



An Agency within the Department for

Infrastructure

Gníomhaireacht laistigh den Roinn

Bonneagair

An Agency wi'in the Depairtment fur

Infrastructure

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Annual Report and Statement of Accounts

FOR THE YEAR ENDED
31 MARCH 2023



DRIVER AND VEHICLE AGENCY

ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2022-23

**For the year ended 31 March
2023**

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1

Performance Report

Chief Executive's Foreword

Non-Executive Board Member Report

1.1 Overview

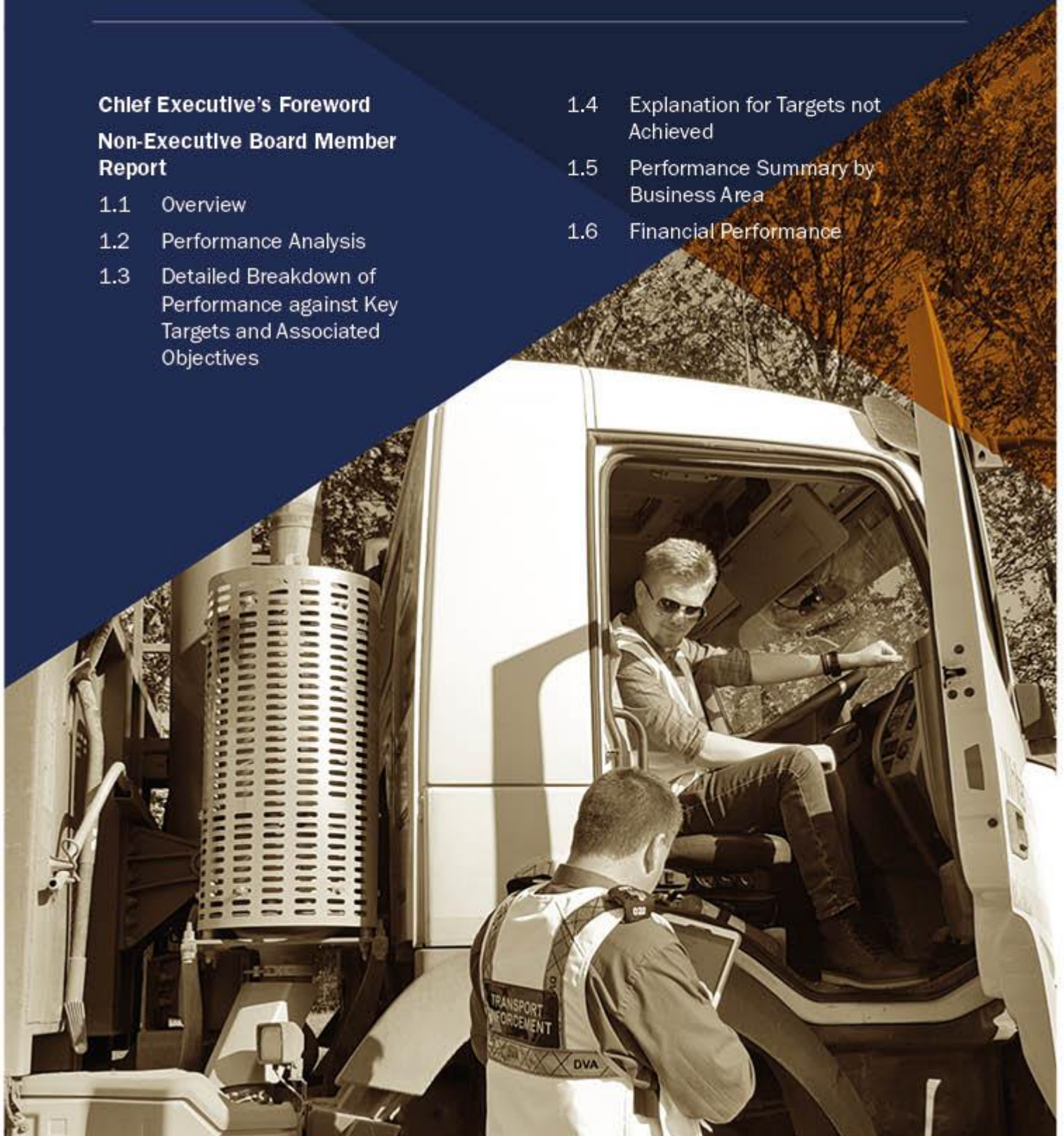
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1. PERFORMANCE REPORT

Chief Executive's Foreword

I am pleased to present the Agency's Annual Report and Accounts for the year ended 31 March 2023.

We have focussed on three main priorities in 2022-23 - *1. Our Services; 2. Our Infrastructure and Assets; and 3. Our Organisation.*

Our Services - Throughout 2022-23 we have made a sustained effort to increase, or maintain, our capacity to deliver vehicle tests and driving tests to meet the ongoing high demand for these services. This year we conducted 1,155,563 vehicle tests (full and retests), which is the highest number we have ever conducted in a 12-month period. We conducted 68,540 driving tests this year maintaining the excellent progress we made in 2021-22, which is steadily reducing the time our customers are waiting for a test. We also successfully delivered our key licensing and enforcement targets helping us meet the needs of our customers and other stakeholders.

Naturally, we have faced some challenges; the processing of driving licences, where medical assessments are required, became an issue during the year. We have worked hard with our medical officers to identify, prioritise and process the most urgent cases, and to safeguard this statutory service we awarded a Professional Medical Services contract, which we expect will improve processing times going forward.

Our Infrastructure and Assets - We have continued to invest in our digital systems, with a view to improving both staff and customer experience. We introduced a new service allowing customers to apply for a provisional car, motorcycle and tractor driving licence online, which is proving popular with learner drivers who will be able to get their licence more quickly than applying by post. We also launched a similar service for lorry and bus drivers to enable them to renew their vocational licences online. We introduced a new ICT system for approved driving and motorcycle instructors which enables them to manage or renew their registration, or apply for their qualifying examination online. In general, we have seen a significant uptake in the use of our online channels across our range of services, which coupled with the

excellent performance of our call centre, has allowed us to permanently close our counter services.

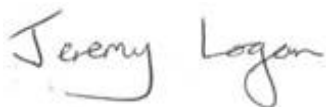
The construction of the new test centre and office accommodation at Hydebank is progressing well and is due to open later in 2023. We also received planning permission for a second new test centre at Mallusk, which is scheduled to open in 2025. These two new test centres will provide the capacity to test over 200,000 additional vehicles per annum, which will help meet the future demand for this service.

Our Organisation – Keeping our staff and customers safe remains a key priority and we continue to comply with public health advice and guidance to ensure appropriate risks assessments and safe ways of working have been adhered to.

We continue to strive to communicate clear and timely messages about our services to customers and key stakeholders and provide up-to-date information through NI Direct, social media, press releases and direct communications as required.

The Agency has worked tirelessly to deliver services for our customers and I, and the members of the Board, take this opportunity to thank all staff for the commitment and dedication they have shown to deliver our main priorities in 2022-23, and much more.

Looking forward, we will keep focussed on our plans to develop our infrastructure, enhance our digital applications and identify new ways of working to improve services for all our customers.



28 June 2023

Chief Executive

Non-Executive Board Member Report

Governance

The Non-executive members of the board and Audit and Risk Assurance Committee (ARAC) completed a full cycle of board and committee meetings through the year, helping to provide an independent review of the agency's operation and management. In that, they were strongly supported and facilitated by the senior management of the Agency and the scrutiny of both Internal Audit and the Northern Ireland Audit Office.

One of the independent members of the ARAC, Catherine Teggart, completed her tenure in January 2023. I would like to extend my thanks to Catherine for her help and guidance throughout her time with the Committee. I welcome Andrea Quail who has joined the ARAC as an Independent Member.

Operational Performance

In the financial year ended in March 2023 the Agency continued to improve performance in the critical vehicle and driver testing services. Delivery of these services continues to dominate much of the discussion in Board meetings and in the work of the ARAC. Although experiencing unprecedented demand for some of its services, the Agency has responded by increasing capacity, working additional hours and recruiting additional staff. Work continues on the infrastructure projects which will address capacity in the longer term. The management team are to be commended for their continued focus ensuring that the impact on the public is minimised. It is recognised that these measures have come at a cost with the Agency incurring additional costs. The financial impact of such actions remains a focus for the team.

Business Improvement

The ambitious program of investment in infrastructure and processes has made excellent progress in the year, notably the new centre at Hydebank.

The Hydebank project has been progressing well under the direction of the main contractor, however this remains an area of risk for successful completion ahead of the opening which will potentially be later in the year. The Board continue to review the situation and are working to minimise the impact of any resultant delays.

The Business Improvement Board was established to oversee issues and implement the benefits realised by the Transformation Programme. The Agency's ARAC continually monitored progress on the business improvement work and regular reports were presented to the Senior Management Board and the ARAC so that affirmative action could be taken, and support provided where necessary.

Audit and Risk Assurance Committee (ARAC)

The Committee continued the work of providing independent assurance to the Board and Accounting Officer. Key areas of focus remain:

- Capability of the internal control, with a view of exposure to fraud and corruption;
- Value for money;
- Integrity of the financial reporting processes;
- Strength of the risk management process;
- Corporate governance.

Within its remit, and taking account of exceptional business conditions, the Committee was encouraged by the risk focus, and took assurance from the full program of audits undertaken.

Conclusion

The Agency through the leadership of its CEO demonstrates a willingness to respond quickly to the challenges presented. Through the management and governance structures it is vigilant to potential risks and is proactive in driving improvement. It strives to provide the best possible service within its remit. I wish to extend my thanks to the team for their professionalism and congratulate them on the achievements of the year.

Enda McKeever

Non-Executive Board Member

1.1 OVERVIEW

Introduction

This commentary sets out the Agency's main objectives, comments upon the organisational context within which we operated and provides a detailed report on performance during 2022-23.

History and Statutory Background

The Driver & Vehicle Agency (DVA) was created under the Review of Public Administration on 1 April 2007, by the merger of Driver and Vehicle Licensing NI (DVLNI) and the Driver & Vehicle Testing Agency (DVTA).

The Chief Executive is the Agency Accounting Officer and reports through the Permanent Secretary of the Department for Infrastructure (DfI) to the Minister for Infrastructure. The Minister has overall political responsibility and accountability for all the Department's activities.

From 1 April 2022 to 5 May 2022 the Department was under the direction and control of the Minister for Infrastructure, Nichola Mallon. Following the May 2022 election the Department was then placed under the direction and control of John O'Dowd MLA, until the 27 October 2022. As a consequence of the continued absence of an Executive, the Department has been operating without the direction and control of a Minister since 28 October 2022. On 6 December 2022 the UK Government introduced the Northern Ireland (Executive Formation etc) Act 2022 and published associated guidance from the Secretary of State for NI. The Act gives senior Departmental officials the power to take a limited range of specific decisions. The Department has introduced specific processes to be followed when taking decisions under the Act.

Vision



Vision

The Agency's vision is

'Safer Drivers, Safer Vehicles'.

Mission Statement

The mission of DVA is “To contribute to road safety, law enforcement and a cleaner environment by promoting compliance of drivers, vehicles and transport operators through testing, licensing, enforcement and education.”

Programme for Government (PfG)

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

- We live and work sustainably – protecting the environment; and
- Our children and young people have the best start in life.

Strategic Objectives

The Agency’s strategic objectives are to:

- improve compliance with statutory requirements;
- improve the quality, integrity and security of our records;
- deliver quality services to meet the needs of customers and other stakeholders;
- apply appropriate quality standards to all current and new processes;
- improve our efficiency, effectiveness and economy; and
- develop the organisation and our people.

Values

The Agency’s values describe how we behave and treat each other, and how we treat our customers and stakeholders. Our values are:

- Integrity – putting the obligations of public service above personal interests;
- Honesty – being truthful and open;
- Objectivity – basing advice and decisions on rigorous analysis of the evidence;
- Impartiality – acting solely according to the merits of the case and serving equally well

governments of different political persuasions;

- Valuing people - leading and empowering, listening and responding, recognising success; and
- Excellence – a focus on customer service, inspiring creativity and innovation, striving for excellence.

What We Do

The Agency is responsible for:

- driver and vehicle testing;
- driver licensing – issuing and, where appropriate, withdrawing licences in respect of drivers of cars, motorcycles, lorries, buses, etc;
- driving and riding instructor registration – assessing the suitability of applicants, checking tuition standards, the delivery of Compulsory Basic Training and taking appropriate action when instructors fail to meet required standards;
- passenger transport licensing – issuing and, where appropriate, withdrawing licences in respect of bus and taxi operators and taxi drivers, and licensing public service vehicles for both the bus and taxi industries;
- compliance audits and enforcement of licensing, roadworthiness and other legal requirements for goods and passenger carrying operators and their vehicles;
- other requirements in relation to vehicles including Transports Internationaux Routiers checks, collision investigations and checking repair work following defect/prohibition notices; and
- technical driver and vehicle standards – ensuring the Department fulfils its legal obligations in respect of the provision of statutory driver and vehicle tests, providing technical advice to Safe and Accessible Travel Division (SATD) to assist in the development of legislation, reviewing legislative changes that may affect the driving and vehicle testing environment, and developing and implementing appropriate standards.

Organisational Structure

We deliver our services through teams of dedicated and committed people located throughout the region. Our organisational structure is shown on the next page.

Organisational Structure



Risk

We follow the Department's Risk Policy and Framework for Risk Management and have a risk management process in place which sets out our approach to risk management, including: risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management. This approach allowed risks to be identified and managed at all levels and to be escalated as appropriate.

A number of key risks continued to be faced during the year including, risk associated with the health & safety of our staff and customers, risk associated with delivering our services as a result of the inability to recruit and retain staff to fill key posts, risk associated with the financial position of the Agency, and risk associated with the poor performance of a commercial contractor. One new risk was added to the Agency Risk Register during the year in respect of risk associated with a cyber-attack.

More detail on Risk Management, the Control Framework and the risks faced by the Agency is outlined in the Corporate Governance Report on page 41.

Overview of Performance

In broad terms, we achieved 11 of our 14 Key Performance Targets. More detail on performance is provided in the following pages, including detailed explanations on the three targets not fully achieved.

1.2 PERFORMANCE ANALYSIS

Our performance has been measured against the key targets approved by Minister O'Dowd as set out in our 2022-23 Business Plan, which can be found at the following link: [DVA Business Plan 2022 - 2023 \(infrastructure-ni.gov.uk\)](https://infrastructure-ni.gov.uk/DVA-Business-Plan-2022-2023)

The 2022-23 year remained a very challenging time for the Agency. We worked to to deliver on our three main priorities namely, Our Services, Our Infrastructure and Assets, and Our Organisation. Our business plan detailed 14 key performance targets against our priorities and our focus was on delivering high levels of services for our customers; progressing our Infrastructure Project; and progressing our digital business improvement work to help improve our customer service.

During the year the Agency's Strategic Management Board (SMB) monitored progress on the delivery of the key performance targets and formal progress reports were communicated to the Permanent Secretary.

Overall, we achieved 11 of our 14 key performance targets during 2022-23, with significant work delivered against the three targets not fully achieved. These targets, together with details of how we performed in relation to each, are set out on pages 18-19.

1.3 PERFORMANCE AGAINST KEY TARGETS

We achieved 11 of our 14 targets, detailed explanations on the targets not fully achieved is included at Section 1.4 on page 20.

Target Number	Our Services	Performance	Result
1	For vehicle testing, we will provide over 1.1 million appointment slots.	1,218,161 appointment slots provided	Achieved
2	For driver testing, we will provide over 65,000 appointment slots.	72,307 appointment slots provided	Achieved
3	For commercial licensing, we will dispatch 95% of taxi driver badges within 10 working days of receipt of all documentation.	99.80%	Achieved
4	For commercial licensing, we will dispatch 95% of taxi plates within 5 working days of receipt of all documentation.	99.94%	Achieved
5	For driver licensing, we will issue 90% of driving licence applications made by post within 10 working days of receipt.	92.6%	Achieved
6	For driver licensing, we will issue 95% of online driving licence applications within 5 working days of receipt.	98.6%	Achieved
7	For our customers, we will reply to: 97% of stage 1 complaints within 15 working days; and 97% of stage 2 complaints within 10 working days.	91.78% 98.63%	Not Achieved
8	For compliance & enforcement, we will achieve at least 8 out of the 11 Compliance and Enforcement targets by 31 March 2023.	11 targets achieved	Achieved

Target Number	Our Infrastructure and assets	Performance	Result Achieved /Not Achieved
9	<p>We will continue to progress our Infrastructure Project where by the 31 March 2023:</p> <p>The Hydebanks House office and depot building is handed over to DVA;</p> <p>and</p> <p>The pre-qualification questionnaire (PQQ) and invitation to tender (ITT) stages for the appointment of an Integrated Supply Team (IST) for our new test centre at Mallusk, are complete.</p>	Significant progress made as outlined on page 18	Not Achieved
10	We will progress our business improvement work by completing our digital work programme for the year by 31 March 2023.	Completed	Achieved
11	By the 31st March 2023, we will complete a review of the administrative support of our digital applications; and the requirements for management information (MI) reporting, including the most effective organisational structure to deliver them.	Completed	Achieved
12	We will deliver our health and safety work programme by 31 March 2023.	Fully delivered	Achieved
13	We will achieve the trading fund financial target to break even taking one year with another.	Surplus position of £4.16m	Achieved
14	We will generate a return on capital employed greater than 3.50%.	2.30%	Not Achieved

1.4 EXPLANATIONS FOR KEY TARGETS NOT ACHIEVED

Target 7 - For our customers, we will reply to 97% of stage one complaints within 15 working days; and 97% of stage two complaints within 10 working days

During the past two years the Agency has received significantly higher than normal levels of complaints. The majority of the complaints received during 2022-23 were in relation to the availability of MOT slots and delays in medical assessments for driver licences.

Overall for the year, we responded to 92% of stage one complaints and 99% of stage two complaints, against targets of 97%. The target of 97% for stage 1 complaints responses was not achieved due to the higher-than-normal volume of complaints received and workload pressures within the Agency, which meant some responses were not issued within the target timeframe. The introduction of additional monitoring of response times in the second part of the year has improved performance with quarter four of 2022-23 showing 100% against the stage one target of 97%.

Target 9 - We will continue to progress our Infrastructure Project where by the 31 March 2023:

- **The Hydebank House office and depot building is handed over to DVA; and**
- **The pre-qualification questionnaire (PQQ) and invitation to tender (ITT) stages for the appointment of an Integrated Supply Team (IST) for our new test centre at Mallusk, are complete.**

Due to delays in the construction and equipment installation programmes, the target to have the Hydebank House office and depot building handed over to the Agency by 31st March 2023 was not achieved. Significant progress has been made on the construction of both buildings and the wider site development to the stage where mechanical, electrical and joinery works along with the upgrade of the access road are currently being finalised ahead of the testing and commissioning of the buildings. Negotiations are currently ongoing with the contractor to agree a revised handover date in late 2023.

Due to delays with the purchase of the new site, the target to have the pre-qualification

questionnaire (PQQ) and invitation to tender (ITT) stages for the appointment of an Integrated Supply Team (IST) for our new test centre at Mallusk completed by 31 March 2023 was not achieved. The PQQ stage is complete and the ITT stage substantially complete with the report drafted awaiting clarification on some points from the bidders, the approval of the full business case, and the completion of a gateway review, to enable the award the contract. Award of contract is also linked to the purchase of the land at Mallusk, which is programmed for late summer 2023.

Target 14 - We will generate a return on capital employed greater than 3.50%

The Agency operates a trading fund which is required to achieve a return of at least 3.5% per year on capital employed, calculated by expressing the operating surplus on ordinary activities as a percentage of average net assets employed. A return of 2.30% was achieved for 2022-23.

The outturn financial position for the 2022-23 year was a much-reduced operating surplus (before net finance costs) of £1.7m compared to previous years' operating surpluses (2021-22: £6.1m). This reduction in surplus was mainly due to increased costs including, higher staff costs due to additional staff and overtime costs, higher energy costs and contracted out services costs.

The financial outlook for 2023-24 remains challenging with an operating deficit position projected. The Agency is actively taking forward actions to address the projected deficit position where possible including, liaising with the Department on the financial position to avail of any opportunity to seek funding; critically reviewing budgets to identify discretionary areas of work; and completing fees reviews.

Fees reviews for driver testing and vehicle testing have been carried out. The proposed fees have been calculated on a full cost recovery basis over a 12-month period including a return on capital employed of 3.5%. The Agency has received approval from the Permanent Secretary (under the Northern Ireland (Executive Formation etc) Act 2022 to consult on the fees increases. The consultation will be taken forward during 2023-24.

PERFORMANCE SUMMARY BY BUSINESS AREA



92.6%
of driving licence
applications made
by post

ISSUED WITHIN
10 WORKING DAYS
(TARGET 90%)

98.6%
of online
driving licence
applications

ISSUED WITHIN
5 WORKING DAYS
(TARGET 95%)



99.94%
taxi plates
DISPATCHED WITHIN
5 WORKING DAYS

99.8%
taxi driver licence badges
DISPATCHED WITHIN
10 WORKING DAYS

261,701

**DRIVING
LICENCES
ISSUED**



**11 of the 14 key
performance
targets**

ACHIEVED



**11 out of 11
COMPLIANCE &
ENFORCEMENT TARGETS
ACHIEVED**

RESPONDED TO
92% OF **STAGE 1
COMPLAINTS** &
WITHIN 15 WORKING DAYS

99% OF **STAGE 2
COMPLAINTS**
WITHIN 10 WORKING DAYS



1,155,563
vehicle
tests
CONDUCTED

1,218,161
vehicle test
appointment
slots
PROVIDED
(TARGET 1.1 MILLION)



72,307
driving test
appointment slots
PROVIDED
(TARGET 65,000)

68,540
driving
tests
CONDUCTED

1.5 PERFORMANCE SUMMARY BY BUSINESS AREA

Although 2022-23 has seen significant challenges for the Agency it is important that we recognise the performance that has been delivered this year across all of our services despite the difficult context.

Driver Licensing

During 2022-23 a total of 261,701 driving licences (ordinary and vocational) were issued (2021-22: 298,064). The level of licences issued through the use of the online service increased from almost 68% in the 2021-22 year to 70% in 2022-23.

We issued 92.6% (2021-22: 78.3%) of driving licence applications made by post within 10 working days of receipt against a target of 90%; and issued 98.6% (2021-22: 98.1%) of online driving licence applications within 5 working days against a target of 95%.

The View and Share driving licence online service which allows a driver to view their driving record, including the expiry date, address, and other details that the Agency holds, continued to be a success during 2022-23. This online service means a driver can also generate a share code to allow a third party, such as a car hire company, to view the driving record details. In the 2022-23 year, just under 20,000 share codes were created.

In February 2023 a new online First Provisional Driving Licence application service and renewal of lorry and bus licence service were launched. More than 200 first provisional licences were processed through the online service from its launch at the end of February to 31 March 2023. Online applications can be processed more quickly than postal applications with the Agency aiming to process the licences within five working days of receipt of a completed application. Making this service available online means all of the main transactions for our driver licensing services are now available online. This was a significant milestone following our digital transformation and business improvement work over the past six years.

Some challenges and delays to our services were also experienced during the year. Until recently the NICS Occupational Health Service (OHS) assessed medical fitness to drive on

behalf of the Agency. This service experienced delays during the year due to backlogs brought about by increased levels of demand on OHS services, which impacted our ability to process applications where the driver has declared a medical condition that may impact their ability to drive safely. Throughout the year the Agency worked with OHS to identify, prioritise and process the most urgent cases. In addition, we awarded a contract to an external supplier for the provision of Professional Medical Advisory Services.

We are continuing to work with OHS and our new supplier and all existing cases for assessment have been transferred from OHS to our new service provider. New processes, systems and governance arrangements have been developed and put in place, together with the recruitment and training of new medical officers by the supplier. The new supplier is now undertaking these assessments, with the number of assessments being carried out steadily increasing.

Driver Testing

The Agency continues to work tirelessly to increase its capacity to meet the high demand for driver and vehicle testing.

During 2022-23 we provided 72,307 driving test appointment slots against a target of 65,000 appointment slots (2021-22: 67,757 (re-stated¹) against a target of 50,000 appointment slots).

We conducted 68,540 driving tests, a 5% increase on the previous year (2021-22: 65,192), and an 18% increase when compared to 2018-19 (the last full year when driving tests were not affected by COVID-19 restrictions) in which 57,946 tests were conducted. The number of driving tests conducted during the year was 34% more than the five-year average (2018-19 to 2022-23: 51,324).

During 2022-23 the Agency continued to work with the Driver & Vehicle Standards Agency (DVSA) in GB who deliver the theory test through several separate contracts, including some

¹ The figure for the number of appointment slots disclosed in the 2021-22 Annual Report has been re-stated. The re-stated figure for 2021-22 does not include six months of data on unused slots as information is unavailable.

which are DVSA in-house managed services. Service management arrangements with DVSA are now well embedded and operating well and the service is being delivered to a high level of customer satisfaction (95.4% average for 2022-23). During 2022-23, 110,237 theory test appointments were booked, with 87,409 tests delivered.

Vehicle Testing

Our vehicle testing services continued to experience high demand during 2022-23. To increase vehicle testing capacity in our test centres a range of measures were adopted including, the recruitment of additional examiners, the use of overtime to provide cover for leave and sick absence and offering vehicle test appointments on a Sunday and bank holidays at most test centres.

During 2022-23 we provided just over 1.2 million vehicle test appointment slots against a target of 1.1m appointment slots.

1,155,563 vehicle tests were conducted during the year, a 29% increase on the previous year (2021-22: 894,128) and a 6% increase when compared to 2018-19 (the last full year when vehicle tests were not affected by COVID-19 restrictions) in which 1,089,282 tests were conducted. The number of vehicle tests conducted during the year was 32% more than the five-year average (2018-19 to 2022-23: 878,109).

Despite our efforts to increase vehicle testing capacity, we are still experiencing a high demand for this service, and in some cases, customers may not be able to have their vehicles tested before their current MOT certificate expires.

We have taken steps to ensure that motorists are still able to use their vehicles when they are unable to secure an MOT appointment and have consulted with the PSNI and the Association of British Insurers to make them aware of the position and put appropriate mitigations in place. We also have a process in place to help customers who require an MOT to tax their vehicle and cannot secure an appointment before their tax expires.

Passenger Transport Licensing

The Commercial Licensing System (CLS), introduced in September 2020, enables the taxi and bus industries to apply and manage their licences remotely and this has been well received by the industry. During 2022-23, a range of service enhancements were introduced

to the system. These enhancements have modernised and transformed the Agency's service delivery to the taxi and bus industries and proven to be popular with customers.

During 2022-23 a total of 1,687 taxi driver licences badges (new and renewal) were dispatched (2021-22: 1,584) with 99.8% of these issued within 10 days against a target of 95%. 100% of these applications were made via the on-line commercial licensing system. We also printed and dispatched 6,458 sets of taxi plates (2021-22: 6,132) and issued 99.94% of these within 5 days against a target of 95%. We also dealt with 166 Bus Operator Licence (BOL) applications and over 1,220 requests for changes to these licences.

During the year we have continued to work with colleagues in the Department and other stakeholders on a range of issues including, cross border authorisations and bus permits, issues relating to the taxi industry and HMRC regarding tax conditionality. We also worked closely with National Audit Office as part of the National Fraud Initiative for 2022-2023 and provided a data set on taxi drivers as part of this exercise.

Similar to driver licensing, the delays in processing medical assessments for licence applicants impacted our ability to process applications for taxi licence applicants. The new supplier is now undertaking these assessments, with the number of assessments being carried out steadily increasing.

Compliance and Enforcement

For 2022-23, we achieved 11 out of the 11 compliance and enforcement targets included in the Agency's Business Plan for the year.

Throughout the year we stopped and inspected various classes of commercial and private motor vehicles on our roads to ensure they were being used in strict compliance with legal requirements. This was achieved through a combination of targeted roadside spot checks and compliance audits conducted at transport operator's premises. These checks help to prevent accidents, reduce the risk of serious injury to drivers, passengers, and other road users whilst protecting our environment and promoting fair competition throughout the road transport sector.

This work was further enhanced through working collaboratively with other enforcement bodies, such as the PSNI, HMRC and Border Force. This multi-agency approach enabled our resources to be used more effectively and targeted towards those road users who were most likely to flout the law, with enforcement outcomes reported to the Department's Transport Regulation Unit (TRU) and Passenger Transport Licensing Division (PTLD) for further regulatory consideration.

A significant number of heavy goods vehicles, including foreign registered vehicles were also detained and disposed on grounds that they were detected operating without a valid Goods Vehicle Operators' Licence.

We provided support to the taxi industry through the delivery of taximeter tests at four roadside test sites. These tests incorporated a roadside inspection to ensure that those taxis presented for test had been properly maintained and were fit for service.

The section has continued to progress its ICT business improvement program by enhancing digital support for our Compliance Audit Team who often work remotely at operator's premises as well as improving the targeting and detection of offenders.

We also reduced our carbon footprint by replacing a further 6 diesel-powered enforcement vehicles with full electric vehicles. This means that overall, 9 vehicles (56%) of our total official vehicle fleet are classified as either low emission or zero emission.

Business Improvement & Infrastructure Modernisation

Work has continued this year on the Agency's business improvement programme to further maximise the benefits from the investment in information technology.

2022-23 saw our Booking & Rostering system shortlisted in the 2022 UK IT Industry Awards. Development continued on the system, including integration with the NI Civil Service's new contact centre and payment providers, and the implementation of features such as the MoT look-up facility to allow customers to check their MoT history online. Work also began on automated rostering which will replace the current manual process for staff scheduling.

Use of technology continued to improve the Agency's services for customers. A new service

was developed to allow customers to register online to become an Advanced Driving or Motorcycle Instructor (ADI/AMI). Improvements were made to the driver licensing system to allow customers to apply for first provisional licences online, and to further automate the production of licence categories. The Driving Examiner system was extended to allow driving tests to be conducted using tablet devices for all categories of vehicle, including motorbikes. Further improvements were also made to the Compliance and Commercial Licensing systems.

Significant work was completed on reporting, with a number of corporate dashboards produced to allow management to track business performance.

By the end of 2022-23 the Agency has implemented six key ICT applications that underpin a multitude of digital services. These applications have been introduced over a six-year period and their support requires a considerable resource. An on-going organisational review is seeking how the Agency can best provide this support in the most effective and efficient manner, ensuring consistency of approach across the applications and services.

In respect of our Infrastructure, despite delays experienced due to materials supply, workforce difficulties caused by COVID-19 and contractual problems with the vehicle testing equipment provider, the construction of our new Driver and Vehicle Test Centre and office accommodation at a new site at Hydebank in Belfast progressed during the year and is due to be complete in late 2023.

Planning approval has been received for the construction of a further new test centre at Mallusk in Newtownabbey. A procurement competition is ongoing to appoint a construction company to start the works. The construction of further new test centres and the rollout of new vehicle testing equipment across the remainder of the existing network of test centres is currently under review.

Customer Service

2022-23 has been another busy year for the small Customer Services team which deals initially with the vast majority of emails received by the Agency. There continued to be a high level of correspondence from customers, however the introduction of an automated service whereby customers can check their own MoT history online has resulted in savings in staff time.

Communications

We have a dedicated Communications team which works to ensure that our internal and external communications with staff, stakeholders and customers is as effective as possible. During the past few years there has been a greater focus placed on the role of the Communications Team due to the pandemic and the introduction of significant changes to the Agency's service provision and introduction of new online systems.

The team has sought to ensure that the appropriate media have been used to deliver key messages. This has resulted in a significant number of updates to the NI Direct website, contact centre scripts, 'direct to customer' material and the use of social media channels, as changes to services impacted a wide range of customers and business areas. During the past year we focussed on a full review of all the DVA content on the NI Direct website and restructured the content to better reflect customers' usage and journey. In addition, the team led on the development of new content including new and updated marketing and tutorial videos.

The Communications Team supported the launch of some new online systems, including facilities for customers to check vehicle's MOT history online, and the provision for customers applying online for their first provisional and vocational licences.

In addition to the above, the team has continued to provide professional communications support and advice on a range of key projects within the Agency. This includes support to the Infrastructure Programme, and more specifically the work on the Hydebank Project, where a new test centre and administrative office (Hydebank House) are planned to open in 2023.

National Statistics

Many of the key business volumes reported in the Annual Report and Accounts were sourced from DfI National Statistics published on 23 May 2023. These can be found on the Department's website at the following link: [DfI Driver, Vehicle, Operator, and Enforcement Statistics - 2022-23 - Quarter Four | Department for Infrastructure \(infrastructure-ni.gov.uk\)](https://www.dfi.gov.uk/statistics/2022-23-quarter-four).

Sustainability reporting

We recognise the importance of having sustainability at the core of our business.

In June 2022 Northern Ireland obtained its first climate legislation with the introduction of the Climate Change Act (Northern Ireland) 2022. This sets a clear statutory target of net zero emissions by 2050 and places a statutory duty on all Government departments to exercise their functions in a manner that is consistent with achieving that target as far as possible. The requirements contained within the Climate Change Act are underpinned by a number of additional key strategic drivers which require actions that contribute to achieving Net Zero, a clean environment rich in biodiversity and promoting a sustainable economy.

As part of our vehicle testing process, we conduct a fully compliant diesel emissions test on all heavy goods vehicles, buses and vans over 3,500kgs, and a partial diesel emissions test for cars and light goods vehicles. The partial diesel emissions test includes a visual inspection of the vehicle's emissions, the testing of components of the exhaust system and a check of the engine Malfunction Indicator Light (introduced in May 2019 as a testable item), which indicates a defect in the vehicle emission control systems.

We are working to being able to carry out a full diesel emissions test for cars and light goods vehicles and have completed a design of new test centres that will facilitate the safe and effective introduction of emissions testing for all vehicles. The first of these new test centres, is nearing completion at a new site at Hydebank in Belfast with a second one planned for opening at a new site in Mallusk in Newtownabbey in 2025.

We monitor new roadworthiness testing technology and best practice and, in autumn 2022, we began investigating the latest emerging technology for measuring emissions. We identified a Particulate Number (PN) counter which conducts emissions tests whilst the vehicle is at idle. This test has been reported to be highly effective in accurately measuring the level of particulate matter produced by vehicles fitted with a Diesel Particulate Filter. As such it is suitable for testing the majority of diesel vehicles fitted with the latest Euro 5 and 6 engines. We purchased this equipment in early 2023 and are currently assessing it to see if it could be safely introduced at the existing network of test centres as well as at new test centres. If successful, this would enable the Agency to conduct a much more effective and advanced, diesel emissions test on Euro 5 and 6 cars and light goods vehicles.

As we progress our Infrastructure Modernisation Programme we will seek to improve the

sustainability and efficiency of our Test Centres, thereby ensuring our energy footprint is as small as possible. Our plans for new test centres at Hydebank and Mallusk have been designed in line with the NI Executive's Green Growth and Energy Strategies.

Green Growth is central to the design and construction approaches we are taking which will help to reduce our greenhouse gas emissions when compared to existing test centres and will promote a behavioural change by using low to zero technologies. We will do more with less through the use of modern building materials, interlocking doors, high efficiency boilers, radiant heating, zoned areas and sensors. We are also aiming to decarbonise our power and heat through the use of photo-voltaic (PV) panels and natural light whilst reusing natural resources through rainwater harvesting. In addition, we are aiming to offset our carbon footprint through our landscape management plan and the planting of a range of indigenous trees, shrubs and herbaceous plants to protect and add to the biodiversity of the areas within which the new test centres will be located.

All of our electricity is provided via the Department of Finance, Construction and Procurement Delivery (CPD) collaborative contracts which are based on 100% renewables. Our energy plans are also in line with the NI Executive's focus on 'low/no regret' options in the short to medium-term and whilst the designs allow us to further decarbonise our energy system, they also ensure we retain the flexibility to respond to the development of new and emerging technologies that could play a significant role in the longer-term. Our properties will be constructed in line with the latest and emerging building regulations and sustainability targets including the Building Research Establishment Environmental Assessment Method (BREEAM) Excellent standard.

In respect of our fleet, during the year we also reduced our carbon footprint by replacing a further six diesel-powered enforcement vehicles with full electric vehicles. This means that overall, nine vehicles (56%) of our total official vehicle fleet are classified as either low emission or zero emission. Electric vehicle charging points are also being installed at our new test centre sites which will be used to service the Agency's "green" fleet as required.

With the introduction of new and enhanced online services, we continue to greatly reduce the amount of paper generated in the back-office and by customers. For those customers who cannot, or choose not to, use our online services, we provide a telephony service where an

agent will complete the online transaction on their behalf. This has transitioned customers away from our traditional counter services, hence reducing the need for them to travel to one of our premises to complete a face-to-face transaction.

As part of the new working arrangements post COVID the NICS implemented a hybrid working policy called New Ways of Working. The Agency fully supports this new policy where possible and has supported employees in its implementation to reduce the need to travel and reduce employees carbon footprint. The New Ways of Working policy has also seen a decline in commuting for some of our staff. This alongside the introduction of new and enhanced online services, has curtailed the use of printing and paper in offices with the vast majority of documents now written, edited and shared electronically via the Content Manager system. The Agency also continues to take its responsibility for recycling seriously and operates recycling initiatives across its estate.

As well as reducing the need to commute to an office the Agency has taken advantage of using video conferencing technology such as Microsoft Teams to hold online meetings, which often removes the need to travel to meetings in person. This not only reduced the carbon footprint but also reduced the cost of travel which would normally be reimbursed. The use of this technology has dramatically reduced the need for air travel which has fallen by 40% from 2017-18 to 2022-23.

1.6 FINANCIAL PERFORMANCE

Operating surplus

The Agency made an operating surplus for the year of £2.9m compared with a surplus of £6.0m in the previous year.

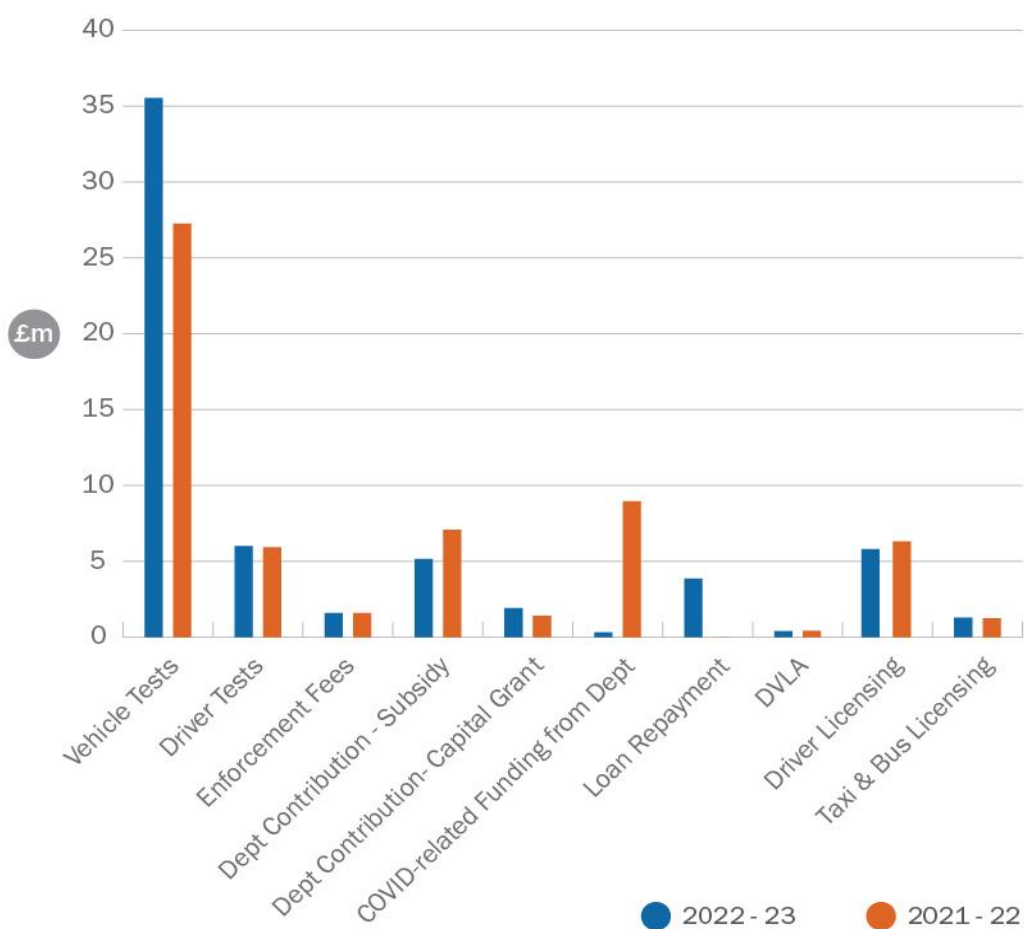
Income

The Agency received income of £58.0m during the year (2021-22 £60.2m).

Vehicle test fees increased by £8.2m in 2022-23 to £35.5m (£27.3m 2021-22) Driver test fees increased marginally to £3.5m (£3.4m 2021-22) and theory test fees remained the same as the previous year at £2.3m.

A breakdown of income received in the current and previous financial year is shown in Note 3 to the accounts and in Chart 1 below.

Chart 1: DVA Income by Source



Expenditure

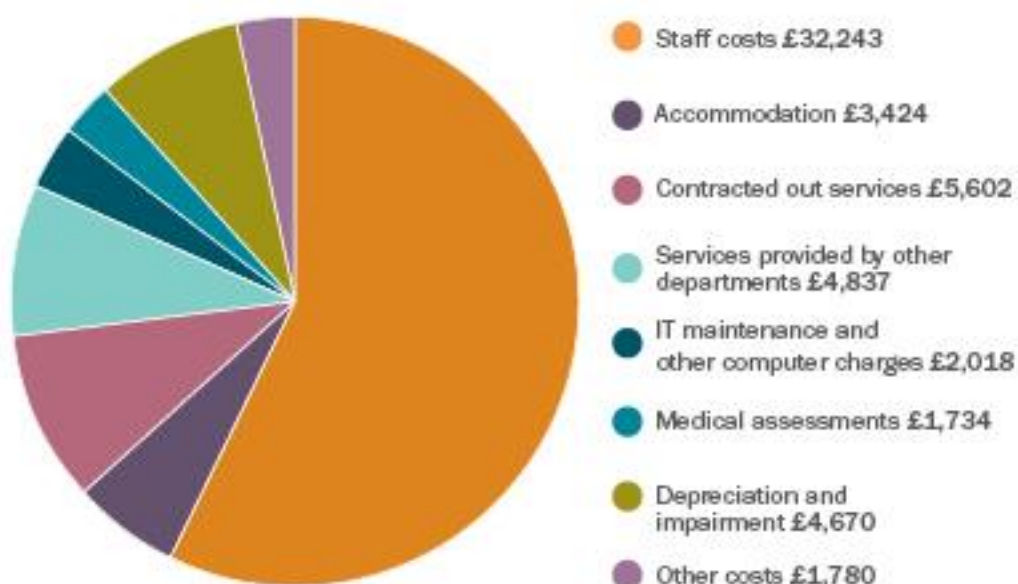
Total operating expenditure during the year was £56.3m, an increase of 4% compared with the previous year's expenditure of £54.1m. Staff costs have increased by 3% to £32.2m compared with the previous year (2021-22 £31.1m).

Other operating costs have increased by £1.1m from £22.9m in 2021-22 to £24.0m in 2022-23. This is due to a number of factors including a significant increase in accommodation costs as a result of higher utility bills as costs for electric and gas have almost doubled in the year. Theory test costs have increased due to the first full year under the new supplier DVSA and increased costs from NI Direct to run the call centre.

A detailed breakdown of operating expenditure is shown in Notes 4 and 5 to the accounts.

Chart 2 shows the split of 2022-23 total operating costs by key expenditure types.

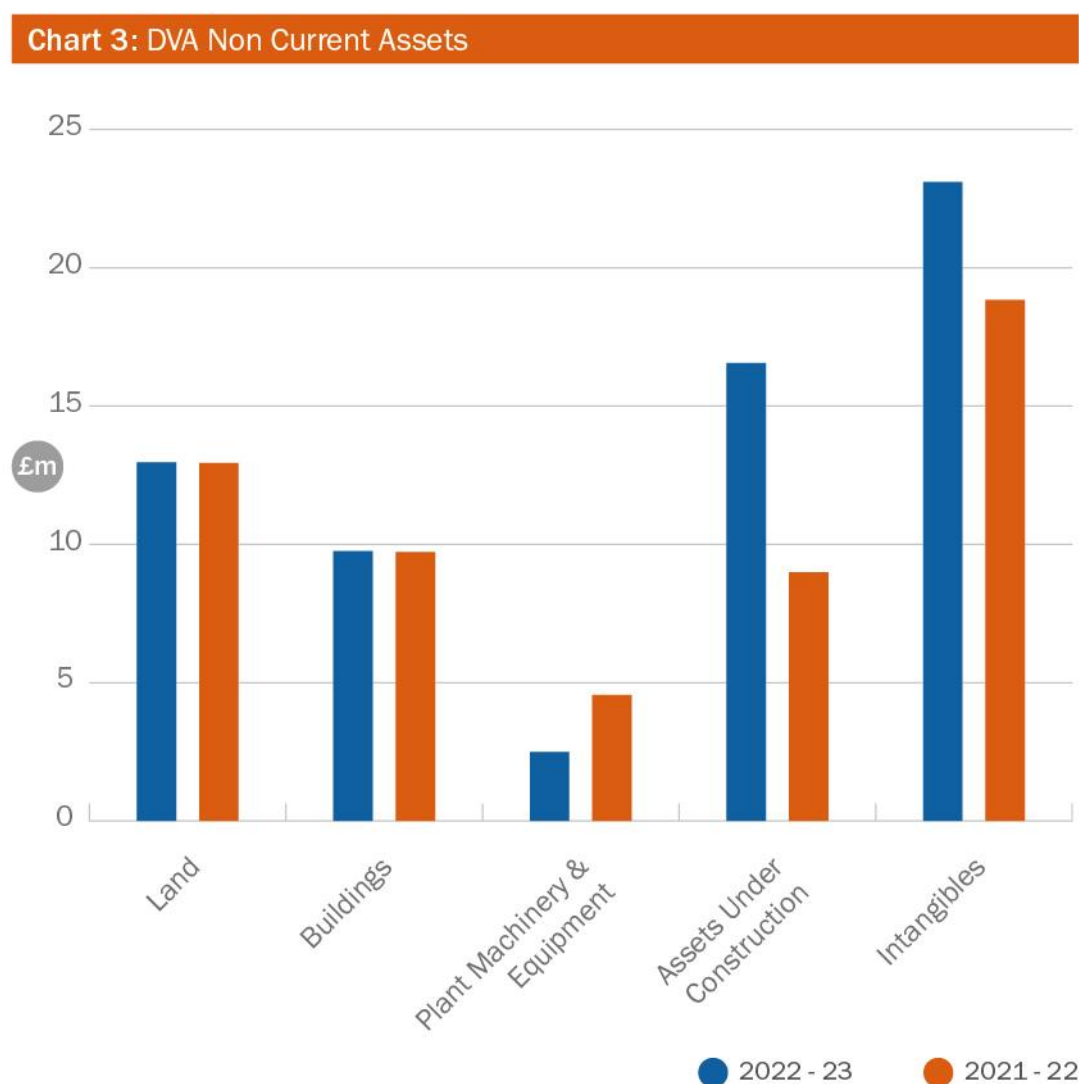
Chart 2: DVA Operating Expenditure 2022 - 23 (£000s)



Non-Current Assets

The Agency's non-current asset book value increased from £53.3m at the end of the previous financial year to £64.9m this year due primarily due to the continued development of IT systems new online application systems and continued construction of the new MOT test centre and depot at Hydebank. The Agency does not believe that there is any material difference between the market and book value of its property, plant and equipment and intangible assets.

Movements in property, plant and equipment and intangible assets are disclosed in notes 7 and 8 in the accounts. The non-current asset breakdown is shown in Chart 3.



Key Corporate Financial Targets

The Agency is required to break even after interest and dividends taking one year with another. The Agency reported a retained surplus of £4.2m compared to the 2021-22 year position of £6.0m.

We are also required to achieve a return of at least 3.5% per year on capital employed, calculated by expressing the operating surplus on ordinary activities as a percentage of average net assets employed. A return of 2.30% was achieved for 2022-23 compared with 8.77% for 2021-22.

Partnerships

We continued to build on the working relationships already established as well as establishing some new partnerships with our private sector partners for the delivery of services. These include:

- Maha Ireland Ltd for the maintenance of vehicle test equipment;
- WSP (formally Capita Real Estate and Infrastructure) for the design and delivery of a new test centre and Depot at Hydebank;
- OHMG (Holdings) Ltd for the construction of the new test centre Depot at Hydebank;
- Worldwide Environmental Products (WEP) for the supply, installation and maintenance of new vehicle testing equipment;
- DVSA for the delivery of the theory test service;
- Serco, through the NI Direct contract, to handle a large proportion of our customer telephone calls;
- Fujitsu as our ICT Strategic Partner for 7 – 10 years;
- CIECA – The International Commission for Driver Testing;
- CITA – The International Motor Vehicle Inspection Committee;
- Capita Managed IT Solutions for the provision of IT services in support of vehicle testing; and
- The Joint Approvals Unit for Periodic Training for the administration, approval and quality assurance of training providers for the Driver Certificate of Professional Competence.

Long Term Expenditure Trends

The Agency operates as a Trading Fund under the provisions of the Driver & Vehicle Agency Trading Fund (Northern Ireland) Order 2016. This means that all expenditure must be recovered from the fees charged to customers or centrally funded by the Department to match the costs incurred for defined activities. As a Trading Fund, the Agency is able to increase its expenditure in response to increases in demand and, conversely, is expected to reduce its expenditure in response to falling demand. The Agency plans on the basis that revenue should cover its outgoings.

Financial projections for 2023-24 remain challenging with an operating deficit position projected. A deficit position is forecast mainly due to increasing costs including, higher staff costs due to additional staff and overtime costs, higher energy costs and contracted out services costs.

The Agency is actively taking forward actions to address the projected deficit position where possible including, liaising with the Department on the financial position to avail of any opportunity to seek funding; critically reviewing budgets to identify discretionary areas of work; and completing fees reviews.

Fees reviews for driver testing and vehicle testing have been carried out. The proposed fees have been calculated on a full cost recovery basis over a 12-month period including a return on capital employed of 3.5%. The Agency has received approval from the Permanent Secretary under the Northern Ireland (Executive Formation etc) Act 2022 to consult on the fees increases. The consultation will be taken forward during 2023-24.

The Agency is currently working through a major capital investment programme which will introduce new IT services, build a number of new test centres and office accommodation and replace our vehicle testing equipment at existing test centres. The programme aims to increase capacity, deliver efficiencies and improve customer experience. This planned capital investment will be funded from the Agency's reserves.

The following chart (Chart 4) shows income and operating expenditure trends over the last five years.

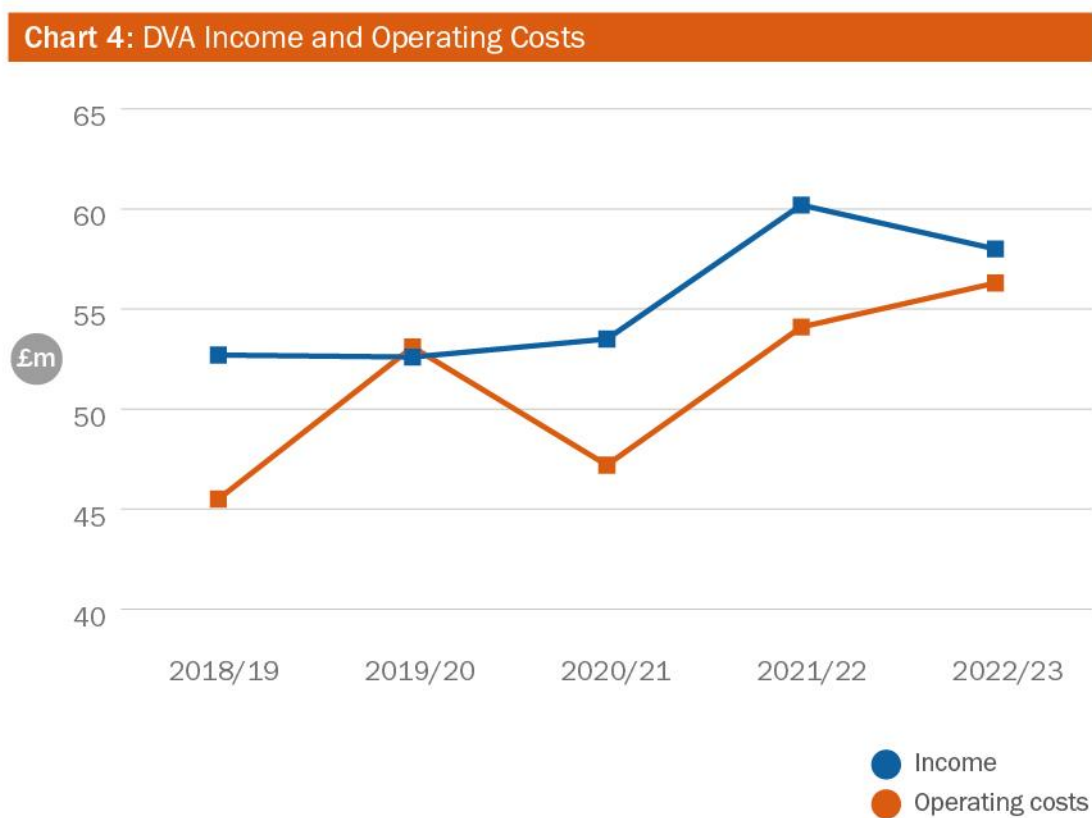
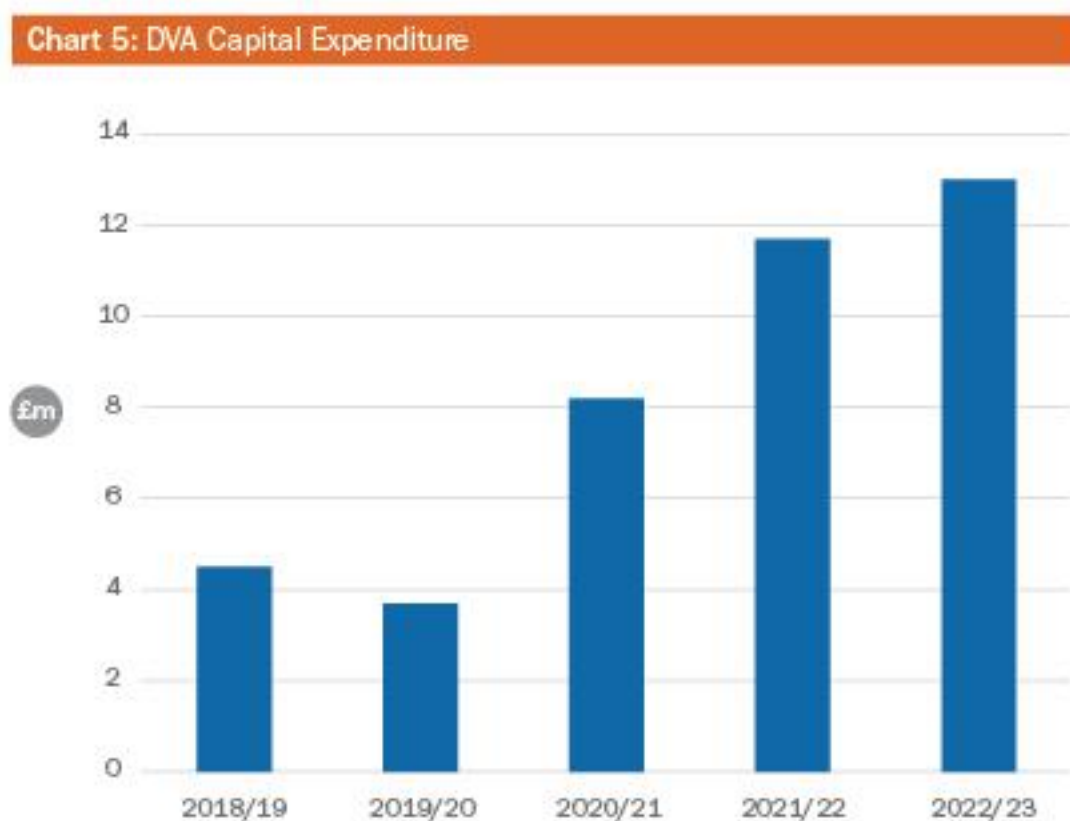


Chart 5 below shows the capital expenditure trends over the last five years. Expenditure in the 2022-23 financial year relates to investment in our online applications and the continued construction of the new Hydebank test centre and depot.



Jeremy Logan

Chief Executive and Agency Accounting Officer

28 June 2023

2

Accountability Report

- 2.1** Corporate Governance Report
- 2.2** Remuneration and Staff Report
- 2.3** Assembly Accountability and Audit Report



2. ACCOUNTABILITY REPORT

2.1 CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

Strategic Management Board (SMB)

Agency performance is managed and monitored by the SMB, which met regularly and was responsible for the overall direction and management of the Agency's business. As civil servants, the remuneration of members of the SMB was determined by the normal Northern Ireland Civil Service (NICS) pay arrangements. See the Remuneration and Staff Report on page 66.

Members of the SMB for the period of the accounts were:

Jeremy Logan	Chief Executive and Agency Accounting Officer
Mike Beare	Director of Business Improvement
Pat Delaney	Director of Operations
Jonathan Furphy	Director of Compliance, Enforcement & Licensing
Siobhan Lynn	Director of Financial Management & Corporate Services (Acting)

In addition to the above, Enda McKeever is a Non-Executive Board member.

In May 2022 the organisational structure of the Agency changed and a new Director of Financial Management and Corporate Services post was created, with the new post holder becoming a member of the SMB. Siobhan Lynn has been temporarily promoted to the post of Director of Financial Management & Corporate Services.

Directors' Interests

There were no company directorships or other significant interests held by Board members which conflicted with their management responsibilities.

Scope of Accounts

The Agency's accounts have been prepared under a direction issued by the Department of Finance

(DoF) in accordance with Article 8(6) of the Financial Provisions (Northern Ireland) Order 1993.

Financial Instruments

In accordance with International Financial Reporting Standard 7 - “Financial Instruments: Disclosures”, details of the impact of financial instruments on the Agency’s risk profile are disclosed at note 20 of the accounts on page 128.

Audit

The financial statements were audited by the Comptroller & Auditor General for Northern Ireland (C&AG) in accordance with the Financial Provisions (Northern Ireland) Order 1993. As Head of the Northern Ireland Audit Office, she and her staff were wholly independent of the Agency, and she reports her findings to the Northern Ireland Assembly.

The audit of the financial statements for 2022-23 resulted in a fee of £24,259 (2021-22: £23,814). No remuneration was paid to the external auditor for non-audit work.

As far as I am aware, there is no relevant information which has not been made available to the auditor. I have taken all steps necessary to make myself aware of any relevant information and to ensure that the Agency’s auditor is aware of that information.

I am also satisfied that the Annual Report and Accounts as a whole, are fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the personal judgements required for determining that they are fair, balanced and understandable.

Pension Liabilities

Staff pension liabilities are borne by the Principal Civil Service Pension Scheme (NI) and are therefore not reflected in these accounts. Details of the scheme are included within the Remuneration and Staff Report which starts on page 66.

Payments to Suppliers

The Agency 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, the Late Payment of Commercial Debts Regulations 2002 and British Standard 7890 - Achieving Good Payment Performance in Commercial Transactions. 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. In November 2008 the Northern Ireland Executive introduced a proposal that payments be made within 10 days to help local businesses in the current economic climate.

During the year to 31 March 2023, the Agency paid 97.7% of the 7,112 invoices (2021-22: 97.3% of the 7,351 invoices) received within 30 days and 94.3% (2021-22: 94.2%) within 10 days.

Corporate Social Responsibility

The Agency continued to support the NHS Blood and Transplant Service by including leaflets with provisional licences, encouraging people to drive safely and to consider organ donation.

Complaints and Compliments

The complaints process is managed by our Customer Services team, which produces an annual complaints report containing statistics, analysis, any trends arising, and any lessons learned that may improve our procedures or the customer experience. This report is made available on the DfI website. The team also conducts period audits on responses to complaints to ensure proper procedures are being followed.

In April 2022 the Agency moved from a three stage complaints process to a two-stage process. The performance of complaints is now broken down against stage one and stage two complaints to provide greater detail on response performance and targeting of response times. A new internal IT system for managing and reporting on complaints was introduced in May 2022 which has also improved the ability to analyse and report on complaints.

The Agency's complaints response target is a very challenging 97% of complaints to be responded to within 15 working days for stage one complaints and 10 working days for stage two complaints.

During the year from 1 April 2022 to 31 March 2023 we dealt with 801 complaints. Overall, we responded to 92% of stage one complaints and 99% of stage two complaints against targets of 97%. The target of 97% for stage 1 complaints responses was not achieved due to the higher-than-normal volume of complaints received and workload pressures within the Agency, which meant some responses were not issued within the target timeframe. The introduction of

additional monitoring of response times in the second part of the year has improved performance with quarter four of 2022-23 showing 100% against the stage one target of 97%.

Our performance against target in the last three years is illustrated below:

YEAR	COMPLAINTS	PERFORMANCE AGAINST TARGET
2022-23	801	Stage 1 91.78% Stage 2 98.63%
2021-22	903	96.57%
2020-21	296	98.30%

The number of complaints received in 2022-23 was lower than the number received in 2021-22 but higher than in previous years. The complaints received during the year were mainly focused on the availability of MOT slots and delays in medical assessments for driver licences.

40 compliments were received during the year (2021-22: 41) .

Future Developments and Trends

Our Business Improvement Programme and Infrastructure Project will continue the development of our ICT systems and processes and the modernisation of our property and services.

The Business Improvement Programme includes plans to commence the rostering element of our ICT system for vehicle and driving tests which will automate staff scheduling. The implementation of the new test centre at Hydebank will require amendments to the ICT systems and substantial IT testing. Digital improvement to our other systems will continue, with a series of targeted work-packages due to commence in April 2023. The Agency's strategic digital partner Fujitsu will continue to support the Agency with the ongoing development of systems and ways of working.

In relation to our infrastructure, we plan to complete the construction of the Hydebank Test Centre and office accommodation and progress the appointment of a construction company to build a further new test centre at Mallusk. Work will also be undertaken with the Agency's

vehicle testing equipment supplier to install the new equipment at Hydebank, Mallusk and throughout the existing test centre network as required. The other strands of the work will also be progressed including the people and ICT strategies and the financial and communication approaches to the projects.

Work will continue on organisational development as the Agency adapts to the changes which the automation of services and greater customer focus has enabled.

Events after the Reporting Period

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

Personal Data Related Incidents

There were no reportable breaches in 2022-23.

STATEMENT OF THE ACCOUNTING OFFICER'S RESPONSIBILITIES

Under Article 8(6) of the Financial Provisions (Northern Ireland) Order 1993, the Department of Finance (DoF) has directed the DVA to prepare a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs at the year end of the Agency's income and expenditure, statement of financial position, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required 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 (FReM) have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Agency will continue in operation; and
- confirm that the Annual Report and Accounts as a whole is fair and balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Treasury Officer of Accounts in the (DoF) has appointed the Chief Executive of the Agency as the Accounting Officer of the DVA Trading Fund. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum issued by DoF and published in Managing Public Money Northern Ireland (MPMNI).

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself

aware of any relevant audit information and to establish that the Agency's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

GOVERNANCE STATEMENT

Introduction

The Driver and Vehicle Agency (DVA) is an executive agency of the Department for Infrastructure (DfI). The Agency's overall aim is to deliver improved road safety and better regulation of the transport sector. The Agency is responsible for driver and vehicle testing, driver licensing, passenger transport licensing and regulation and enforcement within the transport sector in Northern Ireland.

MPMNI and the FReM require that I, as Accounting Officer, provide a statement on how I discharge my responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of the Agency's objectives, while safeguarding the public funds and assets for which I am responsible.

This governance statement explains the governance, risk management and control arrangements in place for the Agency. It evaluates the effectiveness of these arrangements and how they operate in practice.

Governance Structures

During the year the Agency functioned in line with the Agency Framework Document approved in 2021 by the Department. The framework explains how the Agency operates within the Department, articulates the governance and accountability arrangements and defines how personnel and financial arrangements operate along with appropriate control mechanisms.

The Minister approves the policy framework within which the Agency operates, the scope of its activities, any resources to be made available to the Agency, its Business Plan, and is advised on the Agency's performance. The Minister has overall political responsibility and accountability for all the Department's activities, including the Agency's activities.

From 1 April 2022 to 5 May 2022 the Department was under the direction and control of the Minister for Infrastructure, Nichola Mallon. Following the May 2022 election the Department was then placed under the direction and control of John O'Dowd MLA, until the 27 October 2022. As a consequence of the continued absence of an Executive, the Department has been operating

without the direction and control of a Minister since 28 October 2022. On 6 December 2022 the UK Government introduced the Northern Ireland (Executive Formation etc) Act 2022 and published associated guidance from the Secretary of State for NI. The Act gives senior Departmental officials the power to take a limited range of specific decisions.

The Department sets the policy, legislative, financial, human resource and procurement frameworks within which the Agency operates. The Department is the contracting and procurement authority for all contracts entered into for goods and services purchased to support services delivered by the Agency.

As Chief Executive of the Agency, I reported directly to the Deputy Secretary of the Climate, Planning and Public Transport Group in DfI. The Deputy Secretary reported to the Permanent Secretary, who as the Principal Accounting Officer, must be satisfied that the Agency has adequate financial systems and procedures in place to promote the efficient and economical conduct of its business and to safeguard financial propriety and regularity.

As Chief Executive of the Agency, I am accountable for the financial management of the Agency and for performance against key targets. The Treasury Officer of Accounts in the DoF has appointed me as Accounting Officer for the DVA Trading Fund.

In order to manage the Agency efficiently, I am supported by a formal governance structure made up of Boards and Committees.

Governance Structure



Strategic Management Board (SMB)

I, as Chief Executive chair the SMB, which is comprised of:

- the Director of Operations;
- the Director of Compliance, Enforcement & Licensing;
- the Director of Business Improvement;
- the Director of Financial Management & Corporate Services; and
- a Non-Executive Board Member.

In addition to the Board members, representatives from NICS HR and DfI Communications team also attend to support the SMB.

The SMB provides the strategic and operational leadership to the Agency, takes responsibility for

performance, and assists me in providing support and advice to the Permanent Secretary on the implications and effectiveness of policy proposals. The day-to-day operational matters are the responsibility of the Directors, operating within agreed policy frameworks under the Chief Executive's direction and control.

The SMB meets formally each month to consider:

- strategic issues affecting the Agency;
- progress against business plan targets;
- progress and status of significant projects and business improvement activities;
- performance against key metrics;
- health and safety; and
- management information relating to use of resources.

A Board effectiveness review was commissioned in October 2022, and an evaluation presented at the December meeting of the SMB. A number of the recommendations and actions stemming from the review were addressed during 2022-23 and will continue to be taken forward in 2023-24.

The papers produced for the Board are owned by a presenting member and this role includes ensuring the information contained is robust and adequate. The Board, with the exception of the Non-Executive Board member, reviews the effectiveness of internal controls, progress on the implementation of audit recommendations and the corporate risk register quarterly. The Non-Executive Board member reviews these items as part of the role of Chair of the Audit & Risk Assurance Committee.

The Board complied with the Department of Finance and Personnel's Corporate Governance in central Government Departments: Code of Good Practice (NI) 2013. The Agency reviewed its Corporate Governance Framework in February 2023 and found it fit for purpose.

During the year, attendance at the Board meetings was as follows:

Members	Position	Meetings attended out of the meetings eligible to attend
Jeremy Logan	Chief Executive	11/11
Jonathan Furphy	Director of Compliance, Enforcement & Licensing	11/11
Pat Delaney	Director of Operations	11/11
Mike Beare	Director of Business Improvement	11/11
Siobhan Lynn	Director of Financial Management & Corporate Services (Acting)	10/11
Enda McKeever	Non-Executive Board Member	11/11
ATTENDEES		

HR Division Representative	10/11
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DfI Communications Representative	9/11
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Audit and Risk Assurance Committee

I am supported by the Agency's Audit and Risk Assurance Committee (ARAC), which is a sub-committee of the Board with no executive powers. The ARAC has formally agreed Terms of Reference, and its principal function is to assist me in the execution of my responsibilities as Agency Accounting Officer for issues of corporate governance and risk management. This includes reviewing the comprehensiveness of assurances provided to it, and reviewing the reliability and integrity of these assurances and whether they are sufficient to support me in my accountability obligations. In accordance with HM Treasury's Audit and Risk Assurance Committee Handbook (April 2018), the ARAC Chair provides me with an Annual Report on the work of the Committee. The ARAC has three independent members, one of which is a Non-

Executive Board Member of the Agency. The Committee is also attended by Internal Audit and the Northern Ireland Audit Office (NIAO).

Following the ARAC meeting in January 2023 Catherine Teggart stood down as an Independent Member of the ARAC. Catherine has been replaced by Andrea Quail who was appointed as an Independent Member during May 2023.

The ARAC completed a review of effectiveness during the year in line with recommended best practice. The review was undertaken using the National Audit Office (NAO) 'Audit and Risk Assurance Committee Effectiveness Checklist' which members completed individually. The Committee members met during December 2022 to discuss the completed effectiveness checklists and agree on the main areas in which improvements could be made.

The key issues monitored by the ARAC during the 2022-23 financial year included updates on service delivery and the Agency's financial position. An update on issues associated with the Agency's vehicle testing equipment contract was also provided.

The ARAC also discussed the 2021-22 Accounts; the internal audit charter; the internal audit plan; the internal audit annual opinion and report; corporate governance issues, including risk management, assurance reporting and fraud reporting; the Business Improvement Programme; the NIAO report to those charged with governance; and audit strategy.

Attendance during the year at the Audit and Risk Assurance Committee meetings was as follows:

Audit and Risk Assurance Committee members	Position	Meetings attended out of the meetings eligible to attend
Enda McKeever	Chair	4/4
Catherine Teggart ¹	Independent Member (until January 2023)	3/4
JoAnne Quinn ²	Independent Member	4/4
ATTENDEES		
Jeremy Logan	Chief Executive	3/3
Mike Beare	Director of Business Improvement	3/3
Siobhan Lynn	Director of Financial Management and Corporate Services (Acting)	4/4
Christine Ardis	Head of Financial Accounts	4/4
Internal Audit Representation		3/3
External Audit Representation		3/3

¹Catherine Teggart, Director of Finance, Procurement & Estates, Southern Health Trust

²JoAnne Quinn, Head of Finance, Public Prosecution Service

Business Improvement and Infrastructure Modernisation

Both the Business Improvement Board and the Infrastructure Modernisation Project Board are subordinate to the SMB and have no executive powers. The Boards manage the strategic direction, resolve strategic issues between projects, and ensure robust governance arrangements are in place. The Boards are convened to ensure progress against plans is closely monitored within agreed boundaries, for time, cost and benefits. Both Boards met on a regular basis during the year and the addition of a representative from the Driver & Vehicle

Standards Agency (DVSA) to the Business Improvement Board has been beneficial in providing an independent challenge and has improved business links with that organisation. The Business Improvement Group, comprised of DVA heads of business, also continued to meet regularly during 2022-23 to discuss the impact of future business improvement work across the Agency.

Corporate Services

Corporate services functions, including HR, IT and Financial Accounts and Systems functions were provided by the DoF and Dfl and the costs of these services were charged to the Agency. The responsibility for the delivery of these services fell to either the Strategic HR Director (DoF), Director of Digital and Information Services (Dfl) or the Director of Finance (Dfl).

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

Conflicts of Interest

The NICS Civil Service HR Policy 6.01 Standards of Conduct is supported by guidance regarding the management of conflicts of interest, and this guidance is published on the Department's intranet site. This guidance includes the Dfl policy on Personal/Private Interests of Staff and the DVA Code of Conduct Policy & Conflict of Interest Policy.

It also sets out the rules and procedures applicable to all staff in relation to the declaration and management of any personal/private interest which might conflict with their official duties. Business areas are reminded on a regular basis of the procedures and the requirement to complete the relevant forms, where applicable.

All staff are required to declare any interests which might be thought to give rise to a conflict of interest. At SMB and the Audit and Risk Assurance Committee meetings, a standing agenda item on declarations of interest is included and brought to the attention of Members by the Chair to ensure efficient management of potential conflicts. No conflicts of interest were identified or required management during 2022-23 in line with this agreed procedure.

RISK MANAGEMENT AND CONTROL FRAMEWORK

Approach to Risk

The Agency follows the Department's Risk Policy and Framework for Risk Management. In the Agency, we accept that risk is inherent in all our activities and we have developed our risk management strategy to minimise the impact of adverse risks while maximising the benefits to the Agency. This allows us to meet our objectives, use our resources effectively and take advantage of all positive opportunities. The system of risk management identifies the risks associated with the achievement of our objectives. Our approach is to assign risks to those best placed to manage them whilst maintaining clear accountability. A governance unit acts as a central point for coordinating and monitoring of the Agency Risk Register and lower level risk registers. The Agency Risk Register contains those risks that could have a significant impact on the Agency. Risks that can be managed at operational level remain within the respective directorate. This assists with the embedding of risk management into the activities of each directorate.

The risk management cycle is a "top-down" and "bottom-up" exercise that allows risks to be identified and managed at Agency and directorate levels and to be escalated as appropriate. Significant risks are escalated to the Department. Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk.

Corporate risks and directorate risks were documented in risk registers and reviewed formally four times during the year. The Executive Board formally reviews the Agency Risk Register three times a year, concentrating on progress of actions to avoid and mitigate the key risks. During the year a departmental wide (including the Agency) audit of risk management was carried out, which confirmed that a robust system was in place within the Agency.

The Agency's risk appetite is set by the Board annually for the 13 categories of risk outlined in the Risk Policy and Framework for Risk Management:

- Project/Programme: Open
- People: Health & Safety: Averse
- People: Capacity & Capability: Cautious

- Strategy: Cautious
- Governance: Minimalist
- Operations: Cautious
- Legal: Minimalist
- Property: Averse
- Financial: Cautious
- Commercial: Minimalist
- Technology: Minimalist
- Information: Minimalist
- Security: Minimalist
- Reputational: Averse

Risks and Issues

During the year the Agency Risk Register had eight key risks covering:

- Finance;
- Fraud;
- Data Security;
- Cyber Security
- Health and Safety;
- People;
- Emissions Testing; and
- Commercial

The key risk relating to fraud is an inherent risk which is continually monitored, with a number of controls and actions in place to mitigate the risk from occurring.

The finance risk was rated as a red (extreme) risk during the year due to the in-year financial position of the Agency and the likelihood that the financial targets would not be achieved for the year. A number of actions were taken forward to mitigate the risk including, seeking and securing resource and capital grant funding from the Department, and progressing fees reviews.

The risk associated with the health & safety of our staff and customers was prevalent during

the year and was rated as an amber (high) risk. Extensive work was carried out on risk assessments and measures were put in place to mitigate the risk and to enable service delivery.

The people risk remained on the risk register during the year and was rated as an amber (high) risk throughout the year due to the inability to fill vacant posts in a timely manner. Actions were put in place and progress was made throughout the year on the filling of a number of key vacant posts.

In respect of the risk on emissions testing, the Agency is continuing to progress the modernisation of our infrastructure to facilitate inter alia the provision of emissions testing services. During the year this risk materialised when the Friends of the Earth along with The Public Interest Litigation Support were granted permission from the High Court to bring a legal challenge against the Department for failing to conduct a fully compliant diesel emissions test for diesel cars and light goods vehicles. The case is scheduled to proceed to a full hearing in September 2023.

The risk associated with the poor performance of a commercial contractor remained on the Agency's risk register during the year and was rated a red (extreme) risk. Actions have been taken forward throughout the year to seek to reduce this risk and work is continuing with the contractor to progress the contract and associated work.

One new risk was added to the Agency Risk Register during the year in respect of risk associated with a cyber attack. This risk was assessed as an amber (high) risk which may impact the delivery of our services. Controls are in place to mitigate against this risk and to enable service delivery.

Controls and Assurance Framework

Our system of internal control is designed to provide a governance structure for decision-making and provide proper controls to ensure the safeguarding of resources and the achievement of value for money. This system of internal control was in place for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

In preparing the Governance Statement and reviewing the effectiveness of the system of internal

control, I seek to place reliance on information and assurances. The approach taken is similar to the 'Three Lines of Defence' model which illustrates that assurance can come from both within and outside the Agency and can be derived from a variety of sources, with differing levels of objectivity and independence. All assurances contribute to the overall picture on how well we are managing the delivery of our objectives and the risks that could put those objectives in jeopardy. Assurance can be obtained using different sources such as management assurance statements, risk management framework, Audit and Risk Assurance Committee and Internal Audit.

The DoF's Internal Audit Service operates in compliance with Public Sector Internal Audit Standards. As Accounting Officer, I receive annual and interim reports from Internal Audit that include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's systems of internal control, together with recommendations for improvement. Complementary to this, I receive biannual assurance statements from Executive Board members and also benefit from advice from the external auditors in their reports.

For 2022-23, Internal Audit provided an overall satisfactory audit opinion on the adequacy and effectiveness of the Agency's framework of governance, risk management, and control arrangements.

The following Internal Audit assignments were completed for 2022-23:

Area of activity	Report status	Audit opinion
Review of ICT Contract Management Procedures	Final	Satisfactory
Financial Management & Budgetary Control	Final	Satisfactory
Booking and Rostering	Final	Satisfactory
Operations Admin	Final	Satisfactory

Three departmental wide reviews (including the Agency) were carried out during the year on Risk Management, Emergency Planning and Business Continuity Requirements and the Knowledge Transfer Process. There were no significant findings for the Agency stemming from these audits.

In addition to the audits listed above, Internal Audit carried out the annual validation exercise on the Agency's key performance targets and a validation exercise on the implementation of recommendations made in the Gateway Review 0 of the Agency's Transformation Programme. These exercises did not carry an audit opinion.

The Public Accounts Committee Report on the Driver and Vehicle Agency 2019-20 was published on 3 June 2021. This report examined the suspension of vehicle testing services due to safety issues with vehicle lifts and contained three recommendations. Two of the recommendations were implemented by the Agency during 2021-22 and the third recommendation was completed by the Department during 2022-23.

Testing Quality Unit

The Testing Quality Unit utilises a range of quality control and assurance processes including those associated with ISO accreditation to assist in maintaining and reviewing the effectiveness of our internal control systems. It conducts a programme of audits at test centres covering the administration, supervision and delivery of the practical driving test and vehicle inspection activities for Private Cars and Goods Vehicles, in accordance with statutory requirements. It also completes Technical Quality checks on vehicle and driving examiners to ensure consistent standards are applied and any additional training needs are identified. The completion of an external audit in the past year on Operations (Testing) confirmed compliance with all quality processes and led to the successful recertification of the ISO 9001:2015 Quality Standard. This illustrates a continuing, consistent commitment by our staff to deliver an excellent service to all of our customers.

STEWARDSHIP OF RESOURCES

Financial Management

The Agency's expenditure and income was closely monitored throughout the year and reported on to the monthly SMB. The reports to the SMB included spend to date and estimated outturn, which facilitated the Board in monitoring expenditure for both resource expenditure and capital investment. The overall financial position of the Agency was closely monitored during the year with cash reserves balances reported to the Board as part of the management of the financial position.

Data Handling, Security and Information Risk

The Agency functions encompass the maintenance of its driver, taxi and operators' registers. Data security is of paramount importance and the Agency complies strictly with legislative release provisions, the Data Protection Act and Cabinet Office guidelines. Training on data security is provided to all new staff, awareness training is provided to senior managers, and relevant information is communicated to all staff on a regular basis, including regular refresher training on handling official and personal data. Managers have 'management of information' as a key area of responsibility in personal performance agreements.

Information management is among the range of control issues covered by Executive Board members' assurance statements. The completion of these statements provides assurance that information used for operational purposes is handled appropriately, particularly where it is used by third parties or other parts of government, and that information risks are being managed effectively within the Agency.

The UK General Data Protection Regulation (UKGDPR) was implemented across the Agency to further enhance the protection of individual's personal data. The Department has appointed a Data Protection Officer (DPO) to focus on this important work, who acts as the DPO for the Agency.

Fraud Arrangements

The Department's Anti-Fraud policy and Fraud Response Plan outlines its approach to tackling fraud and defines the responsibilities for action and reporting lines in the event of a suspected fraud. The Fraud Response Plan is a procedural guide and provides a checklist of the required actions which must be followed in the event of a fraud, attempted fraud or irregular activity being suspected. Any instances of fraud are fully investigated. Fraud reports are submitted to the Board and the Audit and Risk Assurance Committee, with regular updates on investigations undertaken.

During the reporting period, there were two actual and nine suspected cases of fraud. All cases were reported to the NI Audit Office.

Whistle Blowing/Wrongdoing Policy

The Department's Whistle Blowing/Wrongdoing Policy and Procedures provide guidance on the procedures for reporting, recording and investigating concerns about potential wrongdoing which might be taking place within the Department. The purpose of this guidance is to:

- reassure staff that they can raise genuine allegations or concerns about potential wrongdoing in confidence, through a clear internal reporting process, without putting their position at risk;
- encourage members of the public who may have concerns of this nature to report them to the Department at an early stage; and
- remind staff of the procedures for recording and investigating allegations/concerns.

One raising concern case was received during 2022-23 relating to working conditions at a test centre. The concern was raised with the Health & Safety Executive regarding a lack of heating in the test centre. Work is on-going to address the issue.

SIGNIFICANT ISSUES

Equipment Implementation Contract

In March 2019 the Agency entered into a contract for the supply and installation of 70-110 lanes of new vehicle testing equipment and associated hardware and software in its test centres.

One of the key factors in the contract was in relation to the delivery of a pilot test lane, which was designed to ensure that the proposed solution was appropriate and satisfactory, prior to the Agency placing an order for new equipment. During 2021-22 considerable difficulties arose in relation to the development of the pilot test lane, particularly around the Integrated Test Lane software and IT system which would be used to control the entire process of vehicle testing. In spite of escalating these issues through provisions in the contract, the contractor's performance did not improve. Following extensive engagement with Construction Procurement Delivery (CPD) and our legal advisors, the Agency issued a Notice of Termination to the contractor on 4 February 2022. The contractor subsequently sought an injunction, contesting the legality of the termination.

The injunction hearing took place on 25 April 2022, and the judgement was handed down on 22 August 2022, which found in favour of the contractor. The Judge applied conditions to the Order and the Agency has since reengaged with the contractor, agreed measures to de-risk the project and has made significant progress in delivering an agreed work programme to ensure the new equipment and associated software is developed to enable the new test centre at Hydebank to open later in 2023. On completion of successful installation, testing and commissioning of equipment and software at Hydebank, the Agency will agree the roll out programme of new equipment for the remaining test centres.

Emissions Testing

The Public Accounts Committee published a report in 2009 on the PFI Contract for Northern Ireland's New Vehicle Testing Facilities and the recommendation stemming from the report regarding the diesel smoke and catalytic converter test being fully EC compliant remains partially implemented. The new vehicle testing centre at Hydebank, Belfast is due for completion in autumn 2023 and a further new vehicle test centre at Mallusk, due for completion in 2025, will include facilities to safely deliver fully compliant emissions testing.

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

Driver Licensing – Medical Fitness to Drive Assessments

The Agency processes between 250,000 to 300,000 driving licences each year. In processing these applications, the Agency is required to be satisfied that driving licences are issued only to persons who meet the relevant standards in relation to fitness to drive.

Until recently the NICS Occupational Health Service (OHS) assessed medical fitness to drive on behalf of the Agency. However, the OHS faced challenges brought about by increased demand upon its services, limited resources, and competing priorities and this resulted in delays for processing driving licence applications where a medical condition was declared. In May 2022, OHS advised the Agency they were withdrawing their service.

The Agency has now awarded a new contract for the provision of professional medical services. Following contract award, new processes, systems, and governance arrangements were developed and put in place, together with the recruitment and training of new medical officers by the contractor. Existing cases were transferred from OHS to the new contractor, who is now undertaking these assessments with the volumes steadily increasing.

Vehicle Testing – MOT availability

In 2022-23, the Agency conducted over 1.15 million vehicle tests, which is the highest number ever recorded in a year. Despite this effort, we continue to experience high demand for vehicle testing services and, in some cases, customers may not be able to have their vehicles tested before their current MOT certificate expires. We have taken steps to ensure that motorists are still able to use their vehicles when they are unable to secure an MOT appointment and have consulted with the PSNI and the Association of British Insurers to make them aware of the position and put appropriate mitigations in place.

We will continue to adopt a range of measures to increase our vehicle testing capacity, including the recruitment of additional vehicle examiners, the use of overtime to provide cover for leave and by offering vehicle test appointments on a Sunday and bank holidays, when testing is not normally available. To further increase vehicle testing capacity across our network, we are also investing in new test centres, subject to relevant approvals and funding availability. As a first step, we are currently constructing a new test centre at Hydebank in Belfast, which is due to open later in 2023. A second new test centre at Mallusk, which has been granted planning permission, is scheduled to open in 2025. These two new centres will provide the capacity to test over 200,000 additional vehicles per annum, which will help meet the future demand for this service.

Financial Position

The Agency's projected financial position remains challenging with a deficit position forecast for 2023-24. The Agency is actively taking forward actions to address the deficit position where possible including, liaising with the Department on the financial position to avail of any opportunity to seek funding; critically reviewing budgets to identify discretionary areas of work; and completing fees reviews.

Fees reviews for driver testing and vehicle testing have been carried out. The Agency has received approval from the Permanent Secretary (under the Executive Formation Act 2022) to consult on the fees increases. The financial position will continue to be closely monitored.

2.2 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 24th November 2022 Written Ministerial Statement (WMS) on the Budget and the NI (Executive Formation) Act receiving Royal Assent on the 6th December 2022, the NI public sector pay policy guidance was published on 8th December 2022.

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

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

Service Contracts

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

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

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

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Chief Executive and Board Members of the Agency.

Senior Management Remuneration [audited information]

Officials	Salary £'000		Benefits in kind (to nearest £100)		Pension benefits *		Total (£'000)	
	2022 23	2021 22	2022 23	2021 22	2022 23	2021 22	2022 23	2021 22
J Logan Chief Executive	75-80	75-80	-	-	-17	45	55-60	120-125
P Delaney Director	65-70	65-70	-	-	-48	4	20-25	70-75
M Beare Director	65-70	65-70	-	-	-44	5	20-25	70-75
J Furphy Director (from 12/01/22)	60-65	10-15 (full year equivalent 60-65)	-	-	-5	16**	55-60	30-35** (full year equivalent 75-80)
S Lynn Director (Acting)	60-65	55-60	-	-	22	5	80-85	60-65
E McKeever Independent Board Member (from 4/1/22)	5-10	0-5 (full year equivalent 5-10)	-	-	Nil	N/A	5-10	0-5 (full year equivalent 5-10)

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

**Figures are high in year of promotion.

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 Agency and thus recorded in these accounts.

The Northern Ireland Assembly was dissolved from 3 February 2022 with an election taking place on 5 May 2022, on which date Ministers ceased to hold office. An Executive was not formed following the 5 May 2022 election. Consequently, the former Ministers retained their roles in a caretaker capacity until 28 October 2022. As such, during the financial year DVA was under the direction and control of Minister Nicola Mallon MLA until 5 May 2022 and Minister John O'Dowd from 16 May 2022. Their salary and allowances were paid by the department and have been included in the Department for Infrastructure's accounts. These amounts do not include costs relating to the Minister's role as MLA which are disclosed in the Northern Ireland Assembly Commission accounts.

Benefits in kind

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

Fair Pay Disclosure [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 DVA in the financial year 2022-23 was £75,000-£80,000 (2021-22, £75,000-£80,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below. This calculation excludes staff on statutory payments as this may impact the disclosure given that temporary staff may be replacing them at a different cost.

2022 23	25 th percentile	Median	75 th percentile
Total remuneration (£)	24,296	26,575	33,459
Pay ratio	3.2:1	2.9:1	2.3:1
2021 22	25 th percentile	Median	75 th percentile
Total remuneration (£)	23,986	26,575	33,459
Pay ratio	3.2:1	2.9:1	2.3:1

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

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

In 2022-23, 1 (2021-22, 1) employee received remuneration in excess of the highest-paid director.

Remuneration ranged from £19,000 to £88,000 (2021-22, £16,000 to £81,000).

Percentage Change in Remuneration

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

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

Percentage change for:	2022 23 v 2021 22	2021 22 v 2020 21
Average employee salary and allowances	-0.74%	3.53%
Highest paid director's salary and allowances	0%	6.27%

Pensions Entitlements [audited information]

Officials	Accrued pension at pension age as at 31/03/23 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/23	CETV at 31/03/22	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	NEAREST £100
J Logan Chief Executive	35 - 40 plus 65 - 75	Nil	571	530	-23	-
P Delaney Director	35 - 40 plus 100 - 105	Nil	797	786	-54	-
M Beare Director	30 - 35 plus 90 - 95	Nil	734	725	-50	-
J Furphy Director (from 04/1/22)	25 - 30 Plus 50 - 55	0 - 2.5 plus 0	487	447	-13	-
S Lynn Director (Acting)	20 - 25	0 - 2.5	301	261	10	-

Northern Ireland Civil Service (NICS) Pension Schemes

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

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

pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

McCloud Judgment

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

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

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

It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g., legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completed Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at 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 may be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of premium or joining the Partnership Pension Account.

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

Partnership Pension Account

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

contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

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

Scheme Year 1 April 2023 to 31 March 2024

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates All members
From	To	From 01 April 2023 to 31 March 2024
£0	£25,049.99	4.6%
£25,050.00	£56,999.99	5.45%
£57,000.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

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

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.

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

No compensation payments were made or are due to any of the senior management of the DVA under Civil Service Compensation Scheme (Northern Ireland) (CSCS (NI)) in the year ending 31 March 2023 (2021-22: none).

Staff Report

Staff costs: [audited information]

	Permanently employed staff	Others	Total	Total
	2022 23	2022 23	2022 23	2021 22
	£000	£000	£000	£000
Wages & Salaries	22,932	1,048	23,980	22,986
Social security costs	2,159	-	2,159	2,108
Other pension costs	6,104	-	6,104	6,083
Total cost	31,195	1,048	32,243	31,177

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

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

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

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element

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

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

For 2022-23, employers' contributions of £5,781,633 were payable to the NICS pension arrangements (2021-22 £6,108,538) 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 £4,240 (2021-22 £4,284) 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 £129 0.5% (2021-22 £130, 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.

2 people (2021-22: 5) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £20,658 (2021-22: £26,732).

Average number of persons employed [audited information]

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

	PERMANENT STAFF 2022 23 Number	OTHERS 2022 23 Number	TOTAL 2022 23 Number	TOTAL 2021 22 Number
Directly employed	706	42	748	746
Staff engaged on capital projects	24	-	24	22
Total	730	42	772	768

Staff Composition

The actual number of staff in post in the Agency at 31 March 2023 and the gender breakdown as follows:

Actual Staff in Post in DVA at 31 March 2023

	At 31 March 2023			At 31 March 2022		
	Male	Female	Total	Male	Female	Total
Senior Civil Service	1	-	1	1	-	1
Other Employees	576	179	755	582	175	757
Total	577	179	756	583	175	758

Staff Turnover

DVA Staff Turnover percentage (the number of people that have left the Agency but have moved within the NICS) for 2022-23 is 5.8%, and the general turnover percentage (the people who have left the Agency and have not gone elsewhere in the NICS) is 4.2%. This has been calculated by NICS HR, based on the Cabinet Office Guidance on calculations for turnover in the Civil Service.

Seconded Staff

There were no seconded staff members during the year 2022-23. There was one member of staff seconded out during the 2021-22 year on long term loan. The host Department pays the salary costs.

Reporting of compensation and exit packages for all staff 2022-23 [audited information]

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
Exit package cost band	2022-23	2022-23	2022-23	2021-22
<£10,000	-	-	-	-
£10,000 - £25,000	-	-	-	-
£25,000 - £50,000	-	-	-	-
£50,000 - £100,000	-	-	-	-
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
Total number of exit packages	-	-	-	-
Total resource cost £000	-	-	-	-

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. The table above shows the total cost of exit packages agreed and accounted for in 2022-23 and 2021-22. £nil exit costs were paid in 2022-23, the year of departure (2021-22 £nil). Where DVA has agreed early retirements, the additional costs are met by the agency and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Off payroll payments

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

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 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS [Workforce Reviews](#). The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

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

Learning & Development

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

Development and delivery of generic staff training is centralised in NICS². 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 this year the focus was on improving the quality of the development conversation between managers and staff, with the introduction of a 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.

The DVA Technical Training unit provided 189 training days to our vehicle examiner staff and their managers. A further 60 days of professional development training took place for technical training staff with one completing of his Chartered Institute of Personnel and Development (CIPD) course and another new trainer being inducted into the section.

There were 172 days training provided for existing Driving Examiners, including upskilling and following the change in Covid-19 public health advice the re-introduction of supervision. In addition there were 110 days training in relation to supervising examiners development.

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. People & Organisational Development³ 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.

² NICS² is the NICS' centralised human resources function. It falls under the responsibility of the Department of Finance.

³ HR policy and Industrial Relations policy for the NICS is centralised within People & OD, in the Department of Finance

Employee Engagement

We use the formal Whitley process of staff consultation, which involves regular meetings between management and Trade Union side to discuss relevant matters.

A key part of our people strategy has been to engage with staff through our Agency newsletter Connections. The aim of Connections has been to create a newsletter for staff that is written by staff and celebrates successes and notable achievements, whilst providing an outlet for updates of the ongoing business improvement work taking place across the organisation.

Team briefs continue to be a key vehicle for ongoing engagement with staff. They help to ensure that there is greater awareness among teams of organisational issues and provide staff with opportunities to raise any issues or concerns they may have.

We actively involve staff in the design and testing of new services and products through workshops and ongoing consultation and this process will continue through the life of our Business Improvement Programme.

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

Health and Safety

The health and safety of staff and customers remains paramount and therefore we seek to ensure that the highest standards of health and safety are integrated with improved business performance. The Agency considers respective legislation as a minimum standard and has established processes in line with the Health and Safety Executive's "Leading Health & Safety at Work" (INDG417) and "Managing for health and safety" (HSG65). Consequently, the DVA Health and Safety Manual was reviewed, and a revised version was issued in December 2022. A key challenge during 2022-23 was continuing to ensure that Risk Assessments relating to

vehicle testing, driver testing and driving for/at work were also reviewed and updated to reflect the latest government guidance and advice relating to COVID-19 control measures. A comprehensive health and audit programme was undertaken, and this included reviewing recommendations within the 2021-22 Audits at all Test Centres and conducting full Audits across all other DVA Business Areas. Health and Safety Induction Training was provided for all newly appointed vehicle examiners. Additional procedures were implemented to assist in the monitoring of Insurance Reports relating to pressurized systems in the Test Halls.

Sickness Absence

The Agency had an overall sickness absence rate of 17.9 days lost per employee in 2021-22 (i.e. previous year). Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2022/23” report at [Sickness Absence in the Northern Ireland Civil Service 2022/23 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](https://www.nisra.gov.uk/publications/sickness-absence-in-the-northern-ireland-civil-service-2022-23). Figures for the 2022-23 financial year will be published by the end of June 2023.

Expenditure on consultancy

During the year £Nil (2021-22 £Nil) was spent on external consultancy.

2.3 ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

This Assembly Accountability and Audit Report is produced to comply with the requirements of the Financial Reporting Manual (FReM) 2022-23.

Accounts Direction

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

Special Payments

	2022 23	2021 22
Total number of special payments	1,483	747
Total value of special payments £000	86	76

Special Payments include compensation payments relating to cancelled MOTs and also includes those arising from Public and Employer Liability Claims and ex gratia payments. No one payment was greater than £250,000.

Losses Statement

	2022 23	2021 22
Total number of losses payments	21	222
Total value of losses payments £000	1	6

Losses relate to the write off of fraudulent credit card chargebacks.

Business Activity Attracting Fees and Charges [audited information]

The following table shows the Business activities attracting fees and charges for the Agency.

	2022-23			2021-22			
	Income	Cost	Annual (surplus)/deficit	Income	Cost	Annual (surplus)/deficit	Objective
	£000	£000	£000	£000	£000	£000	
Vehicle testing	(35,539)	36,643	1,104	(27,262)	33,078	5,816	Full cost recovery (1)
Driver testing	(5,839)	6,494	655	(5,675)	6,613	938	Full cost recovery (2)
Enforcement	(1,668)	3,865	2,197	(1,670)	3,943	2,273	
Other activities	(138)	626	488	(126)	319	193	
Driver licensing	(5,811)	7,758	1,947	(6,310)	7,717	1,407	(3)
Vehicle licensing court prosecution	(327)	327	-	(331)	331	-	Full cost recovery
Taxi licensing	(1,052)	2,035	983	(1,003)	2,011	1,008	(4)
Bus passenger transport licensing	(245)	313	68	(251)	295	44	Full cost recovery
	(50,619)	58,061	7,442	(42,628)	54,307	11,679	
Dfl Resource subsidy	(5,443)	-	(5,443)	(7,079)	-	(7,079)	
COVID-19 Support Scheme	(32)	-	(32)	(8,965)	-	(8,965)	(5)
Capital grant release	(1,909)	-	(1,909)	(1,408)	-	(1,408)	
Capital grant for loan repayment	(3,865)	-	(3,865)	-	-	-	(6)
Activities not attracting fees & charges	(38)	311	273	(127)	347	220	
Holiday pay provision	-	-	-	-	(24)	(24)	
Adjustment for notional insurance	-	(627)	(627)	-	(422)	(422)	
Total	(61,906)	57,745	(4,161)	(60,207)	54,208	(5,999)	

(1) The 2022-23 deficit on the vehicle testing fee account is due to higher costs including increased staff costs and accommodation costs such as energy costs.

(2) The 2022-23 deficit on the driver testing fee account is mainly due to a higher cost base associated with the contract for the provision of theory test services.

A review of vehicle testing and driver testing fees has been carried out and the proposed fees have been calculated on a full cost recovery basis over a 12-month period. The Agency has received approval from the Permanent Secretary (under the Northern Ireland (Executive Formation etc) Act 2022 to consult on the fees increases. The consultation will be taken forward during 2023-24.

(3) Driver licensing fees are set at less than full cost recovery as previously agreed by the Minister. Costs include fees associated with the provision of medical assessments for driver licensing applicants which are not recoverable through fees.

(4) The objective of full cost recovery is not achievable on the fees set for taxi licensing due to lower than anticipated volumes of licence applications.

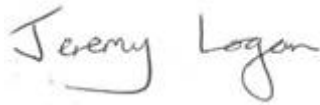
(5) £32k of the COVID-19 support funding received in 2021-22 was deferred at 31st March 2022 and released from deferred income during 2022-23 in line with tests conducted during this period.

(6) During 2022-23 the Agency received £3.865m from DfI which was provided to repay the long term loan with the Department.

This note is to meet DoF requirements on fees and charges and not for the purposes of IFRS 8.

Remote Contingent Liabilities [audited information]

In addition to contingent liabilities reported within the meaning of IAS37, the Agency also reports 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 the 31 March 2023, the Agency had no remote contingent liabilities.

A handwritten signature in black ink that reads "Jeremy Logan". The signature is written in a cursive style with a large, sweeping 'J' and a clear 'L'.

Chief Executive and Agency Accounting Officer

28 June 2023

DRIVER AND VEHICLE AGENCY

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 Driver and Vehicle Agency for the year ended 31 March 2023 under the Financial Provisions (Northern Ireland) Order 1993.

The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Driver and Vehicle Agency's affairs as at 31 March 2023 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Financial Provisions (Northern Ireland) Order 1993 and the Department of Finance directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements 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 Driver and Vehicle Agency 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 Driver and Vehicle Agency'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 Driver and Vehicle Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

My responsibilities and the responsibilities of the 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 are responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Department of Finance directions made under the Financial Provisions (Northern Ireland) Order 1993; 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 Driver and Vehicle Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- 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 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;
- ensuring the annual report, which includes the Remuneration and Staff Report is prepared in accordance with the applicable financial reporting framework;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Driver and Vehicle Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Driver and Vehicle Agency 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 Financial Provisions (Northern Ireland) Order 1993.

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 Driver and Vehicle Agency through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Driver & Vehicle Agency Trading Fund (Northern Ireland) Order 2016 and the Financial Provisions (Northern Ireland) Order 1993;
- making enquires of management and those charged with governance on Driver and Vehicle Agency's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Driver and Vehicle Agency's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, 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 and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee

minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and

- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



Dorinnia Carville

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

BELFAST

BT7 1EU

Date 30th June 2023

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Financial Statements

Statement of Comprehensive Net Income

Statement of Financial Position

Statement of Cash Flows

Statement of Changes in Taxpayers' Equity

Notes to the Accounts



3. FINANCIAL STATEMENTS

Statement of Comprehensive Net Income for the year ended 31 March 2023

	Note	2022 23 £000	2021 22 £000
INCOME			
Revenue from contracts with customers	3	(50,250)	(42,345)
Other operating income	3	(7,791)	(17,862)
Total income		(58,041)	(60,207)
EXPENDITURE			
Staff Costs	4	32,243	31,177
Other operating costs	5	24,065	22,925
Total operating expenditure		56,308	54,102
Operating (surplus)/deficit before net finance costs		(1,733)	(6,105)
Finance income		(1,237)	(29)
Finance costs		102	135
Net finance costs		(1,135)	106
Operating (surplus)/deficit after net finance costs		(2,868)	(5,999)
Dividends	6	2,572	-
Loan repayment income	3.1	(3,865)	-
Retained (surplus)/deficit for the year		(4,161)	(5,999)
Other Comprehensive Income			
Net gain on revaluation of property, plant & equipment	7	(748)	(681)
Net gain on revaluation of intangible assets	8	(2,578)	(1,260)
Comprehensive net (income)/expenditure for the year		(7,487)	(7,940)

The notes on pages 104 to 128 form part of these accounts

Statement of Financial Position

as at 31 March 2023

	Note	31 March 2023 £000	31 March 2022 £000
NON-CURRENT ASSETS			
Property, plant and equipment	7	41,762	34,423
Intangible assets	8	23,106	18,835
Total non-current assets		64,868	53,258
CURRENT ASSETS			
Inventories	9	47	66
Trade and other receivables	10	1,656	1,303
Cash and cash equivalents	11	67,410	60,477
Total current assets		69,113	61,846
Total assets		133,981	115,104
CURRENT LIABILITIES			
Trade and other payables	12	(7,327)	(7,233)
Deferred income	12	(43,298)	(27,933)
Provisions for liabilities and charges	13	(275)	(275)
Total current liabilities		(50,900)	(35,441)
Total assets less current liabilities		83,081	79,663
NON-CURRENT LIABILITIES			
Financial liabilities	12	-	(3,865)
Provisions for liabilities and charges	13	(1,980)	(2,184)
Total non-current liabilities		(1,980)	(6,049)
TOTAL ASSETS LESS TOTAL LIABILITIES		81,101	73,614
TAX PAYERS' EQUITY & OTHER RESERVES			
Public dividend capital		5,414	5,414
Revaluation reserve		12,210	9,527
Retained earnings		63,477	58,673
TOTAL EQUITY		81,101	73,614



Chief Executive and Agency Accounting Officer
28 June 2023

The notes on pages 104 to 128 form part of these accounts

Statement of Cash Flows
for the year ended 31 March 2023

	Note	2022 23	2021 22
		£000	£000
<i>Cashflows from operating activities</i>			
Retained surplus /(deficit) for the year		4,161	5,999
Adjustments for non-cash transactions	5	4,550	3,874
<i>Adjustment for items not relating to operations</i>			
Finance income		(1,237)	(29)
Finance costs		102	135
Dividends	6	2,572	-
			106
(Increase)/decrease in trade & other receivables	10	(353)	(413)
Decrease/(increase) in inventories	9	20	(29)
(Decrease)/increase in trade & other payables	12	15,459	14,663
<i>Less movements in payables relating to items not passing through the SoCE</i>			
Decrease/(increase) in capital accruals	12	(706)	(416)
Decrease in interest receivable		-	-
Decrease in dividends payable		-	-
(Decrease)/increase in interest payable		(706)	(416)
<i>Adjustment for non-cash movements on transfer of assets & extension of Trading Fund</i>			
Net tangible assets transferred in	7	-	-
Net intangible assets transferred in	8	-	-
Increase in long term loan	12	(3,865)	-
Revaluation reserve transferred in		-	-
Increase in Public Dividend Capital		-	-
Decrease in retained earnings		- (3,865)	-
Use of provisions	13	(85)	(101)
Net cash inflow from operating activities		20,618	23,683

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

	Note	2022 23	2021 22
		£000	£000
<i>Cashflows from investing activities</i>			
Purchase of property, plant & equipment		(6,859)	(8,083)
Purchase of intangible assets		(5,389)	(3,203)
Interest received		1,237	29
Net cash outflow from investing activities		(11,011)	(11,257)
<i>Cashflows from financing activities</i>			
Dividends paid		(2,572)	-
Interest paid		(102)	(135)
Net cash outflow from financing activities		(2,674)	(135)
 Net increase in cash & cash equivalents in the year	 11	 6,933	 12,291
 Cash & cash equivalents at the beginning of the year	 11	 60,477	 48,186
Cash & cash equivalents at the end of the year	11	67,410	60,477

The notes on pages 104 to 128 form part of these accounts

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

	Note	Retained Earnings	Revaluation Reserve	Public Dividend Capital	Total Equity
		£000	£000	£000	£000
Balance as at 31 March 2021		52,347	7,913	5,414	65,674
Net gain on revaluation of property, plant & equipment	7		681		681
Net gain on revaluation of intangible assets	8		1,260		1,260
Transfer between reserves for realised depreciation		327	(327)		-
Retained surplus/ (deficit) for the year		5,999			5,999
Balance as at 31 March 2022		58,673	9,527	5,414	73,614
Net gain on revaluation of property, plant & equipment	7		748		748
Net gain on revaluation of intangible assets	8		2,578		2,578
Transfer between reserves for realised depreciation		643	(643)		-
Retained surplus/ (deficit) for the year		4,161			4,161
Balance as at 31 March 2023		63,477	12,210	5,414	81,101

The Financial Provisions (Northern Ireland) Order 1993 permits the Trading Fund the power to establish and maintain reserves under Article 8(2), exercisable only with concurrence of the Department of Finance. Reserves are held to finance current operating requirements and future capital investment.

The notes on pages 104 to 128 form part of these accounts

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 (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

The DVA operates as a Trading Fund under the provisions of the Driver & Vehicle Agency Trading Fund (Northern Ireland) Order 2016.

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 Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The Accounting Officer has concluded that there is a reasonable expectation that the Driver and Vehicle Agency has adequate resources to continue in operational existence for the foreseeable future. The Driver and Vehicle Agency therefore continues to adopt the going-concern basis in preparing its financial statements.

1.1 Application of Newly Issued Accounting Standards

The International Accounting Standards Board (IASB) issued new and amended standards that were effective for the first time in 2022-23. These have been reviewed and the assessment is that their adoption has not had any significant impact on the amounts reported in these financial statements.

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

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the

FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025. Management consider that the introduction of the changes to IFRS 17 on insurance contracts does not have a significant impact on the accounts in the period of initial application.

1.2 Accounting Convention

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

1.3 Property, Plant and Equipment

Property, plant and equipment assets comprise the land, buildings (excluding dwellings), plant and machinery, transport equipment and information technology held by the Agency.

Expenditure on property, plant and equipment of over £1,000 is capitalised, with the exception of computer hardware, which is capitalised if expenditure is over £500. On initial recognition, property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

Freehold and long leasehold land and buildings are carried at valuation in existing use and are revalued annually by Land and Property Services (LPS) in accordance with FReM. Weighbridges are valued annually by LPS on a depreciated replacement cost basis.

Plant and machinery, transport equipment and information technology are carried at fair value. Their values are revised annually through the use of suitable indices compiled by the Office for National Statistics. Upward revaluations of property, plant and equipment are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Net Income to the extent the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of property, plant and equipment are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward valuation recognised in the Statement of Comprehensive Net Income.

The gain or loss arising on the disposal of an asset is determined as the difference between the

sales proceeds and the carrying amount of the asset and is recognised in other operating costs.

1.4 Intangible Assets

Intangible assets comprise software development and software licences.

Expenditure on intangible assets of over £1,000 is capitalised. On initial recognition intangible assets are measured at cost including any expenditure directly attributable to bringing them into working condition.

These assets are carried at fair value and their values are revised annually through the use of suitable indices compiled by the Office for National Statistics. Upward revaluations of intangible assets are credited to the revaluation reserve unless they reverse previously recognised downward revaluations, in which case they are credited to the Statement of Comprehensive Net Income to the extent the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of intangible assets are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward valuation recognised in the Statement of Comprehensive Net Income.

Items 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.

1.5 Depreciation and Amortisation

Freehold and long leasehold land are not depreciated. Depreciation and amortisation is provided at rates calculated to write down the valuation of property, plant and equipment and intangible assets to the estimated residual value by equal instalments over their estimated useful lives.

The estimated useful economic lives are normally in the following ranges:

Buildings	10 to 54 years
Plant and Machinery	5 to 15 years
Transport Equipment	3 to 13 years
IT	3 to 10 years

Software Licences

3 to 8 years

Assets in the course of construction are not depreciated until they have been brought into use. Asset lives are reviewed regularly and where necessary revised. The estimated useful life of each asset of significant individual value is separately assessed and, if appropriate, revised.

1.6 Operating Income

Income represents the revenue received for services provided by the Agency and is stated net of refunds and exclusive of VAT. It is recognised in the Statement of Comprehensive Net Income in the period in which the underlying activity takes place. Fees received in advance for which tests have yet to be performed or licences have not issued are shown as deferred income within current liabilities. Income is also recognised from the Agency's parent department, the Department for Infrastructure, in relation to a subsidy received for Enforcement and Licensing activities, and is recognised in line with the costs incurred in delivering these activities.

Capital grant income from the Department for Infrastructure is deferred on the Statement of Financial Position and amortised in line with the depreciation of the relevant assets.

1.7 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 obliged 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 Principal Civil Service Pension Scheme (PCSPS) (NI). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

1.8 Value Added Tax (VAT)

Most of the activities of the Agency are outside the scope of VAT and VAT is reclaimed centrally by

the DoF. All items in the Statement of Comprehensive Net Income are therefore exclusive of VAT.

1.9 Leases

Initial recognition

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

At the commencement of a lease (or 1 April 2022 for leases transitioning to IFRS 16 in the current year), the Agency will recognise a right-of-use asset and a lease liability. The lease liability will be measured as the payments for the remaining lease term, excluding value added tax, discounted by HM Treasury incremental cost of borrowing rate. The incremental cost of borrowing rate required to be applied by HM Treasury for leases commencing, transitioning or being remeasured in the 2022 calendar year to IFRS 16 was 0.95%.. DVA did not enter into any new leases during the 2022-23 year.

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

Subsequent measurement

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

Lease expenditure

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

Short term leases and leases of low-value assets

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

1.10 Provisions

The Agency 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. 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 the DoF.

1.11 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency discloses, for Northern Ireland 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 MPMNI.

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.

1.12 Financial Instruments

The Agency's financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables. Due to the nature of the financial instruments held, carrying value is considered to represent the fair values.

1.13 Inventories

Inventories consist of oil and bio fuels which are valued at the lower of purchase cost and net realisable value which is the amount that an asset can be disposed of, less any direct selling costs.

1.14 Return on Capital Employed

The return on capital employed is calculated in line with Trading Fund guidance. The return is calculated by expressing the operating surplus on ordinary activities measured before interest (both receivable and payable) and dividends payable as a percentage of average net assets employed (Note 18).

1.15 Finance Income and Finance Costs

Finance income comprises interest on monies deposited with the Northern Ireland Consolidated Fund. Interest income is recognised on a receivable basis in the Statement of Comprehensive Net Income. Finance costs comprise interest expense on a long-term loan from the Department for Infrastructure, this loan has been repaid during 2022-23.

1.16 Public Dividend Capital

Under Article 5(2) of the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 1996, Public Dividend Capital (PDC) of £2,100,000 was created in order to facilitate commencement of operations of the Driver & Vehicle Testing Agency. On 1 April 2016 the Department transferred further operations into the Trading Fund under the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 2016 creating further PDC of £1,826,948 to facilitate an extension of operations. During 2017-18 the Department transferred land assets into the Trading Fund and received additional PDC of £1,862,500 in return bringing total PDC to £5,789,448. In 2019-20 the value of the PDC was reduced by £375,875 to £5,413,573. This was the impact of the prior year adjustment in relation to the deferral of the capital grant income.

PDC is reported at historic cost less impairment, in line with Department of Finance guidance.

2. Segmental Reporting

The Agency has four main operating segments which are determined by their funding source.

These are as follows:

- Testing Operations – responsible for vehicle and driver testing;
- Enforcement Operations – responsible for compliance audits and enforcement of licensing and roadworthiness for goods and passenger carrying operators and their vehicles;
- Driver Licensing and Passenger Transport Licensing Division (PTLD) – responsible for driver and operator licensing; and
- Vehicle Licensing – responsible for an enforcement service on behalf of DVLA for vehicle excise duty offences.

The SMB reviews financial information at this level for decision making purposes. An analysis of assets and liabilities by segment is not regularly provided to the Chief Operating Decision Maker and therefore the Agency does not report this information in accordance with IFRS 8.

	Testing Division	Enforcement Division	Driver & Passenger Transport Licensing	Vehicle Licensing	TOTAL
	2022 23	2022 23	2022 23	2022 23	2022 23
	£000	£000	£000	£000	£000
Gross Expenditure	43,143	3,865	10,410	327	57,745
Income	(44,706)	(5,087)	(11,786)	(327)	(61,906)
Net Expenditure (Income)	(1,563)	(1,222)	(1,376)	-	(4,161)

	Testing Division	Enforcemnt Division	Driver & Passenger Transport Licensing	Vehicle Licensing	TOTAL
	2021 22	2021 22	2021 22	2021 22	2021 22
	£000	£000	£000	£000	£000
Gross Expenditure	39,574	3,938	10,365	331	54,208
Income	(45,087)	(4,083)	(10,706)	(331)	(60,207)
Net Expenditure (Income)	(5,513)	(145)	(341)	-	(5,999)

3. Operating Income

	2022 23	2021 22
	£000	£000
Revenue from contracts with customers		
Vehicle test fees	35,539	27,264
Practical driving test fees	3,526	3,379
Driving theory test fees	2,313	2,296
Other fees and licences	176	253
Enforcement fees	1,585	1,590
Driver licensing fees	5,814	6,310
Taxi licensing fees	882	860
Taxi operator fees	170	143
Bus passenger transport licensing fees	245	250
	50,250	42,345
Other operating income		
Subsidy from parent department	5,443	7,079
COVID Support Income	32	8,965
Release of capital grant income	1,909	1,408
Vehicle licensing enforcement	407	410
	7,791	17,862
Total income	58,041	60,207

£8.7m of deferred income which had been included in the deferred income opening balance has been recognised as income during the current year.

3.1 Loan repayment income

	2022 23	2021 22
	£000	£000
Loan repayment income	3,865	-
	3,865	-

During 2022-23 the Agency received £3.865m from DfI, this was provided in order to repay the long term loan to the Department. This is in line with the Northern Ireland Guide to the Establishment and Operation of Trading Fund (June 2005) guidance.

4. Staff Costs

Staff costs comprise:

	2022 23	2021 22
	£000	£000
Wages and salaries	23,980	22,986
Social security costs	2,159	2,108
Other pension costs	6,104	6,083
Total cost	32,243	31,177

A breakdown of the above costs into permanent staff and others can be found in the Staff Report within the Accountability Report on page 77.

5. Other Operating Costs

	2022 23	2021 22
	£000	£000
Travel and subsistence	186	180
Rates and accommodation costs	3,424	2,859
IT system maintenance and other computer charges	2,018	1,787
Office services	298	282
<i>Contracted out services:</i>		
- Driving theory test	1,915	1,635
- Vehicle testing service charge	1,601	1,619
- Booking system service charge	-	1,258
- Security, cleaning and other	707	758
- Licence card production	1,379	752
Medical costs	1,734	1,747
Plant, equipment and vehicle costs	190	190
Bank and credit card charges	359	414
Auditor's remuneration*	25	24
Other expenditure	841	1,161
Services provided by parent department	1,293	1,302
Services provided by other NI government departments	3,544	3,082
<i>Non-cash items:</i>		
Depreciation and amortisation:		
- Property, plant and equipment	1,827	1,695
- Intangible assets	2,802	1,989
Impairment	41	(10)
Provisions:		
- Provided in year	128	223
- Provisions written back	(98)	(54)
- Cost of borrowing	(149)	32
Total cost	24,065	22,925

* Auditor's remuneration relates to the audit fee. No remuneration was paid to the external auditor for non-audit work.

6. Dividends

	2022 23	2021 22
	£000	£000
Interim dividend paid	2,572	-
Final dividend payable	-	-
Total dividends	2,572	-

Dividends are payable to the Northern Ireland Consolidated Fund. The dividend due is the balance of the 3.5% per annum return on the total assets employed less the current liabilities. During 2021-22 the Minister approved the removal of the requirement for the Agency to pay a dividend to DfI to further increase the financial resilience of the Agency.

7. Property, Plant and Equipment

	Land	Buildings	Plant & Machinery	Transport Equipment	Information Technology	Payments on account and assets under construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2022	12,937	9,722	3,635	279	635	8,989	36,197
Additions	1	151	410	251	78	7,568	8,459
Disposals	-	-	-	-	-	-	-
Revaluation	25	(21)	390	(70)	(18)	-	306
Impairment	-	(97)	(182)	(45)	10	-	(314)
At 31 March 2023	12,963	9,755	4,253	415	705	16,557	44,648
Depreciation							
At 1 April 2022	-	-	1,296	95	383	-	1,774
Opening balance adjustment	-	-	-	-	-	-	-
Charged in year	-	597	972	61	197	-	1,827
Disposals	-	-	-	-	-	-	-
Revaluation	-	(535)	199	(84)	(22)	-	(442)
Impairment	-	(62)	(177)	(44)	10	-	(273)
At 31 March 2023	-	-	2,290	28	568	-	2,886
Net book value at 31 March 2023	12,963	9,755	1,963	387	137	16,557	41,762
Net book value at 31 March 2022	12,937	9,722	2,339	184	252	8,989	34,423
Asset financing							
Owned	12,963	9,755	1,963	387	137	16,557	41,762
Net book value at 31 March 2023	12,963	9,755	1,963	387	137	16,557	41,762

7. Property, Plant and Equipment (continued)

	Land	Buildings	Plant & Machinery	Transport Equipment	Information Technology	Payments on account and assets under construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2021	12,903	9,475	5,839	197	1,069	1,745	31,228
Additions	4	191	463	78	37	7,310	8,083
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	66	-	-	(66)	-
Revaluation	30	43	(2,733)	4	(461)	-	(3,117)
Impairment	-	13	-	-	(10)	-	3
At 31 March 2022	12,937	9,722	3,635	279	635	8,989	36,197
Depreciation							
At 1 April 2021	-	-	3,298	46	601	-	3,945
Opening balance adjustment	-	-	-	-	-	-	-
Charged in year	-	518	882	46	249	-	1,695
Disposals	-	-	-	-	-	-	-
Revaluation	-	(456)	(2,884)	3	(461)	-	(3,798)
Impairment	-	(62)	-	-	(6)	-	(68)
At 31 March 2022	-	-	1,296	95	383	-	1,774
Net book value at 31 March 2022	12,937	9,722	2,339	184	252	8,989	34,423
Net book value at 31 March 2021	12,903	9,475	2,541	151	468	1,745	27,283
Asset financing							
Owned	12,937	9,722	2,339	184	252	8,989	34,423
Net book value at 31 March 2022	12,937	9,722	2,339	184	252	8,989	34,423

7. Property, Plant and Equipment (continued)

Property valuation

Property valuations are carried out by Land and Property Services (LPS) in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards-Global and UK 7th Edition.

The Agency's properties associated with Testing operations were revalued by Land and Property Services (LPS) on 31st March 2023 at £13,660,000 (2022: £13,560,000) on an existing use basis. This valuation includes freehold land not depreciated of £4,475,000 (2022: £4,450,000) and long leasehold land not depreciated of £2,420,000 (2022: £2,420,000). The valuation excludes land transferred from DfI in March 2018 which is valued at its value at date of acquisition as it is not yet in operational use.

The Agency's properties associated with Enforcement operations (including the weighbridges) were valued by LPS on 31st March 2023 at £2,756,374 (2022: £2,709,727) on a depreciated replacement cost basis. This valuation includes weighbridge land not depreciated of £1,435,000 (2022: £1,435,000).

This valuation excludes expenditure incurred on investigating the new land sites and on the design of a network of new Test Centres as part of the Agency's on-going Transformation Programme.

LPS is a related party to DVA as it is an agency of the Department of Finance.

8. Intangible Assets

	Information Technology	Internally Developed Software	Software Licences	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2022	24,234	10	70	384	24,698
Opening balance adjustment	-	1	-	(1)	-
Additions	4,380	-	-	115	4,495
Disposals	-	-	-	-	-
Revaluation	3,733	-	9	-	3,742
Impairment	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2023	32,347	11	79	498	32,935
Depreciation					
At 1 April 2022	5,821	4	38	-	5,863
Opening balance adjustment	-	-	-	-	-
Charged in year	2,793	2	7	-	2,802
Revaluation	1,158	-	6	-	1,164
At 31 March 2023	9,772	6	51	-	9,829
Net book value at 31 March 2023	22,575	5	28	498	23,106
Net book value at 31 March 2022	18,413	6	32	384	18,835
Asset financing					
Owned	22,575	5	28	498	23,106
Net book value at 31 March 2023	22,575	5	28	498	23,106

8. Intangible Assets (Continued)

	Information Technology	Internally Developed Software	Software Licences	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2021	18,505	11	88	899	19,503
Opening balance adjustment	(1)	(1)	1	1	-
Additions	3,619	-	-	-	3,619
Disposals	-	-	-	-	-
Revaluation	1,656	-	(19)	-	1,637
Impairment	-	-	-	(61)	(61)
Reclassifications	455	-	-	(455)	-
At 31 March 2022	24,234	10	70	384	24,698
Depreciation					
At 1 April 2021	3,445	2	50	-	3,497
Opening balance adjustment	-	-	-	-	-
Charged in year	1,978	2	9	-	1,989
Revaluation	398	-	(21)	-	377
At 31 March 2022	5,821	4	38	-	5,863
Net book value at 31 March 2022	18,413	6	32	384	18,835
Net book value at 31 March 2021	15,060	9	38	899	16,006
Asset financing					
Owned	18,413	6	32	384	18,835
Net book value at 31 March 2022	18,413	6	32	384	18,835

9. Inventories

	31 March 2023	31 March 2022
	£000	£000
Fuel stock	47	66
Total inventories	47	66

10. Trade and Other Receivables

	31 March 2023	31 March 2022
	£000	£000
Trade receivables	11	-
Other receivables	303	71
Prepayments and accrued income	302	408
VAT	1,040	824
Total receivables	1,656	1,303

11. Cash and Cash Equivalents

	31 March 2023	31 March 2022
	£000	£000
Balance at 1 April	60,477	48,186
Net change in cash and cash equivalent balances	6,933	12,291
Balance at 31 March	67,410	60,477
Commercial banks and cash in hand	516	685
Short term investments	66,894	59,792
Balance at 31 March	67,410	60,477

DVA is a signatory on the following bank account:

DVA Hydebanks and OHMG

DVA funds do not go through this bank account and so have not been included in the Annual Accounts.

12. Trade and Other Payables

	31 March 2023	31 March 2022
	£000	£000
Amounts due within one year		
Trade payables	795	574
Other payables	32	33
Accruals	4,073	4,905
Capital accruals – Property, plant and equipment	1,600	1,376
Capital accruals – Intangible assets	827	345
	7,327	7,233
Deferred Income		
Deferred Income – Fees	6,528	6,423
Deferred Income – Capital Grant	36,770	21,510
	43,298	27,933
Amounts due after more than one year		
Loan from parent department	-	3,865
Total payables	50,625	39,031

During the year the loan from the parent department was repaid.

13. Provisions for Liabilities and Charges

	Employee Liability	Public Liability	Early Departure	Equal Pay	Injury Pensions	Legal Claims	TOTAL
2022-23	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	246	36	46	8	638	1,485	2,459
Opening balance adjustment	-	-	-	-	-	-	-
Provided in the year	122	5	1	-	-	-	128
Provisions not required written back	(30)	(20)	-	-	(48)	-	(98)
Provisions utilised in the year	(27)	(6)	(26)	-	(26)	-	(85)
Borrowing costs	-	-	(1)	-	(148)	-	(149)
Balance at 31 March 2023	311	15	20	8	416	1,485	2,255

Analysis of expected timing of provisions:

	Employee Liability	Public Liability	Early Departure	Equal Pay	Injury Pensions	Legal Claims	TOTAL
2022-23	£000	£000	£000	£000	£000	£000	£000
Not later than one year	-	-	-	-	-	275	275
Later than one year and not later than five years	311	15	20	8	416	1,210	1,980
Later than five years	-	-	-	-	-	-	-
Balance at 31 March 2023	311	15	20	8	416	1,485	2,255

13. Provisions for Liabilities and Charges (Continued)

	Employee Liability	Public Liability	Early Departure	Equal Pay	Injury Pensions	Legal Claims	TOTAL
2021-22	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	205	-	107	7	531	1,509	2,359
Opening balance adjustment	-	-	(1)	1	-	-	-
Provided in the year	86	36	1	-	99	-	222
Provisions not required written back	(30)	-	-	-	-	(24)	(54)
Provisions utilised in the year	(15)	-	(61)	-	(25)	-	(101)
Borrowing costs	-	-	-	-	33	-	33
Balance at 31 March 2022	246	36	46	8	638	1,485	2,459

Analysis of expected timing of provisions:

	Employee Liability	Public Liability	Early Departure	Equal Pay	Injury Pensions	Legal Claims	TOTAL
2021-22	£000	£000	£000	£000	£000	£000	£000
Not later than one year	-	-	-	-	-	275	275
Later than one year and not later than five years	246	36	46	8	638	1,210	2,184
Later than five years	-	-	-	-	-	-	-
Balance at 31 March 2022	246	36	46	8	638	1,485	2,459

13. Provisions for Liabilities and Charges (Continued)

Employee and Public Liability

Provision has been made for compensation claims and associated legal costs made by employees and members of the public. It reflects known claims where legal advice indicates that it is probable the claims will be successful and amount of the claim can be reasonably estimated.

Early Departure Costs

During 2013-14 a Voluntary Early Retirement Scheme for staff at the Professional & Technical Officer (PTO) grade was announced. Under this scheme 16 staff retired during 2014-15. DVA is required to meet the cost of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age. The Agency provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in the current or previous years by establishing a provision for the estimated payments.

Equal Pay

This provision represents DVA's expected share of the settlement payment to be made to staff at AA, AO, EOII and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay. A small number of equal pay claims were still outstanding at the financial year end.

Injury Pensions

Provision has been included for former employees who were medically retired and awarded an additional pension sum in relation to injury which is payable for life.

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

Other Legal issues

Other legal cases include a provision for holiday pay. The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for holiday pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for June 2021 but this has subsequently been adjourned and re-listed for December 2022. The 2022-23 Holiday Pay provision has been estimated by NICS HR and covers the period from November 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 detailed above);
2. Lack of accessible data for years previous to 2011;
3. Ongoing negotiations with Trade Unions; and
4. Obtaining relevant approvals.

14. Contingent liabilities disclosed under IAS 37

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

In December 2022 a grading review of TGI vehicle examiners was undertaken. The review was completed in May 2023 which recommended that the vehicle examiner role is re-graded at the higher EOII level. The report has been passed to People & Organisational Development in the Department of Finance, who have responsibility for pay and grading, to implement the outcome of the review.

15. Capital Commitments

At 31 March 2023, the Agency had £15,759k (2022: £13,250k) of contracted capital (Property, Plant and Equipment) commitments not otherwise included within the accounts.

16. Commitments Under Leases

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

	31 March 2023	31 March 2022
	£000	£000
Not later than one year	-	11
Later than one year but not later than five years	-	-
Balance at 31 March	-	11

17. Other Financial Commitments

The Agency has entered into non-cancellable contracts (which are not leases or PFI and other service concession arrangement) for the maintenance of IT systems and vehicle testing equipment. The total payments to which the Agency is committed are as follows.

	31 March 2023	31 March 2022
	£000	£000
Not later than one year	4,444	4,043
Later than one year but not later than five years	6,340	6,887
Later than 5 years	4,104	-
Balance at 31 March	14,888	10,930

18. Corporate Financial Target

	2023		2022	
	Actual	Target	Actual	Target
Return on average capital employed	2.30%	3.5%	8.77%	3.5%

The return on average capital employed has been calculated in line with Trading Fund guidance from DoF. The return is calculated by expressing the operating surplus on ordinary activities measured before interest (both receivable and payable) and dividends payable as a percentage of average net assets employed.

19. Related-Party Transactions

The DfI is regarded as a related party as it is DVA's parent department. During the year, the Agency has had a number of material transactions with the Department. In addition, the Agency has had a number of material transactions with other Government Departments and Central Government bodies. Most of these transactions have been with DoF. Land and Property Services valued the land and buildings used by the Agency.

During the year neither the Chief Executive nor members of the SMB nor any other related party has undertaken any material transaction with the Agency.

20. Financial Instruments

As a Trading Fund, the cash requirements of the Agency are met through fees and financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with DVA's expected purchase and usage requirements and cash balances held at a commercial bank. The Agency is therefore exposed to little credit, liquidity or market risk.

21. Events After the Reporting Period

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

Date Authorised for Issue

The Accounting Officer authorised the issue of these financial statements on 30th June 2023.

