research on Northern Ireland. These statistics and research not only inform public policy but also academic and private sector research, and contribute to debate in the wider community. We provide our services to a wide range of Government Departments and Non-Departmental Public Bodies to assist the policy development process and the delivery of their business objectives.

NISRA conducts the Census of Population, which the Northern Ireland population are required to complete. It is used by central and local government, health and education authorities and other organisations to allocate funding and to plan and provide future services. The latest Census took place on 21 March 2021.

## **NORTH/SOUTH BODY**

### **Special European Union Programmes Body (SEUPB)**

The SEUPB is a North South Implementation Body sponsored by DoF in Northern Ireland and DPER in Ireland. The SEUPB was established on 2 December 1999 under the Good Friday Agreement 1998 and the British- Irish Agreement 1998 establishing implementation bodies, which is underpinned by the North South Co-Operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British – Irish Agreement Act 1999.

Reporting to the North/South Ministerial Council, the SEUPB's principal functions are to administer certain EU Structural Funds such as PEACE and INTERREG, and thereby to support a range of development and regeneration programmes in Northern Ireland, the Border Region of Ireland, and Western Scotland.

**Appendix 2: Acronyms**

<b>Acronym</b>	<b>Details</b>
£k, £000	represents thousands of pounds
£m	represents millions of pounds
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
AMPS	Assembly Members' Pension (NI) 2016
ABI	Annual Business Inquiry
ARC	Audit Risk Committee
BCS	Business Consultancy Service
BI	Business Intelligence
BESES	Broad Economy Sales and Exports Statistics
bn	billion
BSO	Business Services Organisation
CAED	Communication and Engagement Division
CAL	Centre for Applied Learning
CARE	Career Average Revalued Earnings
CGD	Commercial Delivery Group
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipt
CFN	CPD, FCSD and NISRA as a collective group
CPD	Construction and Procurement Delivery
CPI	Consumer Prices Index
DAC	Direct Award Contract
DAO	Dear Accounting Officer
DARC	Departmental Audit and Risk Committee
DAERA	Department of Agriculture, Environment and Rural Affairs
DEL	Department Expenditure Limits
DfC	Department for Communities
DfE	Department for the Economy
DfI	Department for Infrastructure
DE	Department of Education
DoF	Department of Finance
DoH	Department of Health
DoJ	Department of Justice
DPER	Department of Public Expenditure and Reform
DPHC	Data Protection Health Check
DSO	Departmental Solicitor's Office
DSS	Digital Shared Services
DWP	Department for Working Pensions
ERDF	European Regional Development Fund

Acronym	Details
ESS	Enterprise Shared Services
EU	European Union
EUD	European Union Division
FCSD	Finance and Corporate Services Division
FReM	Financial Reporting Manual
GDPR	General Data Processing Regulations
GIAFIS	Group Internal Audit and Fraud Investigation Service
GRO	General Registers Office
HM	Her Majesty
HMRC	Her Majesty Revenue and Customs
HMT	Her Majesty's Treasury
HR	Human Resources
IAO	Information Asset Owner
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information and Communications Technology
IFRIC	International Financial Reporting Interpretations Committee
IFRP	International Financial Review Panel
IFRS	International Financial Reporting Standards
JO	Judicial Office
LCM	Legislative Consent Motion
LPS	Land and Property Services
LPIS	Land Parcel Identification System
LRSS	Localised Restrictions Support Scheme
MEP	Member of the European Parliament
MHCLG	Ministry for Housing Communities and Local Government
MLA	Member of the Legislative Assembly
MP	Member of Parliament
MPMNI	Managing Public Money Northern Ireland
NDNA	New Decade, New Approach
NDPB	Non-Departmental Public Body
NEBM	Non-Executive Board Member
NFI	National Fraud Initiative
NAO	National Audit Office
NIAO	Northern Ireland Audit Office
NIAUR	Northern Ireland Authority for Utility Regulation
NICS	Northern Ireland Civil Service
NICSHR	Northern Ireland Civil Service Human Resources
NIO	Northern Ireland Office
NIS	Network Information Security

Acronym	Details
NISRA	Northern Ireland Statistics and Research Agency
NSMC	North South Ministerial Council
OHS	Occupational Health Service
ONS	Office for National Statistics
OSR	Office for Statistics Regulation
PAC	Public Accounts Committee
PD	Properties Division
PfG	Programme for Government
PFI	Public Finance Initiatives
P&OD	People and Organisational Development
PPA	Prior Period Adjustment
PPE	Personal Protective Equipment
PSD	Public Spending Directorate
PSDLG	PSD, LPS, DSO and GIAFIS as a collective group
PSD	Public Spending Directorate
PSP	Public Service Pension
PSSSP	Public Sector Shared Services Programme
RAG	Red, Amber or Green
RHI	Renewable Heat Incentive
RfRs	Request for Resources
RPI	Retail Prices Index
RPM	Reform of Property Management
SAU	Standard Assurance Unit
SCS	Senior Civil Service
SEUPB	Special European Union Programmes Body Expenditure
SIRO	Senior Information Risk Owner
SOAS	Statement of Outturn Against Assembly Supply
SOFP	Statement of Financial Position
SPAR	Strategic Policy and Reform Directorate
SPF	Shared Prosperity Fund
TEO	The Executive Office
TME	Total Managed Expenditure
UC	Universal Credit
UK	United Kingdom
UKG	United Kingdom Government
VAT	Value Added Tax
VES	Voluntary Exit Scheme
VFM	Value for Money

E02923179

978-1-5286-4202-6