



**NORTHERN IRELAND TOURIST BOARD
trading as
TOURISM NI**

**ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

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Performance Report

Purpose of Overview

The purpose of the Overview is to give the reader sufficient information to understand Tourism Northern Ireland, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

Chairman's Introduction

Ellvena Graham, Chairman

As Chairman of Tourism NI I am pleased to present Tourism Northern Ireland's Annual Report for 2021-22.

The period covered by this report proved to be yet another challenging year for the tourism industry both here in Northern Ireland and abroad. Following the optimism which followed the re-opening of much of the sector in the Summer of 2020, further waves of Covid-19 as we entered the winter saw much of the industry close again for the first five months of 2021. Thankfully, with the ongoing support of Government and the Northern Ireland Executive, coupled with the experience of a dealing with similar challenges a year earlier, the industry continues to survive and can now see the first real shoots of recovery.

The level of business from overseas markets remained suppressed throughout the summer due to a lack of consumer confidence and ever-changing travel restrictions across the globe. Tourism NI, working alongside the local industry, was however able to build upon the excellent marketing work of the previous year and we continued to welcome large numbers of visitors from the Republic of Ireland, many of whom coming on the recommendation of those visiting in 2020.

The Tourism Recovery Working Group continued its excellent work, supported by representatives from across every sector of the industry from airports to tour guides. In May 2021, the Economy Minister Diane Dodds published Phase 2 of the Tourism Recovery Action Plan. This set out a range of practical actions aimed at ensuring business continuity, increasing consumer demand, increasing the regions competitiveness and addressing skills shortages within the tourism and hospitality sectors. The plan secured the support of the NI Executive and with it additional funding of £18.7m to deliver on the actions within the plan.

In addition to our own promotional activity we were able provide funding of over £4m to local tourism businesses, through a partnership with the Northern Ireland Hotel Federation, to allow them to increase their own marketing and secure business from those segments of the market which had the greatest propensity to take a staycation here last year.

Whilst increasing consumer demand was our primary objective during the year, we also had a clear focus on the need to continue to develop the breadth and quality of the visitor experience. Continuing to have experiences which appeal to visitors both at home and abroad is vital to securing our share of the visitor numbers and visitor spend on the Island of Ireland when overseas markets reopen.

Through our Experience Development Programme, we have provided capital funding to support the development of new attractions and in particular outdoor activities which will appeal to those customers who are most interested in visiting Northern Ireland. We have also worked closely with those experience providers to enhance their capacity to secure bookings online and provide access to international operators through a wide range of Business 2 Business (B2B) support services.

Although it has been yet another challenging year I believe that the industry performed very well over the course of the Summer and Autumn and can now look to the future with great optimism. Every indication is that Northern Ireland remains an attractive destination for both leisure and business tourists and we are well placed to return to growth once international markets re-open.

I would like to thank the team at Tourism NI for their ongoing dedication and support to the industry and to the many partners we worked with during the course of the year. I would, in particular, like to thank the 11 local councils who have done outstanding work in supporting the tourism sector in their respective areas. I continue to be inspired by the resilience of all of those who lead and work within our industry who have done an outstanding job over the past year and as a result of their work can hopefully now begin to look forward to a much brighter future.

Elvena Graham
Chairman
Tourism NI

Chief Executive's Message

John McGrillen, CEO

As we entered the financial year of 2021-22 many challenges remained for the tourism industry across Northern Ireland and our key objective was to roll out the priority actions under the Tourism Recovery Action Plan.

The plan was an important marker of progress in our response to the crisis created by the global pandemic.

Throughout the period covered in this report, Tourism NI successfully secured an additional £18.7m programme funding to help businesses in the sector take all important steps forward towards recovery.

We have been actively engaged with the Minister and Departmental officials on the best use of the additional funding as well as in setting out a strategic vision to return to pre-pandemic levels of growth.

The Experience Development Programme produced significant interest with one hundred and nineteen applications received for capital grant support.

The Website Development Programme had similar levels of interest, with successful applicants receiving a digital audit and eighty per cent funding support from Tourism NI to implement the audit findings.

The Kickstart Programme provided medium to large businesses with access to a range of advisory and mentoring support to help in decision-making and long-term sustainability.

The Embrace a Giant Spirit Digital Welcome Programme scheme was developed based on a capital investment scheme for airports and was extended to include seaports and international transport hubs with the aim of improving the visitor experience and sense of welcome at Northern Ireland's main gateway points through investment in digital infrastructure.

To meet changing consumer demands, work was also started on the development framework to 'Unlock the Outdoors'. This included work with the Lough Erne Landscape Partnership, the Blueway Ireland Partnership, the Lower Bann Blueway and the Devenish Island Partnership.

With the news that The Open Golf Championship is returning to Royal Portrush in 2025, we will once again be using this as an opportunity to develop our offering as a golf tourism destination.

We will also be preparing for future bids to host major sporting events on an all-island and East-West basis. It has been very encouraging to see the return of events delivered under the International Tourism Events Funding Programme and the National Tourism Events Sponsorship Scheme allowing us to support such outstanding events as Open House, August Féile, Cathedral Quarter Arts Festival, Clondeboy EuroPro NI Masters, Carnival of Colours, Armagh Food & Cider Weekend, Culture Night and many more with great success.

Despite the challenges of the year in review, it is evident that our tourism sector is resilient and that the guidance and support offered by Tourism NI over this period has been gratefully received by the industry. Our senior management team has taken forward and completed numerous initiatives to support the industry and showcase Northern Ireland.

I wish to also take this opportunity to pay tribute to all who have tirelessly supported recovery efforts, the Northern Ireland Executive, the Tourism Recovery Taskforce, Tourism Ireland, local Councils, industry and stakeholders as well as my own dedicated staff.

We remain deeply committed to continuing to do everything possible to ensure the industry remains vibrant, competitive and meets the needs of our visitors.

John McGrillen
Chief Executive
Tourism NI

Statutory Background & Business Activities

Tourism Northern Ireland is a Non Departmental Public Body (NDPB) sponsored by the Department for the Economy (DfE). The organisation was originally set up as the Northern Ireland Tourist Board (NITB) in 1948 and operates under the Tourism (Northern Ireland) Order 1992. It was rebranded Tourism NI in January 2015.

Tourism NI's principal functions are to encourage tourism, to encourage the provision and improvement of tourist facilities and amenities and to certify tourism accommodation. We invest in relationships with our key strategic partners and stakeholders and offer funding mechanisms for capital projects to improve visitor attractions and activities with the aim of enhancing the visitor experience.

We devise marketing campaigns to promote Northern Ireland to best prospect customers and support the industry through the development of skills and capabilities. We also develop visitor information and invest in the use of digital and social media.

We work closely with a wide range of organisations in a variety of sectors, utilising the strengths and expertise of others to drive tourism forward and achieve our goals.

Tourism NI comprises of six divisions:

- Marketing;
- Strategic Development;
- Strategy & Policy;
- People & Organisational Development;
- Finance; and
- Computer Services.

In addition to our head office in Belfast, Tourism NI operates a Dublin office. The Marketing Division is based in both cities.

Commentary on the performance of the tourism sector and Tourism NI activities is detailed under section 'Performance Analysis'. It highlights the main trends and factors which have influenced the development of tourism in the current year and going forward.

Key Issues & Risks Facing the Entity

Section 2.6 of the Governance Statement outlines Tourism NI's approach to risk management, identifying and reporting on risks and management of risks.

Risks being managed as at 31 March 2022 were categorised as follows:

- Financial;
- Strategic;
- Operational;
- Reputational; and
- Compliance.

Some of the key risks identified in 2021-22, their impact and mitigating actions are summarised below:

| Key Risk | Impact | Mitigating Action |
|---------------------|---|--|
| Covid-19 | The Covid-19 pandemic has had a significant impact upon Tourism NI in terms of the working practices within the organisation, an unprecedented level of activity to support the industry through the Tourism Recovery Action Plan and the impact of public health restrictions on the delivery of its services. | Tourism NI staff have now been working from home for over 2 years and systems have been adapted to allow this to be done in an efficient and effective manner. During that period the organisation has undertaken an unprecedented programme of activity to deliver on the Tourism Recovery Action Plan. We have ensured that we have taken advice from competent sources including Invest NI, Department for the Economy (DfE), DfE Internal Audit Service and where appropriate, our own legal advisors to design out and mitigate any potential governance risks associated with delivering this support. |
| Pay Remit | The outstanding pay remits from 2017 through to 2021 to bring Tourism NI staff onto the 2021 NI Civil Service pay scales were approved in the 2021-22 year. Payments to employees were processed in May and June 2022. | The issues which gave rise to these challenges remain outstanding, namely employees within Tourism NI being on differing terms and conditions to NI Civil Service employees due to historic differences in pension arrangements. This issue requires urgent resolution as it has now been outstanding for over a decade. This matter currently rests with the Department of Finance (DoF) to resolve as this issue exists in other parts of the public sector. |
| Fees & Charges | Tourism NI currently wishes to introduce a revised Fees and Charges structure to allow for the full recovery of costs associated with the delivery of its statutory certification responsibilities. | This will require a change in the associated legislation to allow the appropriate charges to be applied and the full range of current accommodation types to be certified. |
| City & Growth Deals | Tourism NI has been designated as Project Sponsor for the tourism projects within Northern Ireland's City & Growth Deals (including Inclusive Futures Fund (IFF)) and for tourism Projects under the Complementary Fund. | Tourism NI's role, the associated responsibilities, and accountability arrangements have yet to be formalised by DfE, in particular via a "Letter of Appointment", and these need to be addressed as a matter of urgency. The Programme Definition Document (PDD) may also require to be amended to incorporate Tourism NI post approval responsibilities. |

| | | |
|----------------------------|--|--|
| Grievance / Mileage Policy | A small group of staff have issued a grievance against Tourism NI in relation to the implementation of a revised mileage policy. | Tourism NI prepared a submission outlining a proposed solution to this issue which has subsequently been approved by DfE and DoF. This matter is now subject to internal process. |
| Resourcing Issues | Tourism NI is experiencing acute difficulty in attracting and retaining staff in a range of key posts across the organisation. Whilst this is the case right across the organisation, this is particularly true within the Finance team. The team is headed up by a recently appointed Grade 7, Director of Finance, however it has been extremely difficult to recruit into posts at the grades below this level due to an under supply of qualified accountants and salary levels being uncompetitive. | Tourism NI has been reliant upon recruiting recently retired finance officers through a recruitment agency to fulfil its finance and governance responsibilities. Alternative management structures will be required to resolve these resource challenges. |

Performance Summary

Preparation of Financial Statements

Under Article 8 of the Tourism (Northern Ireland) Order 1992, Northern Ireland Tourist Board trading as Tourism NI is required to prepare a statement of accounts for each financial year in the form directed by the Department for the Economy with the approval of the Department of Finance. The accounts are prepared on an accruals basis and show a true and fair view of the state of affairs of the Northern Ireland Tourist Board trading as Tourism NI and of the net expenditure, cash flows and changes in taxpayers' equity for the financial year.

Results for the Year

The Statement of Comprehensive Net Expenditure notes a net expenditure for the year of £60.1 million compared to £49.5 million for the 2020-21 financial year.

Total operating expenditure was £66.8 million, which was an increase of £20.4 million from 2020-21 (£46.4 million). This reflects the ever changing priorities within tourism.

Related operating income was £0.89 million (2020-21: £0.32 million). This excludes revenue funding received from the Department for the Economy in respect of Tourism Ireland of £22.2 million (2020-21: £12.9 million) which was directly paid over to Tourism Ireland when received and therefore has been included in Grant in Aid.

Going Concern

The Statement of Financial Position as at 31 March 2022 shows net liabilities of £22.8 million (2020-21: £19.8 million), reflecting liabilities due in future years, in particular the pension liability of £10.0 million (2020-21: £14.5 million).

It is considered appropriate to adopt a going concern basis for the preparation of the financial statements as the Department for the Economy, sponsor department of Tourism NI, is supply financed. There is no reason to believe that the Department's future sponsorship and future Assembly approval will not be forthcoming to meet Tourism NI's liabilities as they fall due.

Performance Analysis

Financial Performance

Targets and Achievements

Tourism NI sets out its annual objectives within an Operating Plan that contains targets for the various Divisions and Units of the organisation. Performance against targets is measured continuously throughout the financial year, in formal end of quarter reports reviewed by the Senior Management Team, by the Tourism NI Board and by our parent department, the Department for the Economy.

Operating Plan objectives for the 2021-22 financial year were encapsulated in eight strategic priorities, as follows:

- Priority 1 – Advising & Supporting Government;
- Priority 2 – Customer Needs (Research & Insights);
- Priority 3 – Cross Divisional Programmes;
- Priority 4 – Experience Development;
- Priority 5 – Enterprise Development;
- Priority 6 – Marketing & PR;
- Priority 7 – Sales Support; and
- Priority 8 – Governance, Finance, People & IT.

All priorities are aligned to our 2021-22 mission ‘To support the recovery of the Northern Ireland tourism industry from the impact of Covid-19 so that it once again becomes one of the most successful sectors of the Northern Ireland economy’.

We aimed to do this through:

- Supporting our industry to come through Covid-19 and rebuild through recovery;
- Promoting Northern Ireland as a must-see destination to markets which offer the greatest potential for growth;
- Acting as the interface between industry and Government;
- Looking after our people; and
- Transforming the way we work.

Tourism NI’s Corporate Risk Register is aligned to the objectives in the Corporate Plan and Operating Plan to ensure that any risk or uncertainty linked to delivery is identified, managed, and effectively controlled or mitigated where possible. Corporate Risks are initially identified by the Senior Management Team (SMT) and agreed with the Tourism NI Board. The Risk Register is formally reviewed and updated each quarter and reported to Tourism NI Board and Audit and Risk Assurance Committee.

Statement of Performance

Tourism in Northern Ireland was an economic success story in the decade to 2019, generating income of over £1bn in that year, almost £740m of which was out-of-state earnings.

Between 2012 and 2019, the sector grew by almost 50% and generated 13,000 new jobs across every part of Northern Ireland, double the job creation rate of any sector outside of tourism and hospitality.

The scale of the potential impact of the Covid-19 pandemic on the sector during 2020/21 necessitated an immediate and tailored response to safeguard income and employment, and facilitate recovery. Tourism NI played a leading role in coordinating the work of a broad range of stakeholders to support and accelerate the tourism industry's revival from the pandemic, work that continued throughout 2021/22. Consequently, the performance of the tourism sector continued to improve in the period covered by this report, as businesses rapidly adjusted to the new operating environment.

Strategic Leadership

Throughout the year, Tourism NI continued to demonstrate strong strategic leadership in partnership with a range of other organisations, agencies and stakeholders. Active engagement with Departmental officials and the Economy Minister on the impact on the tourism industry of the health protection regulations put in place in response to the Covid-19 pandemic was a key part of this work.

The UK-wide industry-standard, We're Good to Go, was phased out at the end of 2021/22, following a successful campaign in which 2,148 NI businesses participated. The standard, which was introduced in July 2020 when organisations were struggling to adjust to the new regulations, allowed businesses to demonstrate that Covid-19 protocols had been put in place to keep both staff and visitors safe during a period of unprecedented uncertainty. With the pandemic continuing to influence individual behaviours, even as restrictions were lifted, Tourism NI regularly updated its advice and guidance to the industry during the year on how to operate safely.

Skills and labour shortages were a key issue for the sector during 2021/22. Working closely with members of the Hospitality Tourism and Skills Network, Tourism NI supported a number of initiatives across the three pillars of Attract, Retain and Engage, including a new Employers Charter. A major recruitment campaign, Count Me In, was delivered in the final quarter of the year which significantly boosted interest in employment opportunities in the industry. In the summer of 2021, Tourism NI delivered its first ever virtual Tourism Conference focused on ways to support businesses in recovering from Covid-19. The conference attracted 367 delegates and was based on the three themes of Survive, Revive and Thrive. Feedback on the event was extremely positive, with delegates valuing the discussions on future opportunities at a time when many businesses were in the process of re-opening.

To tackle the labour shortage facing the industry, several meetings have taken place with industry representatives, Hospitality & Tourism Skills (HATS) network and Departmental officials to encourage the Skills Directorate within DfE to take forward several short and medium-term initiatives.

In August 2021, a Programme Board was established to oversee the delivery of a large number of programmes within the Tourism and Economic Recovery Action Plans and the management of the associated funding allocations.

In September 2021, the Tourism Enterprise Development Programme was launched, supported by a full marketing campaign focusing on press and digital. The aims of the programme were to support the Kickstart Programme and to provide guidance to businesses undertaking marketing activity in NI, GB and the Republic of Ireland.

Welcoming tour operators from over 16 markets at ICC Belfast, Tourism NI hosted its first face-to-face Meet the Buyer trade event in March 2022 after two years of delivering the event virtually. The annual flagship Business 2 Business networking event was the largest international tourism networking platform held in Northern Ireland to date.

To further support the economy and the tourism industry, Tourism NI have developed a sustainability toolkit. The toolkit contains instructions for how a business can audit its actions and suggestions for how to improve its green credentials. The launch of the toolkit coincided with a virtual Sustainability Masterclass which had over 200 participants.

Financial Support

Tourism NI successfully secured programme funding of circa £20m and capital funding of £3.7m for the financial year with additional ERAP revenue funding totalling circa £19m.

The Regions & Experience Development teams have provided a series of information sessions seeking Expressions of Interest (EOIs) from Councils for the £4m Market Led Product Development Funding Programme. The scheme provided Councils with funding to enhance the visitor experience within their regions in support of the Northern Ireland “Embrace a Giant Spirit” brand up until March 2022.

By 31 March 2022, three Capital Investment Programmes were delivered by Tourism NI, the Website Development Programme, the Experience Development Programme (year 1 activity), and the Embrace a Giant Spirit Digital Welcome Programme at Northern Ireland's three main airports.

The Website Development Programme which opened on 25 August 2021 and closed for Expressions of Interest (EOI) on 8 September 2021 generated 100 EOIs. Following the appraisal process, Letters of Offer were issued to 34 applicants. Activity and expenditure across the approved projects closed out at the end of March 2022. A second strand of the Website Development Programme aimed at accommodation providers was launched later in 2022. Successful applicants participated in the digital audit stage during the year, with the implementation stage expected to be delivered in 2022/23.

The Experience Development Programme, which launched in late August 2021 and closed for Expressions of Interest (EOI) in September 2021 has earned a phenomenal interest from businesses with an initial 213 EOIs. Following an extensive scoring and appraisal process, a list of 29 potentially successful projects were identified for further cost assessment, with implementation subject to confirmation of available budget in 2022/23.

Finally, a new capital grant programme was delivered to enhance international gateways to Northern Ireland in the form of the Embrace a Giant Spirit Digital Welcome Programme. The scheme was based on last year's capital investment scheme for airports which was extended to include seaports and international transport hubs to improve the visitor experience and the sense of welcome at Northern Ireland's main gateway points through investment in digital infrastructure.

Aimed at medium to large tourism businesses, the Kickstart Programme helped organisations access a range of advisory and mentoring support to inform critical business decisions, and to ensure longer-term sustainability in the areas of business model restructuring, digital innovation and productivity, recruitment and talent development, and environmental sustainability. The project opened for applications in October 2021. By the end of March 2022, 45 businesses had benefited from participation in the programme, with a support for a further 5 businesses to be delivered in 2022/23.

To support ore brand-aligned experiences, Tourism NI have undertaken a Market Testing Programme to review 90 experiences. On completion of the programme, operators and Tourism NI will receive a report providing recommendations and identifying opportunities to enhance their offer.

To complement this, operators were offered Business Health Checks to 22 brand-aligned experiences. This programme aims to review the business baseline position and identify areas that will strengthen and facilitate growth. Upon completion of the work, each operator and Tourism NI will receive a report around the structure and financial viability of the business, together with a summary of any gaps identified and opportunities to be explored.

This year Tourism NI have also supported the DAERA programme by undertaking market testing and benchmarking to inform the assessment and shortlisting process. Applications were assessed in early 2022 and projects are set to be delivered by 2025.

Supporting Local Government

Tourism NI continues to be involved with the Department for Economy's City Deal Programme Board and Operation Group in bringing forward City and Growth Deals.

The programme will unlock £1.5billion of investment from the public and private sectors and will create thousands of new, and better, jobs across the region, strengthening Northern Ireland's position as a global investment destination over the next decade and beyond.

As project sponsor for the four tourism projects within the Belfast Region City Deal, Tourism NI appointed economic specialists to undertake economic and commercial appraisals of the Outline Business Cases for these projects. These appraisals help ensure the projects' readiness for the next decision making stage of the City Deal process.

Tourism NI continues to be represented on all project boards at both a programme and individual project level. The OBCs for the Gateway to the Mourne and the Gobbins Path Phase II were endorsed by the DfE Casework Panel in this period, with extensive preparatory work progressed on the Destination Royal Hillsborough and Belfast Stories proposals. In parallel, Tourism NI worked closely with Councils and other key stakeholders to progress project proposals in the Derry City and Strabane, Causeway Coast and Glens, and Mid and South West Deals.

Throughout the reporting period, seven local Council websites have been successfully redeveloped by Tourism NI as part of its digital transformation work programme which aims to improve the visitor experience and encourage people to stay longer and spend more under the Regional Destination Websites project.

These seven of the eleven Councils are now utilising the Simpleview platform with another likely to join in due course.

From a food and drink perspective, through the Taste Causeway Initiative, a six-month programme of local food and drink experiences has been delivered. Slow Food Causeway has seen unique dining experiences in collaboration with the National Trust at Mussenden Temple and Causeway Visitor Centre, a three-day Slow Food and Drink Festival in March 2022 and a packed schedule of supper clubs, special menus, workshops and food tours, involving over 60 local food and drink businesses.

Industry Development and Events

This comprehensive online resource acts as a one stop shop for the tourism industry. The site hosts a vast array of tourism-specific business support tools and information to help build business capacity whilst it also allows the industry to keep up to date with latest developments and the site signposts to a variety of key stakeholders and local authorities.

The Covid-19 pandemic led to many events being cancelled or postponed in the reporting year. To support the events sector, Tourism developed a 'Re-imagining Events' Business Support Programme. It was successfully delivered virtually to event promoters to support their recovery from the Covid-19 crisis.

Where events were able to be held, they had to reduce audience numbers and use outdoor venues where possible. Visitor feedback and attendance numbers have been very positive, with high levels of positive intent recorded to attend the event again in future years.

Research and Insights

Consumer Sentiment

Providing in-depth analysis of Republic of Ireland (ROI) and NI consumer confidence, propensity to travel and consumer concerns to help inform tourism business decisions, Tourism NI regularly published consumer sentiment research during the year. The research found that, despite growing case numbers in late 2021, anxiety relating to Covid-19 dropped considerably for both NI and ROI consumers.

The research completed in the second half of the year showed that increased proportions of consumers in both markets felt more content engaging in a range of indoor activities, although some lag remained for pubs/bars and indoor events.

Encouragingly, both ROI and NI consumers rated NI as a better value for money destination than GB or ROI, highlighting the potential for increased numbers of domestic tourists.

Results from this same research also indicated continued strong demand for an NI trip in Spring/Summer 2022, however, Intentions to travel abroad, remained high for our close to home markets, fuelled primarily by the desire for a sun holiday.

Tourism NI's yearly Tourism 360° research enabled all audiences to assess the Travel Trends Outlook for 2022 and beyond.

To date, performance for 2022 is mixed, with some key indicators not achieving 2019 levels whereas hotel rates, for example, continue to exceed 2019.

Month on month, the difference with pre-pandemic performance is generally narrowing with hotels and tour operators reporting strong forward bookings. Data continues to indicate that the closer-to-home markets, particularly the Republic of Ireland, have been buoying performance.

The air access forward picture for July-September 2022 is positive, with data from OAG showing air seat capacity in Northern Ireland is expected to be at 89% of the level seen in the same period in 2019.

The trend toward last-minute booking makes it more difficult to predict performance, however, industry feedback suggests a strong summer but more uncertain autumn.

While the overall outlook for 2022 remains positive, with consumers exhibiting pent-up demand and greater confidence in travel, bumps are still anticipated in the road ahead. Key challenges remain

related to the recent increase in Covid-19 cases, staffing issues and the rising cost of living, particularly energy costs.

Staffing issues in airports are causing extensive travel delays and could negatively impact consumer travel confidence as the sector rebounds. While ongoing flight cancellations and travel disruption could negatively impact overseas visitor numbers, they could also result in an increase in staycations over the coming months.

Information Including Social Matters, Anti-corruption and Anti-bribery Matters

Rural Needs

The Rural Needs (NI) Act 2016 introduced a new statutory duty on Northern Ireland departments, district councils and other specified public bodies to have due regard to rural needs when developing, adopting, implementing or revising policies, strategies and plans and when designing and delivering public services. The Act became operational for Government Departments and district councils from 1 June 2017 and covers two main duties.

The first is a duty to have due regard to rural needs (referred to as the ‘due regard duty’) and the second relates to monitoring and reporting on how the due regard duty has been exercised. The latter duty requires that public authorities publish this information in their annual reports, and provide a copy of this information to the Department of Agriculture, Environment and Rural Affairs (DAERA) on an annual basis. Tourism NI has due regard to rural needs when undertaking new or revised policies/activities by subjecting them to rural needs impact assessments, in accordance with guidance issued by DAERA.

Anti-corruption and Anti-bribery

Tourism NI adheres to and promotes good practice guidance on anti-corruption and anti-bribery matters through a range of measures including anti-fraud and raising concerns arrangements.

In 2017, the Northern Ireland Audit Office (NIAO) issued a good practice guide on managing the risk of bribery and corruption. This guidance was issued to all staff.

Tourism NI’s Gifts and Hospitality guidance is also a key control in place to mitigate against corruption and bribery. This guidance outlines the types of instances in which it is, and is not, appropriate for staff to accept or offer gifts and hospitality as part of their official duties. Registers of gifts and hospitality are monitored and published on an annual basis on Tourism NI’s website.

Sustainability Report

Over the past year, awareness of, and interest in, sustainability issues continued to increase. The hosting of the UN Climate Change Conference (Cop26) in Glasgow in November 2021 and the passing of Climate Change legislation by the NI Assembly in March 2022 provided further impetus for change in relation to reducing environmental impacts, both in terms of consumer awareness and also industry engagement. Interest in the economic and social aspects of sustainability continued to grow too, with tourism having the potential to make a greater contribution in the future to more sustainable communities across Northern Ireland.

The continuation of the Covid-19 pandemic during 2021/22 meant that trends such as greater use of the outdoors remained strong. Demand for sustainable travel and practices within the tourism industry grew further during the year and is expected to continue to grow in the medium term. As a result, the onus is on destinations to demonstrate that they can deliver sustainable experiences

This demand will in turn reduce the carbon footprint of the visitor and allow them to make a positive contribution to both the natural and built environment and to support local communities.

As the Tourism Development Authority for Northern Ireland, Tourism NI plays a leadership role in working with the tourism industry to ensure that Northern Ireland becomes a truly sustainable tourism destination. In terms of strategy, the Tourism NI Senior Management Team and Board continued this year to work with Department officials on developing the foundations for a regenerative tourism strategy.

The emerging vision identified as part of this work was to “Create a Thriving Tourism Ecosystem that enriches Northern Ireland, its People and its Guests”. For Tourism NI, the new strategy will enable the sector to demonstrate how it is delivering the UN’s Sustainable Development Goals as well the NI Climate Change Act and supporting policies including the NI Green Growth Strategy. It is expected that the Regenerative Tourism Strategy will be developed in detail by the Department for the Economy in 2022/23, working closely with Tourism NI and other stakeholders.

In parallel with the visioning work, Tourism NI delivered a number of valuable actions for the industry during the year, including:

These actions included:

- A Sustainability strand of the Kickstart programme which provided one to one support to businesses to accelerate recovery and improve competitiveness;
- A new package of support for events and experiences spanning all 11 Council areas in Northern Ireland to drive business and activity in the shoulder season;
- The rollout of the second phase of the Experience Development Programme with a clear focus on creating authentic sustainable tourism experiences; and
- The delivery of new virtual masterclasses and workshops to the industry on key aspects of sustainability.

Within Tourism NI, a Sustainability Action Plan was developed during the year, setting out the key short-term priorities for the organisation. Four priorities were identified as follows:

- Educate and empower staff to take action in their part of the business;
- Establish sustainable tourism development baselines;
- Review all funding, support scheme and supplier tender criteria; and
- Respond to our industry's plea for guidance.

In parallel, a number of workstreams were established, with the workstream leads meeting regularly to review progress under the leadership of a member of the Senior Management Team.

Broader engagement in sustainability issues within Tourism NI continued to be facilitated via an active Sustainability Working Group which met on a regular basis during the year. In addition, an all staff, all day virtual sustainability event was held in March 2022. Comprising a mix of expert speakers and staff participation exercises, the event enabled staff to improve their understanding of latest policy and insights on sustainability issues as well as identify and agree specific actions which could be taken in their business area.

Internal Engagement

The opportunity for Tourism NI employees to receive formal presentations from their fellow colleagues was impacted during the 2021-22 year as a result of Covid-19, remote working and increased workloads. However, all staff briefings were held via Zoom and the Chief Executive prepared a weekly blog to keep staff engaged and properly informed during the period of remote working.

External Engagement

Tourism NI hosted five university placement students in various units throughout the organisation in 2021-22, imparting valuable knowledge, experience and career skills in the process, with the aim of helping to build the leaders of tomorrow.

Board Members (as at 31 March 2022)

Terence Brannigan - Chairman

Appointed April 2015

Terence is also the current Chairman of the Maze Long Kesh Development Corporation (MLKDC). MLKDC is responsible for the regeneration and development of the site at Maze Long Kesh which, at 347 acres, is twice the size of Titanic Quarter and four times the size of Canary Wharf. He is a Board member of Co-operation Ireland, a former Chairman of the CBI in Northern Ireland and was the founder and CEO of resource™, one of Northern Ireland's largest private sector employers, and was founder and CEO of Connected Health.

Terence's term as Chair ended on 30 June 2022.

Angelina Fusco

Appointed July 2014

Angelina is an independent media and journalism training consultant in Northern Ireland. She works with Channel56, a locally based communications company, helping individuals and organisations communicate more effectively. She spent more than 30 years in BBC Northern Ireland and held a variety of roles. For 15 years she was Head of the Television 'BBC Newsline' production team. Angelina was awarded an Ochberg Fellowship on Journalism and Trauma from the Dart Centre, Columbia University, NYC. She chairs Dart Centre Europe. She is a member of Ofcom's NI Advisory Committee, a former member of Ofcom's Content Board and served two terms on the Northern Ireland Committee of the National Lottery Heritage Fund.

Geoff Wilson

Appointed March 2015

Geoff runs his own marketing and communications consultancy business, with a focus primarily on sport. Previously Head of Marketing and Communications (Irish FA), he was responsible for public relations, commercial programmes, brand development and communication to fans. Geoff works with the likes of FIFA, UEFA, AFC, FIBA and other global sports organisations in a wide range of areas from strategic planning, marketing and communications, digital, fans engagement, public affairs and knowledge sharing / exchange programmes. In addition, Geoff consults with a number of sports tech companies in the CRM, eSports, wearable and fans engagement space. Geoff is a part-time lecturer in marketing at Queen's University Belfast and is Chair of Netball Northern Ireland.

Michele Shirlow

Appointed January 2015

Michele is the Chief Executive of Food NI, a membership organisation dedicated to enhancing the reputation of Northern Ireland's food and drink, representing over 450 member companies (including 200 Taste of Ulster Restaurants) and acting as a strategic driver to support the industry to achieve greatness. Michele was central to delivery in 2016 of the first ever Year of Food and Drink, which increased positive visitor attitudes towards Northern Ireland food and drink by 23% and resulted in Northern Ireland winning the International Travel and Tourism Awards – Best Food Destination 2018/19. She is now spearheading the Our Food the Power of Good strategy to establish Northern Ireland as a leading sustainable food region in the UK.

Terry McCartney
Appointed July 2014

Terry McCartney is the owner and manager of the multi award winning Belmore Court & Motel, Enniskillen. He is responsible for the day to day leadership and management of the 60-bedroom, four star guest accommodation as well as its sister property The Lodge At Lough Erne, a luxury self-catering home on the grounds of Lough Erne Resort. He was a lecturer in Hospitality and Computers at the South West College in Fermanagh and prior to that he held positions as a Field Sales Executive for Finlay Hydrascreens and Promotion and Sales Executive for Dillon Bass. In 2011, Terry was appointed High of Sheriff of County Fermanagh for the year. He is also a rugby referee, an amateur photographer and in January 2018 he trekked to the top of Kilimanjaro for charity.

Colin Neill
Appointed January 2015

Colin Neill is Chief Executive of Hospitality Ulster, the representative body of Northern Ireland's hospitality industry, which sustains approximately 72,000 jobs with an annual turnover of £2bn. He is also a Board Member / Trustee of Ashton Community Trust. Colin holds an MBA from the Ulster University.

Patricia Corbett
Appointed May 2020

Patricia's most recent full-time role was as the first Head of Hillsborough Castle for Historic Royal Palaces (HRP). She led the £20m programme to open the Castle and Gardens to the public transforming it into a leading visitor attraction. Her role was diverse, including the development of the commercial operating model for the Castle; significant stakeholder engagement; and leading the employment and training of over 100 staff to support visitor services, host events and community engagement. She also negotiated the transfer of the Courthouse and Fort to HRP thereby safeguarding the future of these historic buildings. As a Deputy Lieutenant for the Borough of Belfast her role is to support Royal and civic lieutenancy activity, including encouraging voluntary and charitable organisations and supporting local businesses. Patricia is also a member of the Board of The Grand Opera House Belfast.

John West
Appointed May 2020

John is recently retired from a career in the financial services industry in Ireland and the UK where he held a variety of senior executive roles specialising in areas such as operations, risk management and customer service. He brings public sector boardroom experience, having served as Senior Independent Board Member and Audit Committee Chair with three separate NI Government Departments, including currently with the Department for Communities. He also sits as an Independent Board Member on the Court Funds Judicial Liaison Group. John is originally from Enniskillen, now lives in Hollywood and enjoys holidaying with his wife Debbie on the beautiful North Antrim coast.

Anya O'Connor
Appointed May 2020

Anya is Senior International Officer at Queen's University Belfast. Her role is focused on driving student recruitment from the Americas as well as building profile and partnerships for the University in the region. In addition, Anya acts as a career development coach within the Queen's internal coaching team, supporting staff from across the University. Anya is a graduate of the Washington Ireland Program (2010) and was also Assistant Director for the Program in 2017. She is committed to supporting initiatives that develop positive international relations for Northern Ireland and in 2018 was part of the team that brought the World Economic Forum's 'Shape Europe' conference to Belfast. In 2018 she was admitted to the British American Project as a fellow. Anya holds an MA in English Literature and Politics from the University of Glasgow.

Signed

A handwritten signature in black ink, appearing to read 'John McGrillen', with a long horizontal stroke extending to the right.

John McGrillen

Accounting Officer

Date: 27th January 2023

Section 2 - Accountability Report

Corporate Governance Report

The purpose of this report is to explain the composition and organisation of Tourism NI's governance structures and how they support the achievement of its objectives.

Directors' Report

The Directors present their report and financial statements for the year ended 31 March 2022. The net expenditure after interest for the year is £60.1 million (2020-21: £49.5 million).

Directors

The Directors are the Board Members as listed in Section 2.1 of the Governance Statement. Please see previous section on Board Members for further detail. The Senior Management Team are listed in the Remuneration and Staff Report. For the year ended 31 March 2022, John McGrillen was the Chief Executive Officer.

Prompt Payment Policy

Tourism NI is committed to the prompt payment of bills for goods and services received in accordance with the Government's Better Payments Practice Payment Code.

Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods, or services, or presentation of a valid invoice or similar demand, whichever is later. Regular reviews conducted to measure how promptly Tourism NI paid its bills found that 100% (2020-21: 100%) of bills were paid within this standard.

In December 2008 the Government and Institute of Credit Management launched the new Prompt Payment Code setting a target of paying invoices within 10 days. Under this initiative Tourism NI achieved 99% of bills paid within 10 days (2020-21: 92%).

Register of Interests

The Chairman, Board Members and Senior Management Team are required to register all interests, direct or indirect, which members of the public might reasonably think could influence their judgement. The register of interests is available for public inspection by contacting the Communications Team, Tourism Northern Ireland, Linum Chambers, Floors 10-12, Bedford Square, Bedford Street, Belfast, BT2 7ES.

Personal Data Related Incidents

There were two minor reported Personal Data Related Incidents in 2021-22 (2020-21: one), relating to a misdirected email and an issue unsubscribing from an email list. There was no harm to the three data subjects involved and there was no requirement to notify the Information Commissioner's Office (ICO).

Complaints Handling

Tourism NI aims to provide a professional, high quality service to our customers and stakeholders and we welcome any feedback which will help us to improve our service.

Our complaints and feedback procedures are broken down into two key areas: feedback about tourist accommodation premises or other tourist amenities, including visitor attractions, or complaints specifically about [Tourism NI services](#) (Corporate Complaints).

In the case of Corporate Complaints, we will acknowledge complaints within three working days and endeavour to provide a response within ten working days. If it is not possible to provide a full response within 10 working days, we will advise of the progress of our investigation, and provide an indication of the likely response date.

If complainants are dissatisfied with our response they can refer the matter to the Tourism NI Chief Executive within 28 days of the date of the initial response, and if they still consider that Tourism NI has not dealt with the matter either properly or fairly, they can refer their complaint to the Northern Ireland Public Services Ombudsman (NIPSO).

There were two complaints made about the services provided by Tourism NI in 2021-22.

Further information on the handling and monitoring of complaints is available on the Tourism NI 'Feedback and Complaints' webpage at <https://tourismni.com/feedback-and-complaints/> or by contacting complaints.feedback@tourismni.com

Charitable and Political Donations

No charitable or political donations have been made by Tourism NI in 2021-22 (2020-21: £Nil).

Auditors

The Comptroller and Auditor General is the external auditor for Tourism NI. No payments were made in respect of non-audit work to the Northern Ireland Audit Office during 2021-22 (2020-21: £1,250).

Statement of the Board and Accounting Officer's Responsibilities

Under Article 8 of the Tourism (Northern Ireland) Order 1992, the Department for the Economy (with approval from the Department of Finance) has directed Tourism NI to prepare for each financial year 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 show a true and fair view of the state of affairs of Tourism NI at the year end, and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- Observe the Accounts Direction issued by the Department for the Economy, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that Tourism NI will continue in operation; and
- Confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he or she takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the Department for the Economy has designated the Chief Executive as Accounting Officer of Tourism NI. As Accounting Officer, the Chief Executive has responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding Tourism NI's assets, as set out in Managing Public Money Northern Ireland, issued by the Department of Finance.

As Accounting Officer, I can confirm that there is no relevant audit information of which the auditors are unaware. 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 auditors are informed of it.

Governance Statement

INTRODUCTION

The purpose of this Statement is to attest the continuing effectiveness of the governance arrangements of the Tourism Northern Ireland (Tourism NI) that support the achievement of our organisational policies, aims and objectives.

Corporate Governance refers to the system by which the organisation is directed and controlled. The effectiveness of direction and control of an organisation can be linked to:

- **Governance:** how well an organisation plans, sets, communicates and monitors progress against its corporate objectives;
- **Risk Management:** how the organisation identifies, considers and manages the risks to the achievement of its objectives; and
- **Business Controls:** how the organisation's Board assures itself and its stakeholders that it is in control of the business and the associated risks.

GOVERNANCE FRAMEWORK

As Accounting Officer, I am personally responsible for the overall accountability arrangements of the organisation which include: maintaining a sound system of corporate governance; an effective system of Internal Controls; assessing the organisational capacity to handle and manage risk; and maintaining propriety and regularity of public finances, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland (MPMNI).

I am also responsible for ensuring compliance with the requirements of Tourism NI's Management Statement and Financial Memorandum (MSFM) agreed between Tourism NI and the Department for the Economy (DfE) and ensuring compliance with other Government directives and guidance on good practice in corporate governance.

Compliance with Corporate Governance Code

As a Non-Departmental Public Body (NDPB) of DfE, Tourism NI has been expected to adopt the practices set out in HM Treasury's "Corporate Governance In Central Government Departments: Code of Good Practice (NI) 2013" (the Code). Tourism NI has complied with the principles of good practice in the Code.

In compliance with the Code, Tourism NI has established and maintained key organisational structures which support the delivery of corporate governance.

Organisation and Structures

The key organisational structures which support the delivery of corporate governance are the:

- Tourism NI Board;
- Audit and Risk Assurance Committee;
- Finance and Casework Committee; and
- Weekly Senior Management Team meetings.

TOURISM NI BOARD

Northern Ireland Tourist Board trading as Tourism Northern Ireland operates under the Tourism (Northern Ireland) Order 1992. Tourism NI's principal functions are to encourage tourism; to encourage the provision and improvement of tourist facilities and amenities; and the certification of tourism accommodation.

The Board consists of a Chairman and up to eight Non-Executive Board Members, who are appointed by the Minister for the Economy, in accordance with the Code for Public Appointments for Northern Ireland. The Board takes an objective long term view of the business, providing strategic oversight and scrutiny to assist the Accounting Officer in meeting his Corporate Governance responsibilities. The performance of Board Members is formally assessed by the Chairman on an annual basis. The Board meets a minimum of eight times per year.

The Board has corporate responsibility for ensuring that Tourism NI fulfils the aims and objectives set by the Department and approved by the Minister, and for promoting the efficient, economic and effective use of staff and other resources by Tourism NI. To this end, and in pursuit of its wider corporate responsibilities, the Board:

- establishes the overall strategic direction of Tourism NI within the policy and resources framework determined by the Department;
- ensures that the Department is kept informed of any changes which are likely to impact on the strategic direction of Tourism NI or on the attainability of its targets and determine the steps needed to deal with such changes;
- ensures that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the Department of Finance and the Department;
- ensures that the Board receives and reviews regular financial information concerning the management of Tourism NI; is informed in a timely manner about any concerns relating to the activities of Tourism NI; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- demonstrates and ensures high standards of corporate governance are observed at all times. This includes using the Audit and Risk Assurance Committee to help the Board address key financial and other risks facing Tourism NI; and
- appoints a Chief Executive of Tourism NI subject to the approval of the Department and, in consultation with the Department, sets performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies.

Board Performance and Effectiveness

In the year from 1 April 2021 to 31 March 2022, the Tourism NI Board met on nine occasions. Details of the attendance of members during the year are shown below:

| Board Member | Number of Meetings Attended | Out of a Possible |
|---------------------------|------------------------------------|--------------------------|
| Terence Brannigan (Chair) | 9 | 9 |
| Angelina Fusco | 8 | 9 |
| Terry McCartney | 9 | 9 |
| Colin Neill | 9 | 9 |
| Michele Shirlow | 9 | 9 |
| Geoff Wilson | 8 | 9 |
| John West | 9 | 9 |
| Patricia Corbett | 9 | 9 |
| Anya O'Connor | 9 | 9 |

Although the Board had agreed to resume physical meetings, in the early part of this year ongoing Covid-19 measures meant that these could not be held at Tourism NI's headquarters. As a result, some meetings were held remotely while for others a suitable alternative venue was sourced nearby which had capacity for social distancing as well as audio-visual resources to permit hybrid meetings. Meetings were held in line with the government guidance in place at the time and thanks to remote conferencing technology, both the hybrid and the fully remote Board meetings were conducted effectively. In addition to the meetings at Tourism NI's headquarters, the Board also met at W5 in the Odyssey Complex on 19 August 2021 and at the offices of Mid-Ulster Council in Magherafelt on 10 March 2022.

In its regularly scheduled meetings, the Board focussed on the strategic objectives of Tourism NI and received quarterly reports on monitored performance against these targets. The Board also received management information reports including Financial and Risk Management to discharge its duties. During the course of the year Tourism NI undertook a review of its risk management processes, resulting in the development of a new risk management framework and risk register which the Board approved at its meeting in March 2022.

The Board, in discharging its responsibilities, delegates the day to day management of Tourism NI to the Senior Management Team (SMT). The SMT is responsible for implementing the strategy of the organisation and formulating robust policies and strategies in pursuance of corporate aims and objectives. During the course of the 2021-22 year, as part of the restructuring of the Senior Management Team, Tourism NI appointed a Director of Strategic Development, Head of Regions and a Head of Programmes

The Board also continued its participation in the Boardroom Apprentice programme which assists individuals from the business community in gaining experience of the roles and responsibilities involved in taking up a public appointment. Denise McAnena's term as Boardroom Apprentice ended on 31 August and Sarah Jayne Smith of Queen's University joined Board Meetings for a twelve month period commencing on 1 September 2021.

Key Issues Considered by the Board

The Board's discussions throughout the year continued to be influenced by the impact of Covid-19 upon the Northern Ireland tourism industry. Key discussions focussed on support programmes provided as part of the Economic Recovery Action Plan (ERAP) and Tourism Recovery Action Plan (TRAP). Another major element of the Board's work was represented by tourism projects seeking support under the Region City Deals for Belfast and Derry-Londonderry – including the Belfast Destination Hub, Mournes Gateway, Derry on the North Atlantic (DNA) and the Gobbins Phase 2. During the course of the year the Board also took part in a review of Tourism NI's Risk Management Framework, producing a new corporate Risk Register aligned with outcomes in the Operating Plan. Also representing a significant topic of concern for the Board were major workforce issues faced by the tourism industry – recruitment, retention, skills and training. Tourism NI's own resource issues were a further point of discussion and the Board received regular reports on discussions with the Department regarding organisational structure, in particular to support key areas of work such as City Deals and events delivery.

Other key issues the Board considered during 2021-22 included:

- A review of the market strategy in the Republic of Ireland;
- Options for future delivery of events programmes and a review of the principles underpinning Tourism NI support programmes;
- Bids for resource under the Comprehensive Spending Review;
- Employee wellbeing and future arrangements for hybrid home / office working;
- Draft Tourism Strategy;
- Belfast City Council's consultation on its draft Tourism Strategy;
- The City of Culture bid by Armagh, Banbridge and Craigavon Council;
- HMS Caroline;
- Tourism NI's corporate branding;
- Input to a draft Programme for Government;
- The impacts on tourism of the UK's exit from the European Union;
- Coronavirus impact on tourism industry and Tourism NI response; and
- HR Policies.

As Covid-19 restrictions relaxed the Board was able to resume some of its stakeholder engagement activity. The Board held a dinner with tourism industry figures and officials of Belfast City Council on 18 August 2021 ahead of its meeting in W5 the next day. In September the Board hosted dinner for Board Members of the Incoming Tour Operators' Association. The Board also hosted dinner for council representatives and tourism stakeholders from the Mid-Ulster area in Cookstown on 9 March 2022, ahead of its Board Meeting the next day.

In the previous year the Board had revised its subcommittee structure, agreeing that if required, in the absence of availability of the full Board an ad-hoc Covid-19 response committee could be convened to deal with urgent emerging issues; this committee was consisted of the Finance and Casework Committee and John West, as a representative of the Audit and Risk Assurance Committee.

THE AUDIT AND RISK ASSURANCE COMMITTEE

The work of the Board is supported and advised by an Audit and Risk Assurance Committee. The Committee includes three Non-Executive members and one independent member. The Chief Executive, Director of Finance, Finance Manager, Internal Audit Service (IAS) and External Audit (NIAO) and a representative from DfE are invited to attend all meetings.

The Committee supports the Board and the Accounting Officer by reviewing the comprehensiveness, reliability and integrity of assurances in meeting the Board and Accounting Officer's responsibilities. This includes the risk management framework and internal control environment. The Committee reviews the Annual Report and Financial Statements before submission to the Board to ensure a true and fair view of the financial position is presented.

The Audit and Risk Assurance Committee was chaired by Angelina Fusco. There were no vacancies during the year.

During 2021-22 the Audit and Risk Assurance Committee held three meetings. Details of the attendance of members during the year is shown below:

| Committee Member | Meetings Attended | Out of a possible |
|----------------------------------|--------------------------|--------------------------|
| Angelina Fusco (Chair) | 3 | 3 |
| Colin Neill | 3 | 3 |
| John West | 3 | 3 |
| Dorinnia Carville (Independent)* | 3 | 3 |

*Dorinnia resigned on 9 May 2022 due to her forthcoming appointment as the new Comptroller and Auditor General in NIAO.

There were regular meetings between the Chair and both the NIAO and Head of IAS during the year.

Matters considered by the Committee during 2021-22 included the following:

- Annual Report & Accounts 2020-21;
- NIAO Audit Strategy 2021-22;
- Review and discussion of the Quarterly Risk Register;
- Review of risk management approach, including development of a revised Risk Register for 22-23 and revised TNI Risk Management Framework;
- Approval of the Internal Audit Plan 2021-22 and ongoing progress on the 2020-21 plan, since some of the planned work was delayed as a result of Covid-19;
- Review and discussion of all outstanding Internal Audit Recommendations;
- Tourism NI organisational restructuring;
- Ongoing review and discussion of a Field Based Mileage Policy;
- Guidance on receipt of gifts and hospitality;
- IT updates including Information Security;
- Update on dilapidations from Tourism NI's previous premises;
- The impact of Covid-19 on the organisation and on the tourism industry;
- Chair's Annual Report to the Board;
- Staff Grievances;
- Fraud Notifications; and
- Direct Award Contracts.

THE FINANCE AND CASEWORK COMMITTEE

During the 2021-22 year the Finance and Casework Committee met 14 times in total. The purpose of the Committee is to provide in-depth scrutiny of the finances of the organisation and to provide assurance to the Board of the same, and to review, approve and make recommendation to the Board on Events and Capital Projects.

The Committee includes three Non-Executive members and one independent member. The Director of Finance, the Director of Business Support and Events, the Head of Regions and Head of Programmes are invited to attend meetings as required. The Committee was chaired by Michele Shirlow. There were no vacancies during the year, however the independent Member was unable to attend all of the meetings.

Details of the attendance of members during the year 2021-22 is shown below:

| Committee Member | Meetings Attended | Out of a possible |
|-------------------------------|--------------------------|--------------------------|
| Michele Shirlow (Chair) | 14 | 14 |
| Terence Brannigan | 14 | 14 |
| Catherine Doran (independent) | 7 | 14 |
| Patricia Corbett | 14 | 14 |
| John West | 4 | 14 |

In addition to the three permanent Non-Executive Members, John West agreed to attend meetings on an ad-hoc basis, for the discussion of major casework projects and ERAP budget where it was felt that his financial expertise could support the discussions.

The Committee reviewed Tourism NI's budgets and financial position during the year, including additional resource received for marketing activity and to discuss budget allocation and casework submissions under the Economic Recovery Action Plan, the Tourism Recovery Action Plan, the Experience Development Programme, Kick Start Programme, a proposed 'holiday at home' voucher scheme and the Market Led Product Development Programme. It also considered support for major events such as the NW200, the World Rally Championship and Ulster Grand Prix. Also discussed was casework under the International Tourism Events Programme 2021-22 and the National Tourism Events Sponsorship Scheme 2021-22, as well as the core guidelines underpinning the schemes. The Committee also considered casework submissions relating to major City Deals projects including the Mournes Gateway, Gobbins Phase II and Derry on the North Atlantic (DNA).

THE MARKETING COMMITTEE

The Marketing Sub-Committee met on four occasions during the year. Its role is to review and advise on matters relating to marketing strategy and the membership consists of three non-executive Board Members and an independent committee member.

| Committee Member | Meetings Attended | Out of a possible |
|---------------------------------|-------------------|-------------------|
| Terry McCartney (Chair) | 4 | 4 |
| Anya O'Connor | 3 | 4 |
| Geoff Wilson | 3 | 4 |
| Claire McElligott (independent) | 3 | 4 |

THE SENIOR MANAGEMENT TEAM

During the year, the Senior Management Team meets as follows:

- Quarterly to formally review the operating plan, budget and risk management and for oversight/review of progress on key projects;
- Monthly to review the budget, financial performance and to monitor risk and progress on key projects; and
- Weekly to discuss ongoing operational issues.

Conflicts of Interest

All interests of both Board Members and SMT are recorded on a Register of Interests. This is updated as any new appointments occur to ensure that any conflict is recognised immediately. Conflicts of interest are also declared at the beginning of all Board, Audit and Risk Assurance Committee, Finance and Casework Committee, and Marketing Committee meetings and Members will excuse themselves from the relevant discussion. Ten conflicts of interest were declared in Board meetings during the year. These related to events funding, Tourism NI work with the Department for Communities, the experience development programme, Food NI, and the support programme for Bed and Breakfast, Guesthouses and Guest Accommodation. There were no conflicts of interest declared in the Audit and Risk Assurance Committee meetings. Two conflicts of interest were declared in the Finance and Casework Committee meetings, relating to events support and the Member was excused from discussion.

Tourism NI has a policy for Directorship on External Boards to provide greater clarity for Board Members and staff members alike about the process for accepting invitations to sit on External Boards.

The process for dealing with Conflicts of Interest is held centrally by HR and is available to all staff and members of the Board.

BUSINESS PLANNING

The Annual Operating Plan is a key reference tool for setting organisational aims and objectives. It provides the framework to ensure that Tourism NI makes best use of available financial, staff, and technological resources and that budgets are aligned to the plan following a robust budget challenge process. The budget process challenges managers to demonstrate efficiency and value for money in the provision of services to meet the needs of our stakeholders.

Tourism NI's Annual Operating Plan is set in the context of the Draft Tourism Strategy 2030, and the Programme for Government. The 2021-22 Operating Plan was approved by the Board and the Department for the Economy (DfE). Formal reporting to the Board and DfE is on a quarterly basis against Operating Plan objectives and budget.

The Board and the SMT regularly review and monitor performance against business objectives and challenge managers at all levels to ensure business targets and objectives are achieved.

RISK MANAGEMENT

Tourism NI aims to manage risk at a reasonable level to achieve its policies, aims and objectives. As Accounting Officer, it is my responsibility to ensure that appropriate risk management processes are in place within the organisation. The aim is not to eliminate all risk, but to mitigate risk through effective strategies and processes which facilitate decision-making and ensure competitiveness and innovation, whilst providing confidence to key stakeholders that any associated risk is being actively and effectively managed.

The Risk Management processes were fully reviewed in 2021-22 and the Risk Management Framework revised accordingly. The risk framework aligns with the latest HM Treasury Orange Book guidance, describes the processes for identifying and controlling risk, and sets out the responsibilities for risk management across all levels of the organisation.

Risk management is fully incorporated into the corporate planning and decision-making processes, and Tourism NI has in place a Corporate Risk Register that is reviewed by the Senior Management Team on a quarterly basis. Within the Corporate Risk Register, the appropriate controls and actions are identified and monitored regularly, to manage and mitigate the likelihood and impact of risk, and ensure organisational objectives and targets are achieved.

In 2021-22 the Corporate Risk Register was subject to a comprehensive review, involving the Tourism NI Board, Senior Management Team and members of the Audit and Risk Assurance Committee. The outworking of this review was the development of a Risk Register which reflects the current risks, challenges, and opportunities faced by Tourism NI as an organisation, as well as those of the wider NI Tourism Industry.

The Risk Register is reviewed and updated on a regular basis taking account of any new risks identified by the SMT and with any new information on existing risks.

The Risk Register is presented to the Board and Audit and Risk Assurance Committee in order to monitor and review any significant risks that could prevent Tourism NI achieving its strategic goals. The Audit and Risk Assurance Committee has responsibility for ensuring an appropriate risk management process is embedded throughout the organisation and that appropriate training is given to support this.

The Tourism NI Risk Register is reported to DfE through their Audit and Risk Assurance Committee and DfE's Oversight and Liaison Committee meetings.

ANNUAL ASSURANCE STATEMENTS

As Accounting Officer, I have to provide Annual Assurance Statements to DfE regarding the system of internal controls. This is supported by regular accountability meetings with senior DfE Officials which monitors organisational progress against plans and targets. This is also supplemented by meeting with the Board Chair, the Chief Executive, and DfE Officials after every Board meeting.

As part of the Assurance process for DfE, I have delegated responsibility to Directors and other Senior Managers to provide me with mid-year and annual assurance statements in respect of their compliance with corporate governance arrangements, within their respective areas of responsibility. During the 2021-22 year it was agreed that these assurance statements be presented to the Audit and Risk Assurance Committee for review.

DATA SECURITY

As Accounting Officer, I have overall responsibility for ensuring that information used for operational and reporting purposes is handled appropriately and that risks are assessed and mitigated to an acceptable level. This responsibility is discharged through the Chief Digital Officer, who is the Senior Information Risk Officer (SIRO) and provides focus for the management of information risk at SMT and Board level. He has responsibility for the overall information risk policy and for advising the Accounting Officer on the information risk aspects of the governance arrangements. The SIRO is supported in this role by the IT Manager who has day to day responsibility for information management and security; the integrity of electronic information; and contingency and business continuity arrangements. A letter of assurance is provided to DfE on information governance on an annual basis.

There was one minor data breach during the year through a misdirected email regarding two individuals addresses, there was no harm and no requirement to contact the Information Commissioner's Office and no further action was considered necessary. There have been no other data losses during the 2021-22 financial year. Tourism NI was awarded IASME Cyber Essentials and GDPR Governance certificates during the year.

INTERNAL AUDIT

The Internal Audit function for Tourism NI is undertaken by Internal Audit Service (IAS), Department of Finance. Internal audit services are delivered in accordance with Public Sector Internal Audit Standards. The work of IAS is informed by an analysis of the risks to which Tourism NI is exposed. The annual Audit Plan is based on this risk analysis and is designed to provide regular Internal Audit Reviews and assessment on our systems, processes and procedures.

During the 2021-22 year, one audit and two consultancy reviews were ongoing from the previous year. The audit report was issued in the 2021-22 year noting a Satisfactory audit opinion. Both consulting reports have been issued and taken under consideration by Tourism NI management. All recommendations were accepted by Management and are in the process of being implemented or they have already been implemented.

A consultancy review of Corporate Governance and Risk Management was deferred from the 2020-21 audit plan to 2022-23.

In 2021-22 a one-year strategy was formulated with due consideration given to a number of factors, namely the key corporate and operational risks facing Tourism NI as a result of Covid-19.

Four audits were scheduled alongside one follow-up review and a number of consultancy days. Fieldwork was complete for two audits by 31st March 2022 and the associated reports issued in April 2022; both with a satisfactory audit opinion.

The third audit and a follow-up review were deferred for inclusion in the 2022-23 audit plan.

IAS continued to provide advice and guidance throughout the 2021-22 year with regards to the development of Covid-19 programmes, risk mitigation, fraud and error etc. These areas will be reviewed as part of the 2022-23 audit plan.

The Audit and Risk Assurance Committee provides scrutiny and oversight of the Internal Audit Plans and subsequent Reports and ensures that 'management responses' to recommendations are implemented. All Internal Audit Recommendations are held centrally and their progress closely monitored and challenged. Annually, IAS provides Tourism NI with a report on their activity. This Report includes their independent opinion on the adequacy and effectiveness of the Tourism NI's risk management, control and governance processes.

The overall audit opinion for 2021-22 was "Satisfactory".

EXTERNAL AUDIT

The External Audit of our Statutory Financial Statements is undertaken by the Northern Ireland Audit Office (NIAO) on behalf of the Comptroller and Auditor General, in accordance with Auditing Standards issued by the Financial Reporting Council; the Financial Reporting Manual (FRM); and other Government guidance. This independent scrutiny of the Financial Statements provides me with additional assurance in respect of financial regularity.

The External Audit Strategy for 2021-22 and the Report to those charged with Governance (RTTCWG) for 2020-21 have been presented to the Audit and Risk Assurance Committee. As Accounting Officer, I can confirm that all recommendations included within the RTTCWG have been accepted and have been implemented or are currently being progressed.

QUALITY OF DATA USED BY TOURISM NI BOARD

The Tourism NI Board uses information based on a number of data sources. In relation to performance targets, the Board draws assurance from the fact that a number of the data sources used are also utilised for the publication of official or National Statistics. Tourism NI also commissions independent economic appraisals for capital investment decisions and for the evaluation of key activities such as events. Data relating to Finance and HR is derived from systems that are subject to regular scrutiny by DoF's Internal Audit Service. Information received by the Board allows the Board to discharge its duties with regard to its assurance needs, its decision making and its accountability obligations.

DIGITAL TRANSFORMATION

The new platform for Tourism NI's corporate website, tourismni.com had been launched in March 2021 with 800 businesses onboarded and 140,000 website users during 2021-22. During the year, work continued on a new customer relationship management (CRM) system.

Work has continued to be carried out to enhance Tourism NI's ability to gather aggregated real-time tourism data through acquisition of new datasets, partnerships, stakeholder engagement and the deployment of sensor technology at key tourist sites. This data is analysed and shared with stakeholders and the industry to provide real-time insights to support tactical and strategic decision making. The Website Development Programme, as part of the Tourism Recovery Action Plan, provided capital funding for businesses to improve their websites and online presence, including online booking capability.

MINISTERIAL DIRECTIONS

No Ministerial Directions were received by Tourism NI in 2021-22 (2020-21: one).

FINANCIAL MANAGEMENT

The organisational financial management arrangements conform to the requirements of Managing Public Money NI and other directions issued by the Department for the Economy. The Director of Finance has responsibility at SMT level for the proper management of the organisation's finances. Responsibility is delegated for the management of finances to Directors through the allocation of budgets.

INTRODUCTION OF AN ELECTRONIC TRAVEL AUTHORISATION FOR VISITORS TO THE UK

As part of the Government's New Plan for Immigration, the Nationality and Borders Bill was introduced in the House of Commons on 6 July 2021. Within the Bill there are plans for the introduction of an Electronic Travel Authorisation (ETA) for visitors to the UK from outside the Common Travel Area. This will require non-UK and Ireland residents to complete an electronic registration and pay an administration fee if travelling to the UK. This would be similar to the ESTA which is currently required to travel to the USA.

The majority of overseas visitors travelling to Northern Ireland do so as part of a visit to the island of Ireland and over 60% of international visitors arrive via the Republic of Ireland. This requirement could be a deterrent to both those seeking to book a trip to NI from overseas as part of a longer visit to the Island and a deterrent to agents selling itineraries which include Northern Ireland as it will be easier to simply sell a trip which covers the Republic of Ireland only. Non-Irish and non-British citizens who live in the Republic of Ireland will also be required to have a valid ETA if they wish to travel into Northern Ireland.

The UK Government has made it clear they do not intend to have an inspection / enforcement regime in Northern Ireland. Whilst it is impossible to establish the impact of this development, it does present another barrier to overcome in encouraging the inclusion of Northern Ireland within itineraries in the future. Tourism NI, Tourism Ireland and NITA are engaging with the Home Office to reinforce the potential impact that introduction of the ETA may have on Northern Ireland tourism.

COVID-19

Tourism NI staff entered their second year of working from home at the end of March 2021. In line with government guidance at the time, access to the office was made available with hot desking facilities via an online booking system. Meetings were being held via Microsoft Teams, Zoom and in person when required, restrictions permitting.

A Future of Work survey was undertaken with all staff during August and September 2021. The aims of the survey were to investigate how staff have found their experience of working from home; to understand staff views about a return to the office; to explore what the future of work at Tourism NI might look like; and, to use insights from the survey to help develop an approach to a return to the office that is fit for purpose. Staff engagement with the survey was extremely positive with a response rate of 98%. Key findings indicated that 86% enjoyed working from home with the lack of a commute, flexibility and a good work-life balance highlighted as positive aspects. Just over two thirds of staff cited a lack of social contact with colleagues as their biggest challenge. The survey showed that team productivity levels had not been negatively impacted by working from home, with over 90% of managers stating that their teams were as, or more productive than before the pandemic. Just under half (46%) of staff did not feel at ease returning to the office with the main concern being around limitations on the number of people in the office at any one time. Staff also indicated their preferences for returning to the office with over a third wanting to work remotely three days a week. These findings have helped the Senior Management Team in their understanding of staff concerns and issues. To this end, the Health and Wellbeing Programme continued into 2021-22 receiving positive feedback from those attending sessions.

The Senior Management Team has been regularly reviewing the working practices within Tourism NI and has agreed to adopt a hybrid working model for the organisation from 1st October 2022.

Tourism NI worked closely with Department for the Economy and wider stakeholders to develop a Phase Two Tourism Recovery Action Plan, within which, some £18.7m of programmes were funded through the Department for the Economy's Economic Recovery Action Plan in 2021-22. The Plan was formally launched by Minister Dodds on 28 May 2021 and presented to the industry at the Tourism Conference on 14 June 2021. Phase Two of the Plan brought forward further actions to build on the support which the Northern Ireland Executive had already provided to underpin the survival of the industry. The plan included 68 actions across eight themes including creating consumer confidence, stimulating consumer demand, and increasing the competitiveness of the region.

EU EXIT PREPARATIONS

Many of the key challenges faced by the tourism industry as a result of Covid-19 are indeed the same challenges presented by EU Exit.

FRAUD POLICY

Tourism NI promotes an anti-fraud culture which requires all staff to act with honesty and integrity at all times and to take appropriate steps to safeguard public assets. Tourism NI has implemented a range of policies and procedures that are designed to ensure probity, business integrity and minimise the likelihood and impact of incidence of fraud arising. The Director of Finance is responsible for managing the Fraud Policy and the Fraud Response Plan. All reported suspected and actual frauds are fully investigated and robust actions are taken where fraud can be proven.

GOVERNANCE ISSUES ARISING DURING THE YEAR

INTERNAL AUDIT ISSUES

The final IAS report for the 2021-22 year stated overall there is a satisfactory system of governance, risk management and control. All recommendations which were made by the internal auditors were accepted and have either been implemented or their implementation is in progress.

OTHER GOVERNANCE ISSUES

Tourism NI Pay Scales

Tourism NI obtained approval to pay Belfast staff increases in salaries from 2014-15 to 2017-18 during the 2018-19 financial year. These had previously been withheld due to queries about Tourism NI pay scales and pension contributions. Authorisation to make the payment was subject to the condition that the issue with regard to Tourism NI pay scales would be progressed. During 2020-21 a business case was progressed with DfE to resolve the pay scale issue and is continuing to be worked through. Depending on which option is preferred, a future liability may arise. There is no way to quantify this at this point in time. This matter was mistakenly disclosed in the Remote Contingent Liabilities section of the Assembly Accountability Report in the prior-year Annual Report and accounts however this has now been removed as it does not meet the definition as per Managing Public Money NI (MPMNI).

Approval was granted to progress Tourism NI staff onto the 1 August 2021 pay scales whilst awaiting DoF instruction on this wider issue. Tourism NI has since received correspondence from DoF requesting a Business Case to be submitted no later than September 2023.

Pay Policy

During the 2020-21 year, a review of the Temporary Promotions policy uncovered a difference in the pay policy applied by Tourism NI to staff under 'deputising' arrangements compared to the NICS policy. Tourism NI are required to apply the terms and conditions of service in line with NICS HR Policy, as per the Management Statement and Financial Memorandum, therefore work is ongoing to resolve this matter in relation to historic payments under this policy. As of 1 June 2021 the correct NICS policy is being applied and internal controls and processes are being reviewed to ensure all pay policies are being applied correctly. Tourism NI have accrued for any historic payments and a review of all pay related policies is being completed to inform a submission for DfE and DoF approval.

Payments to Tourism Ireland

Tourism Ireland was formed by the Government of the Republic of Ireland and the Northern Ireland Executive, under the auspices of the North/South Ministerial Council (NSMC). It is governed by its Memorandum and Articles of Association and by the Financial Memorandum approved by the NSMC and prepares detailed three-year Corporate and one year Operating Plans to guide its activities. It is jointly funded by both the Department of Transport, Culture, Arts, Gaeltacht, Sport and Media (DTCAGSM) in the Republic of Ireland and the Department for the Economy (DfE) in Northern Ireland. As part of this funding arrangement, funding is made available via payments from Tourism Northern Ireland directly to Tourism Ireland.

Whilst Tourism Ireland's Financial Memorandum requires NSMC approval for its business plans, no NSMC meetings have taken place that would facilitate this therefore it has not been possible for DfE to secure NSMC approval of the 2022 Business Plan. Whilst this process is outside the control of Tourism NI and the payments are not illegal, payments totalling £2.9m made to Tourism Ireland between January-March 2022 are deemed to be irregular until NSMC approval is obtained to regularise the expenditure.

Actual, Attempted and Suspected Frauds

There were no actual or attempted frauds during the year 2021-22 (2020-21: nil).

CONCLUSION

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the Governance arrangements. This review is informed by Executive Directors within Tourism NI who have responsibility for the development and maintenance of the governance framework and the work of Internal and External Auditors and their comments and recommendations. I have advised the Audit and Risk Assurance Committee of my review of the governance arrangements and my plans for continuous improvement of the governance arrangements.

Beyond those specific issues listed in Section 3, I can confirm that there have been no other governance issues identified during the year that are considered significant in relation to Tourism Northern Ireland's overall ability to achieve its corporate aims and objectives and that the governance arrangements, as detailed above, provide assurances of the effectiveness of the systems of corporate governance in place within Tourism NI.

Tourism NI continues to review and strengthen its governance and internal controls arrangements in line with Government guidance, audit recommendations and best practice.

Remuneration & Staff Report

The Remuneration and Staff report sets out Tourism NI's remuneration policy for our Board Members and Senior Management Team (SMT), reports on how that policy has been implemented and details the amounts awarded to Board Members and SMT. It also provides details on remuneration and staff that the Northern Ireland Assembly and others see as key to accountability.

Remuneration Report

Remuneration Policy

Chairman and Board Members

The Chairman and Board Members are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. The Chairman and Board Members are appointed for a fixed period of up to three years. Thereafter they may be reappointed in accordance with the Code of Practice.

The remuneration of the Chairman and Board is set by Department for the Economy (DfE). Increases are calculated in line with the recommendations of the Senior Salaries Review Board. There are no arrangements in place for the payment of a bonus. Neither the Chairman nor any Board Member receives pension contributions from Tourism NI or DfE. Tourism NI reimburses the Chairman and Board Members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

Chief Executive and Senior Management Team

Progression for the Chief Executive is in accordance with the Senior Civil Service (SCS) Pay Strategy 2008, which is consistent with Cabinet Office guidelines. The Chief Executive's remuneration is subject to a pay band minima and maxima in line with pay arrangements in place for SCS staff. The effective date for pay award is 1 April each year.

Members of the Senior Management Team are paid in line with the Northern Ireland Civil Service pay agreement. Their performance against previously agreed targets is assessed annually by the Chief Executive. Pay increases are entirely performance based.

Directors are normally placed on the bottom point of a 5 point scale on appointment. Thereafter, there is annual incremental progression, based on performance, until the maximum of the scale is reached. A common incremental date of 1 August is used for all Directors.

Service Contracts

The Chief Executive and the Senior Management Team appointments are made in accordance with Tourism NI's recruitment and selection policy. The policy requires appointments to be made on merit and on the basis of fair and open competition.

Unless otherwise stated, the employees covered by this report hold appointments that are open ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in Tourism NI's redundancy policy.

Remuneration and Pension Entitlements (Audited)

The following sections provide details of the remuneration and pension interests of the Board and Senior Management Team of Tourism NI.

Remuneration (including salary) and Pension Entitlements: Board Members (Audited)

| Single total figure of remuneration | | | | | | |
|---|----------------|-------------------|---------------------------------------|---------|---------------|---------|
| | Salary (£'000) | | Benefits in Kind (to nearest £100) | | Total (£'000) | |
| | 2021-22 | 2020-21 | 2021-22 | 2020-21 | 2021-22 | 2020-21 |
| Terence Brannigan ¹ Chairperson | 25-30 | 25-30 | - | - | 25-30 | 25-30 |
| Angelina Fusco Board Member | 5-10 | 5-10 | - | - | 5-10 | 5-10 |
| Terry McCartney Board Member | 5-10 | 5-10 | - | - | 5-10 | 5-10 |
| Michele Shirlow Board Member | 5-10 | 5-10 | - | - | 5-10 | 5-10 |
| Geoff Wilson Board Member | 5-10 | 5-10 | - | - | 5-10 | 5-10 |
| Colin Neill Board Member | 5-10 | 5-10 | - | - | 5-10 | 5-10 |
| Anya O'Connor ² Board Member | - | - | - | - | - | - |
| John West Board Member | 5-10 | 0-5 (5-10 FYE) | - | - | 5-10 | 0-5 |
| Patricia Corbett Board Member | 5-10 | 0-5 (5-10 FYE) | - | - | 5-10 | 0-5 |

1 Terence Brannigan appointment to the Board ended on 30 June 2022.

2 Anya O'Connor does not draw a salary.

Tourism NI Board Members do not have any pension entitlements.

Remuneration (including salary) and Pension Entitlements – Senior Management Team (Audited)

| Single total figure of remuneration | | | | | | | | |
|---|----------------------|----------------------|------------------------------------|---------|--------------------------------------|---------|---------------|---------|
| | Salary (£'000) | | Benefits in Kind (to nearest £100) | | Pension Benefits (to nearest £1,000) | | Total (£'000) | |
| | 2021-22 | 2020-21 | 2021-22 | 2020-21 | 2021-22 | 2020-21 | 2021-22 | 2020-21 |
| John McGrillen Chief Executive | 100-105 | 100-105 | - | - | (2) | 30 | 100-105 | 130-135 |
| Jill O'Reilly ¹ Acting Director of HR | 45-50 | 40-45 | - | - | 15 | 14 | 60-65 | 55-60 |
| Rosemarie McHugh ² Director of Product Development | 20-25 (50-55 FYE) | 50-55 | - | - | 4 | 17 | 25-30 | 65-70 |
| Naomi Waite Director of Marketing | 50-55 | 50-55 | - | - | 13 | 19 | 65-70 | 70-75 |
| Lesley McKeown ³ Director of Finance | 45-50 | 30-35 (40-45 FYE) | 100 | - | 14 | 11 | 60-65 | 45-50 |
| Jill McKee ⁴ Director of Finance | - | 15-20 (50-55 FYE) | - | - | - | 7 | - | 25-30 |
| Aine Kearney Director of Business Support & Events | 50-55 | 50-55 | - | - | 13 | 19 | 65-70 | 70-75 |
| Lesley-Ann O'Donnell ⁵ Temporary Director of Programmes | 45-50 (45-50 FYE) | 15-20 (50-55 FYE) | - | - | 13 | 6 | 60-65 | 20-25 |
| Dot Erskine ⁶ Temporary Director of Strategy and Policy | 45-50 | 15-20 (45-50 FYE) | - | - | 14 | 5 | 60-65 | 20-25 |
| Ciaran Doherty ⁷ Head of Regions | 40-45 (50-55 FYE) | - | - | - | 13 | - | 55-60 | - |
| David Roberts ⁸ Director of Strategic Development | 50-55 (65-70 FYE) | - | - | - | 17 | - | 70-75 | - |
| Eimear Callaghan ⁹ Head of Programmes | 0-5 (50-55 FYE) | - | - | - | 1 | - | 5-10 | - |

1 Jill O'Reilly left TNI on 28 February 2022.

2 Rosemarie McHugh left TNI on 31 March 2022.

3 Lesley McKeown was Deputising Director of Finance from July 2020 and appointed to Finance Director on 23 October 2020.

4 Jill McKee left Tourism NI on 31 July 2020.

5 Lesley Ann O'Donnell was appointed Temporary Director of Programmes on 23 November 2020 and left TNI on 14 of February 2022.

6 Dot Erskine was appointed Temporary Director of Strategy and Policy on 23 November 2020.

7 Ciaran Doherty was appointed Head of Regions on 14 June 2021.

8 David Roberts was appointed Director of Strategic Development on 1 July 2021.

9 Eimear Callaghan was appointed Head of Programmes on 15 of February 2022.

10 The Chief Digital Officer role is via secondment from the Strategic Investment Board (SIB). The post holder is on SIB payroll and TNI reimburses SIB for salary related costs of £102,444 plus VAT.

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

Salary

'Salary' includes gross salary; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any ex-gratia payments. This report is based on payments made by Tourism NI and thus recorded in these accounts.

Bonuses

During the year 2021-22 there were no bonuses paid (2020-21: £Nil) to the Chief Executive and Senior Management Team.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. Total of £100 Benefits in Kind paid during 2021-22 (2020-21: £Nil).

Pay Ratios (Audited)

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.

| | 2021-22 | 2020-21 |
|--|----------------|----------------|
| | £ | £ |
| Remuneration of Highest Paid Director | 100-105 | 100-105 |
| % Change of Highest Paid Director's salary | 0% | 0% |
| 25th Percentile Remuneration | 26,962 | 26,962 |
| 25th Percentile Pay Ratio | 3.8 | 3.8 |
| Median Employee Remuneration | 30,149 | 30,149 |
| Ratio | 3.4 | 3.4 |
| % Change of Average employee salary | 0% | 0% |
| 75th Percentile Remuneration | 33,189 | 33,189 |
| 75th Percentile Pay Ratio | 3.1 | 3.1 |
| Remuneration of Lowest Paid Employee | 15-20 | 15-20 |

The banded remuneration of the highest paid Director during the financial year 2020-21 was £100,000-105,000 (2020-21: £100,000-105,000). This remuneration was 3.4 times (2020-21: 3.4) the median remuneration of the workforce, which was £30,149 (2020-21: £30,149).

In 2021-22, there were no employees that received remuneration in excess of the highest paid director (2020-21: Nil).

The calculation is based on the gross salary of full time equivalent staff as at 31 March 2022 on an annualised basis. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Remuneration ranged from £17,974 to £102,500 (2020-21: £17,974 to £102,500).

Pension Entitlements (Audited)

| | Accrued pension at pension age as at 31/3/22 and related lump sum €'000 | Real increase in pension and related lump sum at pension age €'000 | CETV at 31/03/2022 €'000 | CETV at 31/03/2021 €'000 | Real Increase in CETV €'000 |
|---|--|---|-----------------------------|-----------------------------|--------------------------------|
| John McGrillen Chief Executive | 50-55 plus lump sum of 80-85 | 0-2.5 plus lump sum of (5-2.5) | 1,072 | 1,024 | 5 |
| Jill O'Reilly ¹ Acting Director of HR | 0-5 plus lump sum of 0-5 | 0-2.5 plus lump sum of 0-2.5 | 35 | 27 | 4 |
| Rosemarie McHugh ² Director of Product Development | 5-10 plus lump sum of 0-5 | 0-2.5 plus lump sum of 0-2.5 | 76 | 69 | 3 |
| Naomi Waite Director of Marketing | 5-10 plus lump sum of 0-5 | 0-2.5 plus lump sum of 0-2.5 | 122 | 105 | 8 |
| Lesley McKeown Director of Finance | 0-5 plus lump sum of 0-5 | 0-2.5 plus lump sum of 0-2.5 | 31 | 22 | 4 |
| Aine Kearney Director of Business Support & Events | 5-10 plus lump sum of 0-5 | 0-2.5 plus lump sum of 0-2.5 | 104 | 90 | 7 |
| Lesley-Ann O'Donnell Temporary Director of Programmes | 5-10 plus lump sum of 0-5 | 0-2.5 plus lump sum of 0-2.5 | 52 | 42 | 5 |
| Dot Erskine ⁵ Temporary Director of Strategy and Policy | 0-5 plus lump sum of 0-5 | 0-2.5 plus lump sum of 0-2.5 | 52 | 37 | 9 |
| Ciaran Doherty ⁶ Head of Regions | 0-5 plus lump sum of 0-5 | 0-2.5 plus lump sum of 0-2.5 | 9 | - | 6 |
| David Roberts ⁷ Director of Strategic Development | 0-5 plus lump sum of 0-5 | 0-2.5 plus lump sum of 0-2.5 | 13 | - | 8 |
| Eimear Callaghan ⁸ Head of Programmes | 5-10 plus lump sum of 0-5 | 0-2.5 plus lump sum of 0-2.5 | 83 | 73 | 9 |

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4 Lesley Ann O'Donnell was appointed Temporary Director of Programmes on 23 November 2020 and left TNI on 14 of February 2022.

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6 Ciaran Doherty was appointed Head of Regions on 14 June 2021.

7 David Roberts was appointed Director of Strategic Development on 1 July 2021.

8 Eimear Callaghan was appointed Head of Programmes on 15 of February 2022.

9 The Chief Digital Officer role is via secondment from the Strategic Investment Board (SIB). The post holder is on SIB payroll and TNI reimburses SIB for salary related costs of £102,444 plus VAT.

Tourism NI Board Members do not have any pension entitlements.

Pensions

Tourism NI participates in the Local Government Pension Scheme (LGPS) for senior staff, which is also available to all employees. From 1 April 2015, the scheme changed to become a career average revalued earnings scheme which means that all active members will 'bank' pension savings each year into their pension accounts. The amount of pension banked each year from 1 April 2015 will equal 1/49th of the member's pensionable pay.

All current active members were moved to the new scheme on 1 April 2015 and will therefore have a pension at retirement composed of two elements: a final salary pension (on either 1/80th accrual and/or 1/60th accrual) and a career average revalued earnings pension. The final salary pension will be calculated on the final pay at retirement (less overtime and additional hours' payments). This is known as the 'final salary link'. Those members who were within 10 years of retirement at 1 April 2012 have a protection called the statutory underpin. This means that if they would have been better off under the old final salary scheme an additional amount of pension will be paid into their pension account at retirement or on reaching their old normal pension age (usually age 65).

From 1 April 2015, the death grants of an active member changes from being three times pensionable pay to be three times Assumed Pensionable Pay (APP). If the active member under the 2015 scheme also has deferred benefits or a pension in payment, then only the highest death grant is payable and not the sum of all death grants. Survivors' pensions continue to be payable to eligible parties. These benefits are generally calculated on a fraction of the deceased member's pensionable pay times the period of membership in the scheme plus an enhancement to take account of each year that could have been worked from the date of death to the deceased member's NPA. Medical retirement is possible in event of serious ill-health. In this case pensions are brought into payment early.

The scheme is funded by contributions made by both employees and employers. An actuarial valuation of the scheme is carried out every three years and the results of this valuation determine employers' contribution rates for the next three years. A triennial valuation was carried out as at 31 March 2019 and the outcome determined the employer contribution rates for the 3 years commencing 1 April 2020 which were set at 19.5% for the 2020-21, 2021-22 and 2022-23 financial years. Tiered employee contribution rates were introduced from 1 April 2009 and the employee contribution rates for 2021-22 are outlined below.

| Pensionable Pay | Employee Contribution Rate 2021-22 |
|--------------------|------------------------------------|
| Up to £15,000 | 5.5% |
| £15,001 to £23,000 | 5.8% |
| £23,001 to £38,400 | 6.5% |
| £38,401 to £46,600 | 6.8% |
| £46,601 to £92,300 | 8.5% |
| More than £92,300 | 10.5% |

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the Scheme if they are at or over pension age. Pension age is state pension age or age 65 if higher.

The inflation rate used in 2021-22 calculations is 3.1%.

Cash Equivalent Transfer Value (CETV)

A 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 a 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 figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the LGPS arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential reduction to benefits resulting in Lifetime Allowance Tax which may be due when pension benefits are taken.

The Real Increase in the Value of the CETV

This is 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 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 and Early Retirement (Audited)

No member of the senior management team received compensation for loss of office and no member of senior management retired early in either the current or previous year.

Staff Report

Analysis of Staff Costs (Audited)

| | Permanently employed staff £000 | Other £000 | 2021-22 Total £000 | 2020-21 Total £000 |
|---|--|---------------|--------------------------|--------------------------|
| Wages and salaries | 4,427 | 725 | 5,152 | 5,018 |
| Social security costs | 379 | 33 | 412 | 418 |
| Pension costs | 2,035 | 63 | 2,098 | 1,434 |
| Secondee Costs Reimbursed | (124) | - | (124) | (164) |
| Staff costs charged to Net Expenditure Account | 6,717 | 821 | 7,538 | 6,706 |

Other costs are made up of temporary and agency staff costs.

Pensions

IAS 19 requires employers participating in a defined benefit pension scheme to account for their share of assets and liabilities in the scheme. In preparing the Accounts for 2021-22 additional information has been included in note 14 and the valuation at 31 March 2022 has been included in the Statement of Financial Position. The latest full actuarial valuation of the scheme was at 31 March 2019.

Pension Benefits are provided through the Local Government Pension Scheme (LGPS). This scheme is a defined benefits fund and is invested in suitable investments, managed by the Northern Ireland Local Government Officers' Superannuation Scheme Committee (NILGOSC).

The employer contribution rate for 2021-22 was 19.5% (2020-21: 19.5%), and between 5.5% and 10.5% for the employee.

The total employer contribution paid under the scheme in 2021-22 was £772,000 (2020-21: £721,000). Non-cash costs in relation to the current service were also incurred and are included in the figures disclosed in the above table.

The total employer contribution made for the Defined Contribution Scheme provided by Zurich for ROI employees in 2021-22 was £39,430 (2020-21: £31,469). For both 2021-22 and 2020-21, the contribution rates were 16% for the employer and 6% for the employee.

During 2021-22 there was no early retirees (2020-21: Nil).

Average Number of Persons Employed:

The following section is subject to audit. The average number of whole-time equivalent persons employed during the year was as follows:

| | 2021-22 | | | 2020-21 | |
|-------------------------------------|------------|-----------|------------|------------|--|
| | No. | | | No. | |
| | Permanent | Other | Total | Other | |
| Computer Services | 4 | 1 | 5 | 6 | |
| Corporate Communications & NI PR | 2 | 1 | 3 | 3 | |
| Finance | 4 | 1 | 5 | 5 | |
| Marketing | 41 | 4 | 45 | 46 | |
| People & Organisational Development | 24 | 4 | 28 | 32 | |
| Strategic Development | 36 | 4 | 40 | 44 | |
| Strategy & Policy | 11 | 1 | 12 | 10 | |
| Total | 122 | 16 | 138 | 146 | |

There were six ROI staff members as at 31 March 2022 (six as at 31 March 2021).

Staff Composition (gender analysis) as at 31 March 2022

A breakdown of staff in Tourism NI is included below.

| | 2021-22 | | | 2020-21 | | |
|-------------------------|-----------|------------|------------|-----------|------------|------------|
| | No. | | | No. | | |
| | Male | Female | Total | Male | Female | Total |
| Board Members | 5 | 4 | 9 | 5 | 4 | 9 |
| Senior Management Team* | 3 | 5 | 8 | 1 | 7 | 8 |
| Employees | 41 | 98 | 139 | 34 | 98 | 132 |
| Total | 49 | 107 | 156 | 40 | 109 | 149 |

*Includes one member from Senior Management Team who is a senior civil service staff (or equivalent) as defined with Grade 5 or above.

Sickness Absence Data

During the year 2021-22 Tourism NI recorded a staff sickness absenteeism rate of 3.45% or 5.4 days per employee (2020-21: 1.55% or 3.8 days).

Staff Turnover (Audited)

| | 2021-22 | 2020-21 |
|--------------------------------------|---------|---------|
| Average Permanent FTEs during year | 138 | 124 |
| Number of Leavers (on Perm Contract) | 10 | 7 |
| Staff Turnover Rate | 7.3% | 5.6% |

Other Employee Matters

Employee Policies

Tourism NI aims to act as a good employer in all matters relating to its responsibilities and obligations for health and safety at work, ensuring that the way business is conducted does not harm the health and safety of staff, visitors, suppliers or third parties and making sure all legal requirements are met.

Tourism NI is committed to the development of its staff and to policies that enable them to best contribute to the performance and long term effectiveness of the organisation. In particular, active involvement and communication with employees is conducted both directly and through the recognised Trade Union (NIPSA) in all relevant matters. The organisation is also committed to the continuing development of its staff and to maximising their contribution to the continuous improvement of service delivery.

Tourism NI gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitude and abilities, for the continuing employment of, and for arranging appropriate training for, employees of Tourism NI that have become disabled persons during the period when they were employed by the organisation, and otherwise for the training, career development and promotion of disabled persons employed by Tourism NI.

The Learning and Development function supports the development of all staff by providing internal and external training to develop skills and expertise. Tourism NI ensures that all learning interventions are aligned to the business strategy and organisational values.

Equality Scheme

Tourism NI is committed to upholding equality of opportunity and regard to the desirability of promoting good relations across persons of different religious belief, political opinion or racial group.

Tourism NI's Equality Scheme is developed in accordance with Section 75 and Schedule 9 of the Northern Ireland Act 1998. It is available on www.tourismni.com.

Expenditure on Consultancy (Audited)

In 2021-22 there was £1,776 expenditure on consultancy (2020-21: £1,896).

Off-payroll Engagements (Audited)

There were no off-payroll payments in 2021-22 (2020-21: £Nil).

Compensation and Exit Packages for All Staff (Audited)

There were no exit packages in 2021-22 (2020-21: £Nil).

Assembly Accountability and Audit Report

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

Regularity of Expenditure (Audited)

Tourism NI's Accounting Officer has overarching responsibility for the propriety and regularity of the public finances and for keeping proper records and for safeguarding the assets of Tourism NI.

Disclosure of Material Irregular Expenditure

The Accounts Direction given by the Department for the Economy for 2021-22 requires NDPBs to disclose any material expenditure or income that has not been applied for the purposes intended by the relevant legislature or material transactions that have not confirmed to the authorities which govern them.

As disclosed in the Governance Statement on page 38, Tourism Ireland expenditure of £2.9m is deemed to be legal but irregular in 2021-22 until such times as North South Ministerial Council (NSMC) approval is secured for the 2022 Business Plan.

Fees & Charges (Audited)¹

| Certification of Tourist Accommodation | 2021-22 | 2020-21 |
|---|-----------------|-----------------|
| | £ | £ |
| Income ² | 45,162 | 20,409 |
| Cost | <u>(64,734)</u> | <u>(62,997)</u> |
| Surplus / (Deficit) | (19,572) | (42,588) |

The financial objective of the certification of tourist accommodation is to recover the full cost of providing this service. This objective was not met in 2021-22.

¹ various unit costs are charged for these services depending on the size and type of accommodation being certified and graded and that full details of the fees structure are given on the TNI website at <https://tourismni.com/startup-advice/tourist-accommodation-certification2/> and <https://tourismni.com/startup-advice/quality-grading/tourist-accommodation-grading/quality-grading-assessments/>

² The £20,409 of income was generated from new venture certification applications in the 2020-21 financial year

| Grading of Tourist Accommodation | 2021-22 | 2020-21 |
|---|-----------------|-----------------|
| | £ | £ |
| Income | 10,913 | 15,017 |
| Cost | <u>(44,510)</u> | <u>(36,126)</u> |
| Surplus / (Deficit) | (33,597) | (21,109) |

The financial objective of the grading of tourist accommodation is to subsidise the cost of providing this service. This objective was not met in 2021-22.

Statutory renewal certification fees were suspended from April 2020 to January 2022. The decision to suspend statutory certification fees was based on the rationale that it was unreasonable to continue to levy these fees when accommodation providers were either closed due to Covid-19 restrictions or were partially open but heavily impacted by the lack of business due to the pandemic. This approach aligned with decisions made by the NI Executive over the same period to suspend the levying of other taxes and charges such as business rates on businesses in the tourism sector.

The total fees waived in 2021-22 was £67,978 (2020-21: £13,884).

Remote Contingent Liabilities (Audited)

There were no remote contingent liabilities as at 31 March 2022 (2020-21: none).

Losses and special payments (Audited)

| | 2021-22 Losses £'000 | 2021-22 Number of Cases over £250k | 2021-22 Number of Cases under £250k | 2020-21 Losses £'000 | 2020-21 Number of Cases over £250k | 2020-21 Number of Cases under £250k |
|-------|----------------------------|--|---|----------------------------|--|---|
| Total | 20 | - | - | - | - | - |

The 2021-22 losses relate to historical write off, of bad debts (£20k).

There were no Special Payments made in 2021-22 (2020-21: nil).

Signed:



Accounting Officer
Date 27th January 2023

NORTHERN IRELAND TOURIST BOARD

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

Opinion on financial statements

I certify that have audited the financial statements of the Northern Ireland Tourist Board for the year ended 31 March 2022 under the Tourism (Northern Ireland) Order 1992. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

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

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Tourist Board's affairs as at 31 March 2022 and of the Northern Ireland Tourist Board's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Tourism (Northern Ireland) Order 1992 and Department for the Economy directions issued thereunder.

Qualified opinion on regularity

In my opinion, except for effects of the matter described in the Basis for qualified opinion section of my report, 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 qualified opinion

I have qualified my regularity opinion due to £2.9 million of payments made to Tourism Ireland Limited without the North South Ministerial Council approval of the 2022 Tourism Ireland Business Plan being in place, as required by Tourism Ireland's Financial Memorandum.

The impact of this has led me to qualify my regularity audit opinion, on whether the expenditure had been applied to the purposes intended by the Assembly and conformed to the authorities which governed it.

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

My staff and I are independent of the Northern Ireland Tourist Board 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 opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Northern Ireland Tourist Board'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 Northern Ireland Tourist Board's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Department for the Economy directions made under the Tourism (Northern Ireland) Order 1992 and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Tourist Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

Responsibilities of the Board and Accounting Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Tourist Board through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I

considered included governing legislation and any other relevant laws and regulations identified;

- making enquires of management and those charged with governance on Northern Ireland Tourist Board's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Northern Ireland Tourist Board'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;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business; and
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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

My detailed observations are included in my report attached to the financial statements at pages 86 to 87.

A handwritten signature in black ink that reads "Dorinnia Carville". The signature is written in a cursive style with a large initial 'D'.

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

31 January 2023

NORTHERN IRELAND TOURIST BOARD
trading as
TOURISM NI

SECTION 3 - FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

| | Note | 2021-22 £000 | 2020-21 £000 |
|---|------|-----------------|-----------------|
| Revenue from contracts with customers | 6 | 45 | 20 |
| Other operating income | 6 | 849 | 296 |
| Total Operating Income | | <u>894</u> | <u>316</u> |
| Staff Costs | 3 | (7,538) | (6,706) |
| Purchase of goods and services | 3 | (28,135) | (16,754) |
| Depreciation and Impairment Charges | 3 | (1,215) | (972) |
| Grant Expenditure | 4 | (2,228) | (4,826) |
| Other operating expenditure | 3 | (5,483) | (4,220) |
| Grants to Tourism Ireland | | (22,190) | (12,886) |
| Total Operating Expenditure | | <u>(66,789)</u> | <u>(46,364)</u> |
| Net Operating Expenditure | | <u>(65,895)</u> | <u>(46,048)</u> |
| Finance Income | | 1 | - |
| Finance Expense | 14d | (312) | (249) |
| Net Expenditure for the year | | <u>(66,206)</u> | <u>(46,297)</u> |
| Items which will not be reclassified to net operating expenditure: | | | |
| Net gain / (loss) on revaluation of Property, Plant and Equipment | 7 | 33 | (1) |
| Actuarial gain/(loss) on pension scheme | 14d | 6,081 | (3,200) |
| Comprehensive Expenditure for the year | | <u>(60,092)</u> | <u>(49,498)</u> |

The notes on pages 61 to 85 form part of these accounts.

Statement of Financial Position as at 31 March 2022

| | | 2021-22 | 2020-21 |
|--|------|-----------------|-----------------|
| | Note | £000 | £000 |
| Non-Current Assets | | | |
| Property, Plant & Equipment | 7 | 124 | 226 |
| Intangible Assets | 8 | 1,142 | 1,170 |
| Total Non-current Assets | | <u>1,266</u> | <u>1,396</u> |
| Current Assets | | | |
| Trade and Other Receivables | 10 | 1,347 | 729 |
| Cash and Cash Equivalents | 11 | 6,793 | 13,217 |
| Total Current Assets | | <u>8,140</u> | <u>13,946</u> |
| Total Assets | | 9,406 | 15,342 |
| Current Liabilities | | | |
| Trade and Other Payables | 12 | (21,478) | (19,789) |
| Provisions | 13 | - | (95) |
| Total Current Liabilities | | <u>(21,478)</u> | <u>(19,884)</u> |
| Total Assets less Current Liabilities | | (12,072) | (4,542) |
| Non-current Liabilities | | | |
| Pension Liabilities | 14d | (10,011) | (14,539) |
| Provisions | 13 | (713) | (713) |
| Total Non-current Liabilities | | <u>(10,724)</u> | <u>(15,252)</u> |
| Total Assets less Total Liabilities | | (22,796) | (19,794) |
| Taxpayers' Equity and Other Reserves | | | |
| General Fund | | (22,862) | (19,827) |
| Revaluation Reserve | | 66 | 33 |
| Total Equity | | <u>(22,796)</u> | <u>(19,794)</u> |

The notes on pages 61 to 85 form part of these accounts.

The financial statements on pages 57 to 85 were approved by the Board on 26th January 2023 and were signed on its behalf by:

Chairman



Date 27th January 2023

Chief Executive



Date 27th January 2023

Statement of Cash Flows for the year ended 31 March 2022

| | Note | 2021-22 £000 | 2020-21 £000 |
|--|------|-----------------|-----------------|
| Cash Flow from Operating Activities | | | |
| Net Deficit after Interest | | (66,206) | (46,297) |
| Adjustment for Non Cash Transactions | | | |
| Amortisation | 8 | 1,070 | 740 |
| Depreciation | 7 | 145 | 232 |
| Pension Interest Charge | 14d | 312 | 249 |
| Non-cash Actuarial Pension Charges | | 1,241 | 594 |
| (Increase)/Decrease in Trade and Other Receivables | 10 | (618) | (322) |
| Increase/(Decrease) in Trade Payables | 12 | 1,203 | 11,351 |
| Increase/ (Decrease) in Provisions | 13 | (95) | (327) |
| Net Cash Outflow from Operating Activities | | (62,948) | (33,780) |
| Cash Flows from Investing Activities | | | |
| Purchase of Intangible Assets | 8 | (1,042) | (1,340) |
| Purchase of Property, Plant and Equipment | 7 | (10) | (134) |
| Net Cash Outflow from Investing Activities | | (1,052) | (1,474) |
| Cash Flows from Financing Activities | | | |
| Government Grant from Sponsoring Department | | 57,090 | 43,286 |
| Net Financing | | 57,090 | 43,286 |
| Net Increase/(Decrease) in Cash and Cash Equivalents in the year | 11 | (6,910) | 8,032 |
| Cash and Cash Equivalents at the Beginning of the year | 11 | 9,526 | 1,494 |
| Cash and Cash Equivalents at the End of the year | 11 | 2,616 | 9,526 |

The notes on pages 61 to 85 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2022

| | Note | General Fund £000 | Revaluation Reserve £000 | Taxpayers' Equity £000 |
|---|------|----------------------|--------------------------------|------------------------------|
| Balance at 31 March 2020 | | (13,615) | 33 | (13,582) |
| Grants from Sponsoring Entity | | 43,286 | - | 43,286 |
| (Loss) on Revaluation of PPE | 7 | (1) | - | (1) |
| Actuarial (Loss) | 14d | (3,200) | - | (3,200) |
| Comprehensive Net Expenditure for the Year | | (46,257) | - | (46,257) |
| Transfer Between Reserves | | - | - | - |
| Auditor's Remuneration | 3 | (40) | - | (40) |
| Balance at 31 March 2021 | | (19,827) | 33 | (19,794) |
| Grants from Sponsoring Entity | | 57,090 | - | 57,090 |
| Gain on Revaluation of PPE | 7 | - | 33 | 33 |
| Actuarial Gain | 14d | 6,081 | - | 6,081 |
| Comprehensive Net Expenditure for the Year* | | (66,171) | - | (66,171) |
| Transfer Between Reserves | | - | - | - |
| Auditor's Remuneration | 3 | (35) | - | (35) |
| Balance at 31 March 2022 | | (22,862) | 66 | (22,796) |

The notes on pages 61 to 85 form part of these accounts.

Notes to the Accounts for the year ended 31 March 2022

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with the 2021-22 Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Tourism NI for the purpose of giving a true and fair view has been selected. The particular policies adopted by Tourism NI are described below. They have been applied consistently in dealing with the items that are considered material to the accounts.

Accounting Convention

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

Property, Plant and Equipment, Intangible Assets, Depreciation and Amortisation

- (i) All property, plant and equipment have been valued on net current replacement costs as a proxy guide to fair value.

Indices supplied by the Office for National Statistics are used to calculate the net current replacement cost.

The de minimis level for capitalisation of all categories of Property, Plant and Equipment is £1,000. TNI policy is to “group” assets by category i.e. when the total cost of all individual items purchased together, exceed the de minimis level, they are capitalised.

- (ii) Intangible Assets – Computer licenses for internal recording and reporting systems are capitalised as intangible assets. The de minimis level for capitalisation of an intangible asset is £1,000.

They are amortised over a period of three to five years on a straight line basis.

- (iii) Depreciation and amortisation is provided on property, plant and equipment and intangible assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

| | |
|---------------------------------|-------------------------|
| Furniture and Equipment | 10 years |
| Motor Vehicles | 4 years |
| Leasehold Fixtures and Fittings | Over the lease term |
| Computer Equipment/Software | 3 to 5 Years |
| Computer Licences | Over the licence period |

- (iv) Tourism NI assesses at each year end date whether there is any objective evidence that a financial asset or group of financial assets classified as available for sale or loans and

receivables is impaired. A full year of depreciation is provided on assets in the year of their purchase unless it is deemed prudent not to do so.

Cash and Cash Equivalents

Cash and cash equivalents comprises cash and demand deposits with commercial banks. As at each reporting date, the carrying value of cash and cash equivalents approximates their fair value due to their short term nature.

Trade Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that Tourism NI will not be able to recover balances in full. Balances can only be written off when non-recovery is considered certain and after the appropriate approvals have been granted.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Prepayments

The de-minimis threshold for any prepayments is set at £500.

Provisions

Tourism NI makes provisions for liabilities and charges where, at the year end date, a legal or constructive liability exists (that is a present obligation from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made.

Contingent Liabilities

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

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.

Accounting Estimates

The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. The effect of a change in an accounting estimate, shall be recognised by including it in Net Expenditure Account in:

- a) The period of the change, if the change affects that period; or
- b) The period of the change and future periods, if the change affects both.

Leased Assets

Operating lease payments are charged to the Net Expenditure Account on a straight line basis over the term of the lease.

IFRS 16 *Leases* replaces IAS 17 *Leases* and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. See note 15 for further details.

Foreign Currencies

Assets and liabilities denominated in foreign currencies have been translated into sterling values at the rate of exchange ruling at the date of the Statement of Financial Position. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are taken to the Net Expenditure Account.

Irrecoverable Value Added Tax

Tourism NI is subject to a very limited recovery of VAT on inputs calculated in accordance with a formula agreed with HM Revenue & Customs. Expenditure is charged in the accounts inclusive of VAT. The VAT recoverable is credited to other operating charges.

Financial Instruments

Financial assets and liabilities are recognised in Tourism NI's Statement of Financial Position when Tourism NI becomes a party to the contractual provision of the instrument.

Financial Assets

Financial assets are classified into the following specified categories: at "fair value through profit or loss" ("FVTPL"); held to maturity investments, "available for sale" ("AFS") financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Tourism NI's financial assets comprise Trade and Other Receivables and Cash and Cash Equivalents, and are classified as Loans and Receivables and are held at cost, which approximates to fair value because of their short maturities.

Financial Liabilities

Financial liabilities of Tourism NI, including Trade and Other Payables, are measured at cost which approximates to fair value because of their short maturities.

Financing

The Department for the Economy (DfE) is the parent department of Tourism NI. DfE provides Tourism NI with its Grant-in-Aid during the year to enable Tourism NI to discharge its duties, powers and functions under the agreed operating plan and budget. Grant-in-Aid is credited to Reserves.

Income from Activities

Income from activities represents the invoiced amount of goods sold or services provided (net of VAT) and includes fees collected from statutory inspection activities, non-statutory star grading of accommodation.

Under the requirements of IFRS 15, Tourism NI has presented separately any income derived from statutory inspections under the heading 'Revenue from contracts with customers', as these fall under the definition of a contract per the standard.

Grant Expenditure

In accordance with a scheme under Article 11 of The Tourism (Northern Ireland) Order 1992, TNI is able to provide selective financial assistance in the form of grants, loans or investments in tourism-related projects. Grants paid and payable on expenditure incurred in the year by grant recipients are charged to the Net Expenditure account under the heading "Grant Expenditure".

Events

Where Tourism NI has entered into an agreement to support an event, and payment(s) are made prior to the event taking place, the expenditure is recognised in the year of payment.

Pension Costs

Past and present employees in Northern Ireland are covered by the provisions of the Local Government Pension Scheme. In the year 2021-22, Tourism NI contributed 19.5% of Pensionable Pay to the scheme, whilst staff contributed between 5.5% and 10.5% of Pensionable Pay. Further information on the pension scheme can be found at note 14.

For those staff employed in the Republic of Ireland from 1 January 2007, a Trust Based Defined Contribution Scheme has been available for staff to join. The contributions are managed by Zurich Life Assurance Plc and the advisors to the scheme are Towers Watson (Ireland) Limited, trading as Willis Towers Watson. Tourism NI contributed 16% of Salary during the year whilst the staff members will continue to contribute 6%.

Notional Costs

In order to disclose the full cost of activities, notional costs for the provision of the services received from Internal Audit Services of the Department of Finance (DoF) are included. The 2021-22 notional charge was £40,890 (2020-21: £40,099).

Adoption of New and Revised Standards

IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. Tourism NI hold three Leases which will transfer onto the Statement of Financial Position (SoFP) in accordance with IFRS 16 on 1 April 2022. Three leases with a combined Net Book Value (NBV) of £2,735k will come onto the SoFP. See Note 15 Leases Commitments for further detail.

2. STATEMENT OF NET EXPENDITURE BY OPERATING SEGMENT

| 2021-22 | Gross Expenditure £000 | Income £000 | Net Expenditure £000 |
|--|---------------------------------------|------------------------|---------------------------------|
| Finance | 3,035 | - | 3,035 |
| People & Organisational Development | 3,177 | - | 3,177 |
| Strategic Development | 15,198 | 141 | 15,057 |
| Marketing | 20,577 | 753 | 19,824 |
| Computer Services | 1,093 | - | 1,093 |
| Strategy & Policy | 1,589 | - | 1,589 |
| Corporate Communications & PR | 242 | - | 242 |
| TOTAL | 44,911 | 894 | 44,017 |

Reconciliation to SoCNE

| | | |
|----------------------------------|---------------|---------------|
| Interest Receivable | | (1) |
| Pension Interest (Income)/Charge | | - |
| Corporation Tax | | - |
| Payments to Tourism Ireland | 22,190 | 22,190 |
| | 22,190 | 66,206 |

| 2020-21 (Restated)* | Gross Expenditure £000 | Income £000 | Net Expenditure £000 |
|--|---------------------------------------|------------------------|---------------------------------|
| Finance | 829 | - | 829 |
| People & Organisational Development | 4,014 | - | 4,014 |
| Strategic Development | 11,150 | 35 | 11,115 |
| Marketing | 13,346 | 246 | 13,100 |
| Computer Services | 1,120 | - | 1,120 |
| Strategy & Policy | 2,772 | 35 | 2,737 |
| Corporate Communications & PR | 245 | - | 245 |
| TOTAL | 33,476 | 316 | 33,160 |

Reconciliation to SoCNE

| | | |
|----------------------------------|---------------|---------------|
| Interest Receivable | | - |
| Pension Interest (Income)/Charge | | 249 |
| Corporation Tax | | - |
| Payments to Tourism Ireland | 12,886 | 12,886 |
| | 12,886 | 46,296 |

*In 2021-22 period the operating segments were changed to better reflect the breakdown of the organisational structure. This will continue to change in the coming year as the organisation

progresses through a re-structure. 2020-21 has been restated to reflect the new organisational structure.

Finance Division comprises of the finance, governance and procurement functions. The Director of the Division reports to the Chief Executive.

People & Organisational Development comprises of the following units- HR and Central Services and the Executive Support team. The Director of the Division reports to the Chief Executive.

Strategic Development comprises of the following Units – Regions, Programmes (including Industry Development and Investment Programmes), Events, Quality & Standards, Business Support & Events and Major Events. The Director of the Division reports to the Chief Executive.

Marketing Division comprises of the following Units – Visitor Information, Business Solutions (B2B), Destination Marketing and PR, Republic of Ireland, Social & Digital Media and Golf Sales, Insights & Intelligence and Marketing. The Director of the Division reports to the Chief Executive.

Computer Services comprises the IT team. The IT Manager reports directly to the Chief Executive.

Strategy & Policy Division comprises of the following Units – Insights and Intelligence, Business Planning and Improvements and Digital Services. The Director of the Division reports to the Chief Executive.

3. EXPENDITURE

| | 2021-22 | 2020-21 |
|--|----------------|----------------|
| | £000 | £000 |
| Staff Costs | | |
| Wages and Salaries | 5,152 | 5,018 |
| Social Security Costs | 412 | 418 |
| Other Pension Costs | 2,098 | 1,434 |
| Recoveries in Respect of Outward Secondments | (124) | (164) |
| Total Staff Costs¹ | 7,538 | 6,706 |
| Purchase of Goods and Services | | |
| Marketing, Advertising and Promotions | 26,341 | 14,722 |
| Premises Cost | 455 | 636 |
| Printing and Stationery | 47 | 37 |
| Legal Fees | 91 | 122 |
| Professional Fees ² | 139 | 190 |
| Catering and General Office Expenses | 106 | 156 |
| Staff Development (Training and Recruitment) | 84 | 64 |
| Publications | 142 | 142 |
| Press and Public Relations | 334 | 317 |
| Hospitality | 12 | 1 |
| Rentals Under Operating Leases | 384 | 367 |
| <u>Non-cash items</u> | | |
| Notional Charges | 41 | 40 |
| Reversal of Notional Charges | (41) | (40) |
| Total Purchase of Goods and Services | 28,135 | 16,754 |
| Other Operating Expenditure | | |
| Events | 2,448 | 1,008 |
| Licensing and Information Services | 2,031 | 2,514 |
| Travel and Subsistence – Board Members | 4 | 1 |
| Travel and Subsistence – Other Employees | 72 | 12 |
| Gain/(Loss) on Exchange Rate | 23 | 9 |
| Auditor’s Remuneration and Expenses | 35 | 40 |
| Support for Grant Expenditure | 855 | 635 |
| <u>Non-cash Items</u> | | |
| Depreciation and Impairment Charges | 1,215 | 972 |
| Bad Debts Written Off | 15 | 1 |
| Total Operating Expenditure | 6,698 | 5,192 |

Auditor’s Remuneration – Non Audit Services

The external audit fee included in Other Operating Expenditure totalled £35,000 in 2021-22 (2020-21: £40,000). During the year, Tourism NI purchased £Nil of non-audit services from the Northern Ireland Audit Office (2020-21: £1,250) which are disclosed as expenditure under professional fees.

¹ Further analysis of staff costs is located in the Staff report on page 48.

² During the year Tourism NI made no payments in respect of non-audit work to the Northern Ireland Audit Office during 2021-22 (2020-21: £1,250).

4. GRANT EXPENDITURE

| | 2021-22 | 2020-21 |
|---------------------------|---------------------|---------------------|
| | £000 | £000 |
| Capital Funding Programme | 2,228 | 2,942 |
| Other grant expenditure | - | 1,884 |
| Total | <u>2,228</u> | <u>4,826</u> |

The two individual programmes supported as part of the Capital Funding Programme in 2021-22 were the Website Development Programme and the Experience Development Programme. Other grant expenditure in 2020-21 relates to the Covid-19 Bed & Breakfast revenue grant scheme.

5. GRANTS

5.1 Grant from the Department for the Economy

In 2021-22, Tourism NI as a Non Departmental Public Body credited the Grants and Grant-in-Aid for revenue purposes as contributions from controlling parties as giving rise to a financial interest in the residual interest of Tourism NI and hence has accounted for them as financing. As a result of this treatment, the General Reserve has been credited and not the Statement of Comprehensive Net Expenditure.

During the year, Tourism NI received grants from DfE, on behalf of Tourism Ireland Limited to the value of £22,190,000 (2020-21: £12,886,000). The total of this grant was paid to Tourism Ireland Limited in its entirety.

6. INCOME

6.1 Revenue from Contracts with Customers

| | 2021-22 £000 | 2020-21 £000 |
|------------------------------|-------------------------------|-------------------------------|
| Statutory Certification Fees | 45 | 20 |
| | <hr/> | <hr/> |
| Total | 45 | 20 |

6.2 Other Operating Income

| | 2021-22 £000 | 2020-21 £000 |
|--------------|-------------------------------|-------------------------------|
| Grading | 11 | 15 |
| Other Income | 838 | 281 |
| | <hr/> | <hr/> |
| Total | 849 | 296 |

7. PROPERTY, PLANT AND EQUIPMENT

| 2021-22 | Leasehold Improvements | Furniture & Equipment | Computers | Total |
|-------------------------------|-----------------------------------|--------------------------------------|------------------|--------------|
| | £000 | £000 | £000 | £000 |
| Cost or Valuation | | | | |
| At 1 April 2021 | 603 | 5 | 1,022 | 1,630 |
| Additions at Cost / Valuation | - | - | 10 | 10 |
| Indexation | 40 | - | 3 | 43 |
| At 31 March 2022 | 643 | 5 | 1,035 | 1,683 |
| Depreciation | | | | |
| At 1 April 2021 | 600 | 5 | 799 | 1,404 |
| Charge for Period | 35 | - | 110 | 145 |
| Indexation | 8 | - | 2 | 10 |
| At 31 March 2022 | 643 | 5 | 911 | 1,559 |
| Net Book Value | | | | |
| At 31 March 2022 | - | - | 124 | 124 |
| At 31 March 2021 | 3 | - | 223 | 226 |
| 2020-21 | | | | |
| | £000 | £000 | £000 | £000 |
| Cost or Valuation | | | | |
| At 1 April 2020 | 596 | 5 | 886 | 1,487 |
| Additions at Cost / Valuation | - | - | 134 | 134 |
| Indexation | 7 | - | 2 | 9 |
| At 31 March 2021 | 603 | 5 | 1,022 | 1,630 |
| Depreciation | | | | |
| At 1 April 2020 | 479 | 5 | 678 | 1,162 |
| Charge for Period | 113 | - | 119 | 232 |
| Indexation | 8 | - | 2 | 10 |
| Disposals | - | - | - | - |
| At 31 March 2021 | 600 | 5 | 799 | 1,404 |
| Net Book Value | | | | |
| At 31 March 2021 | 3 | - | 223 | 226 |
| At 31 March 2020 | 117 | - | 208 | 325 |

Note all Tourism NI Property, Plant and Equipment assets are owned.

8. INTANGIBLE FIXED ASSETS

2021-22

| | Software Licenses £000 | Digital Data £000 | Total £000 |
|-----------------------------|---------------------------|----------------------|---------------|
| Cost or Valuation | | | |
| At 1 April 2021 | 1,164 | 2,170 | 3,334 |
| Additions | - | 1,042 | 1,042 |
| At 31 March 2022 | 1,164 | 3,212 | 4,376 |
| Amortisation | | | |
| At 1 April 2021 | 1,164 | 1,000 | 2,164 |
| Charge for Period | - | 1,070 | 1,070 |
| At 31 March 2022 | 1,164 | 2,070 | 3,234 |
| NBV at 31 March 2022 | | | |
| | - | 1,142 | 1,142 |
| NBV at 31 March 2021 | | | |
| | - | 1,170 | 1,170 |

2020-21

| | Software Licenses £000 | Digital Data £000 | Total £000 |
|-----------------------------|---------------------------|----------------------|---------------|
| Cost or Valuation | | | |
| At 1 April 2020 | 1,164 | 830 | 1,994 |
| Additions | - | 1,340 | 1,340 |
| At 31 March 2021 | 1,164 | 2,170 | 3,334 |
| Amortisation | | | |
| At 1 April 2020 | 1,147 | 277 | 1,424 |
| Charge for Period | 17 | 723 | 740 |
| At 31 March 2021 | 1,164 | 1,000 | 2,164 |
| NBV at 31 March 2021 | | | |
| | - | 1,170 | 1,170 |
| NBV at 31 March 2020 | | | |
| | 17 | 553 | 570 |

Note all Tourism NI Intangible assets are owned.

9. FINANCIAL INSTRUMENTS

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

10. TRADE AND OTHER RECEIVABLES

| | 2021-22 £000 | 2020-21 £000 |
|---|-----------------|-----------------|
| <i>Amounts falling due within one year:</i> | | |
| Trade Receivables | 539 | 374 |
| Prepayments and Accrued Income | 789 | 332 |
| Other receivables | 19 | 23 |
| Total | 1,347 | 729 |

11. CASH AND CASH EQUIVALENTS

| | 2021-22 £000 | 2020-21 £000 |
|---|-----------------|-----------------|
| Balance at 1 April 2021 | 9,526 | 1,494 |
| Net Change in Cash and Cash Equivalent Balances | (6,910) | 8,032 |
| Balance at 31 March 2022 | 2,616 | 9,526 |
| The following balances at 31 March 2022 were held at: | | |
| Commercial Banks and Cash in Hand | 2,616 | 9,526 |
| Balance at 31 March 2022 | 2,616 | 9,526 |

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

| | Note | 2020-21 £000 | 2019-20 £000 |
|---------------------|------|-----------------|-----------------|
| Current Assets | | 6,793 | 13,217 |
| Current Liabilities | 12 | (4,177) | (3,691) |
| Total | | 2,616 | 9,526 |

12. TRADE AND OTHER PAYABLES

| | 2021-22 £000 | 2020-21 £000 |
|---|-----------------|-----------------|
| <i>Amounts falling due within one year:</i> | | |
| Bank Overdraft | 4,177 | 3,691 |
| Accruals | 13,307 | 7,458 |
| Trade Payables | 263 | (7) |
| Deferred Income | 20 | 32 |
| VAT Payable | 778 | 859 |
| Other Payables | 2,933 | 7,756 |
| Total | 21,478 | 19,789 |

13. PROVISIONS FOR LIABILITIES AND CHARGES

| | 2021-22 | | | |
|--------------------------------------|---------------|-----------------------|-----------------|---------------|
| | Legal £000 | Dilapidations £000 | Pension £000 | Total £000 |
| Current Liabilities | | | | |
| Balance at 1 April 2021 | 95 | - | 713 | 808 |
| Provided in the Year | - | - | - | - |
| Provisions Not Required Written Back | - | - | - | - |
| Provisions Utilised in the Year | (95) | - | - | (95) |
| Balance at 31 March 2022 | - | - | 713 | 713 |

| Analysis of Expected Timing of Provision | 2021-22 | | | |
|---|---------------|-----------------------|-----------------|---------------|
| | Legal £000 | Dilapidations £000 | Pension £000 | Total £000 |
| Not Later Than One Year | - | - | - | - |
| Later Than One Year and Not Later Than Five Years | - | - | 713 | 713 |
| Later Than Five Years | - | - | - | - |
| Balance as at 31 March 2022 | - | - | 713 | 713 |

| | 2020-21 | | | |
|--------------------------------------|---------------|-----------------------|-----------------|---------------|
| | Legal £000 | Dilapidations £000 | Pension £000 | Total £000 |
| Current Liabilities | | | | |
| Balance at 1 April 2020 | 95 | 327 | 713 | 1,135 |
| Provided in the Year | - | - | - | - |
| Provisions Not Required Written Back | - | - | - | - |
| Provisions Utilised in the Year | - | (327) | - | (327) |
| Balance at 31 March 2021 | 95 | - | 713 | 808 |

| Analysis of Expected Timing of Provision | Legal £000 | Dilapidations £000 | Pension £000 | Total £000 |
|---|-----------------------|-------------------------------|-------------------------|-----------------------|
| Not Later Than One Year | 95 | - | - | 95 |
| Later Than One Year and Not Later Than Five Years | - | - | 713 | 713 |
| Later Than Five Years | - | - | - | - |
| Balance as at 31 March 2021 | 95 | - | 713 | 808 |

The McCloud Judgement

In December 2018 the Court of Appeal ruled against the Government in the ‘McCloud/Sargeant’ judgement which found that the transitional protection arrangements put in place when the firefighters’ and judges’ pension schemes were reformed were age discriminatory. The ruling potentially has implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated.

The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government’s request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation.

The Government Actuary Department (GAD), under instruction of the LGPS Scheme Advisory Board (England and Wales) was asked to calculate the worst case scenario impact at scheme level, and in their paper titled “Local Government Pension Scheme Potential impact of McCloud/Sargeant ruling on pension accounts disclosures” dated 10 June 2019, they state, that for a salary increase assumption of CPI +1.5% (as used for employers in the Northern Ireland Local Government Officer’s Pension Fund), the worst case scenario impact will be a 3.2% increase in the active liabilities. Whilst their analysis was based on England and Wales data the view of Aon Hewitt is that these figures are also appropriate to accounting for benefits in the NILGOSC Pension Fund.

GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. All of the public service schemes, including the LGPS (NI) were contracted out.

On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required. The ruling confirmed that trustees have a duty “to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs”.

In March 2016 the Government introduced an interim solution to members in public sector schemes with GMPs who were set to lose out from the removal of AP. This was done by paying full increases on GMP pensions for individuals reaching State Pension Age (SPA) from 5 April 2016 through 5 December 2018 (GMP Rules do not require schemes to pay any increases on GMPs earned before April 1988, and to cap increases at 3% p.a. on GMPs earned after April 1988). This additional liability was included in the balance sheet for years ending in 2017 and recognised through OCI in the same year.

In January 2018 the interim solution was extended for individuals reaching SPA before 5 April 2021. The additional liability from extending the interim solution was not measured over the year ending in 2018

as it was deemed extremely unlikely to be material and would have been complex to measure accurately without undertaking a full valuation of the liability.

Broadly, If HM Treasury's solution was to extend the interim solution indefinitely, it is expected that the impact will be an increase in the defined benefit obligation of 0.3% for an average mature employer in the LGPS (which includes the liability for members reaching SPA after 5 December 2018 which has not previously been accounted for).

At the request of the Tourism NI, an allowance has been included within the accounting disclosure for the potential impact of the McCloud judgement, which has been derived based on the GAD's figures above, and GMP Equalisation and Indexation, based on Aon Hewitt's estimated impact.

Please note that the percentage of active liability used in the above calculations is based upon the results of 31 March 2016 actuarial valuation, which in turn based upon the full membership data as 31 March 2016 for Tourism NI. The percentage of active liabilities could have changed since that date.

Please note the above figures are estimates, based upon a number of unknowns. The actual impact, if any, could be materially different to the above estimate. In particular, GAD's calculation of the impact on scheme liabilities is appropriate for the scheme as a whole. The membership profile of individual employers will differ to the whole scheme, and this will impact the result at employer level. In the extreme, if the employer's membership comprised only post 2012 joiners (with pension liability accrued post 2012 only) we would expect the overall impact to be negligible or nil.

The estimated provision for Tourism NI in relation to the McCloud judgement and GMP Indexation and Equalisation is £713k; McCloud (£592k) and GMP (£121k).

14. PENSION COMMITMENTS

a) Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) Northern Ireland is a funded defined benefit pension scheme, which provides retirement benefits for employees on a career average revalued earnings basis from 1 April 2015. Prior to that date benefits were built up on a “final salary” basis.

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There’s no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80th (pension) and 3/80^{ths} (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum subject to HM Revenue and Customs (HMRC) limits.

As part of a general review of public sector pension schemes from 1 April 2009, the Government has introduced changes to the contribution rates. Instead of most people paying a standard contribution rate of 6% of their pensionable pay, there are now different contribution rates for different pay bands. The scheme’s professionally qualified actuaries recommended the rates for administrative employees between 5.5% and 10.5% of pensionable pay. Rates can be seen in the Remuneration Report.

Under IAS 19 Tourism NI is required to account for their share of assets and liabilities in the scheme. Added years’ discretionary benefits awarded to former employees who retired early are also accounted for as a defined benefit scheme, as in accordance with IAS 19. This liability also represents the actuarial liability of future costs to LGPS in respect of past employees who retired early. Given projected lifespans this liability will be payable over a number of years.

The latest formal actuarial valuation of the fund was carried out as at 31 March 2019. In calculating the Tourism NI’s assets and liabilities the fund’s actuaries have rolled forward and updated the values calculated at the latest valuation (March 2022). The fund’s actuaries had to make a number of assumptions about events and circumstances in the future meaning that the results of actuarial calculations are subject to uncertainties within a range of possible values.

b) Actuarial Assumptions

The following actuarial assumptions were accepted on the recommendation of the actuary:

| As at 31 March actuarial assumptions used | 31 March 2022 | 31 March 2021 | 31 March 2020 | 31 March 2019 | 31 March 2018 | 31 March 2017 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Rate of Increase in Pensions | 3.0% | 2.7% | 2.0% | 2.2% | 2.1% | 2.0% |
| Rate of Increase in Salaries | 4.5% | 4.2% | 3.5% | 3.7% | 3.6% | 3.5% |
| Discount Rate | 2.7% | 2.1% | 2.3% | 2.4% | 2.6% | 2.6% |
| CPI Inflation | 3.0% | 2.7% | 2.0% | 2.2% | 2.1% | 2.0% |

Mortality assumptions

| Actuarial Assumptions for Average Future Life Expectancy | Males 31 March 2022 | Males 31 March 2021 | Males 31 March 2020 | Female 31 March 2022 | Female 31 March 2021 | Females 31 March 2020 |
|--|---------------------|---------------------|---------------------|----------------------|----------------------|-----------------------|
| Member aged 65 at accounting date | 21.8 years | 21.9 years | 21.8 years | 25.0 years | 25.1 years | 25.0 years |
| Member aged 45 at accounting date | 23.2 years | 23.3 years | 23.2 years | 26.4 years | 26.5 years | 26.4 years |

Sensitivity Analysis

IAS 19 valuation results depend critically on the principal assumptions used in the calculations. The discount rate used to value the liabilities is prescribed under IAS 19 and the results are particularly sensitive to the discount rate. A reduction in the net discount rate will increase the liabilities as a higher value is placed on benefits in the future.

Regarding mortality assumptions, if longevity improves at a faster rate than allowed for in the assumptions then, a higher value would be placed on the employer's liabilities. Further increases in pensionable pay, inflation and hence pension, more than allowed for in the assumptions, will increase the value of the liabilities.

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2022 and the projected service cost for the year ended 31 March 2023 is set out below.

Funded LGPS benefits

Discount rate assumption

| Adjustment to discount rate | +0.1% p.a. | Base figure | -0.1% p.a. |
|--|------------|-------------|------------|
| Present value of total obligation (£M's) | 49.211 | 50.215 | 51.270 |
| % change in present value of total obligation | -2.0% | | 2.1% |
| Projected service cost (£M's) | 1.837 | 1.908 | 1.981 |
| Approximate % change in projected service cost | -3.7% | | 3.8% |

Rate of general increase in salaries

| Adjustment to salary increase rate | +0.1% p.a. | Base figure | -0.1% p.a. |
|--|-------------------|--------------------|-------------------|
| Present value of total obligation (£M's) | 50.416 | 50.215 | 50.014 |
| % change in present value of total obligation | 0.4% | | -0.4% |
| Projected service cost (£M's) | 1.908 | 1.908 | 1.908 |
| Approximate % change in projected service cost | 0.0% | | 0.0% |

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

| Adjustment to pension increase rate | +0.1% p.a. | Base figure | -0.1% p.a. |
|--|-------------------|--------------------|-------------------|
| Present value of total obligation (£M's) | 51.069 | 50.215 | 49.412 |
| % change in present value of total obligation | 1.7% | | -1.6% |
| Projected service cost (£M's) | 1.981 | 1.908 | 1.837 |
| Approximate % change in projected service cost | 3.8% | | -3.7% |

Post retirement mortality assumption

| Adjustment to mortality age rating assumption* | -1 year | Base figure | +1 year |
|---|----------------|--------------------|----------------|
| Present value of total obligation (£M's) | 51.973 | 50.215 | 48.457 |
| % change in present value of total obligation | 3.5% | | -3.5% |
| Projected service cost (£M's) | 1.984 | 1.908 | 1.832 |
| Approximate % change in projected service cost | 4.0% | | -4.0% |

A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

c) Asset Valuations

The fair value of the assets held by the pension scheme attributable to the Tourism NI are analysed as follows:

| Assets | Assets at 31 March 2022 | Assets at 31 March 2021 |
|--------------------|--------------------------------|--------------------------------|
| | % | % |
| Equities | 42.9 | 46.3 |
| Property | 10.0 | 8.9 |
| Government Bonds | 24.7 | 23.6 |
| Corporate Bonds | 2.2 | 12.1 |
| Multi Asset Credit | 13.1 | - |
| Cash | 4.0 | 5.3 |
| Other * | 3.1 | 3.8 |
| Total | 100.0 | 100.0 |

Employers who report under IAS 19 are no longer required to recognise an expected return on assets therefore assumptions are no longer disclosed.

* Other may include hedge funds, currency holdings, asset allocation futures and other financial instruments.

Statement of Financial Position

The following amounts at 31 March 2022, 2021, 2020, 2019, 2018, and 2017 were measured in accordance with the requirements of IAS 19:

| | 31 March 2022 | 31 March 2021 | 31 March 2020 | 31 March 2019 | 31 March 2018 | 31 March 2017 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fair Value of Scheme Assets | 39,941 | 37,098 | 30,352 | 32,588 | 29,956 | 28,218 |
| Present Value of Defined Benefit Obligations | (49,952) | (51,637) | (40,848) | (40,888) | (38,287) | (35,850) |
| Net Pension Liability | (10,011) | (14,539) | (10,496) | (8,300) | (8,331) | (7,632) |

d) Amounts Charged to Expenditure

| | 2021-22 | 2020-21 |
|--|-----------------|-----------------|
| Analysis of amount charged to net expenditure statement in respect of defined benefit scheme: | £000 | £000 |
| Current Service Cost | (2,061) | (1,368) |
| Curtailments and Settlements | - | - |
| Past Service Cost | - | - |
| Employer Contributions | 772 | 721 |
| Contributions in Respect of Unfunded Benefits | 48 | 53 |
| | (1,241) | (594) |
| Analysis of amounts charged to other finance costs: | | |
| Interest on Net Defined Benefit Liability/(Asset) (Funded) | (301) | (236) |
| Interest on Net Defined Benefit Liability/(Asset) (Unfunded) | (11) | (13) |
| | (312) | (249) |
| Analysis of amounts in the statement of taxpayers' equity: | | |
| Actuarial Gains/(Losses) (Funded) | 6,031 | (3,200) |
| Actuarial Gains/(Losses) (Unfunded) | 50 | - |
| | 6,081 | (3,200) |
| Movement in deficit during the year | | |
| Deficit in Scheme at the Beginning of the Year | (14,539) | (10,496) |
| Movement in the year: | | |
| Current Service Cost | (2,061) | (1,368) |
| Employer Contributions | 772 | 721 |
| Contributions in Respect of Unfunded Benefits | 48 | 53 |
| Past Service Cost | - | - |
| Financing Costs | (312) | (249) |
| Actuarial Gain/(Losses) | 6,081 | (3,200) |
| Deficit in Scheme at the end of the Year | (10,011) | (14,539) |

e) Employer's Contribution Rates

The liabilities show the underlying commitment that Tourism NI has in the long term to pay retirement benefits. The total pension liability is £50.0 million (2020-21: £51.6 million) and results in a net overall deficit balance of £ 10.0 million (2020-21: £14.5 million) which is recorded on the Statement of Financial Position.

The deficit on the LGPS scheme will be funded over a period of many years through increased employer contributions over the remaining working life of employees as assessed by the scheme actuary.

For 2021-22, the contribution rate for employers participating was 19.5% (2020-21: 19.5%).

f) Scheme Gains and Losses

Actuarial gains and losses represent the extent to which actual outcomes have differed from the assumptions which were used in calculating IAS 19 figures.

For assets the gain/loss is normally the difference between the actual and expected return on assets, and for liabilities the gain/loss normally arises from the change in financial assumptions. These actuarial gains/losses are shown in the table below as experience gains and losses.

| | 31 March 2022 £'000 | 31 March 2021 £'000 | 31 March 2020 £'000 | 31 March 2019 £'000 | 31 March 2018 £'000 | 31 March 2017 £'000 |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Actuarial Gain (loss) on Assets | 6,185 | 6,000 | (3,125) | 1,393 | 717 | 3,402 |
| Actuarial Gain (loss) on obligation / liability | (104) | (9,200) | 1,744 | (752) | (892) | (6,610) |
| Net Actuarial Gain (loss) Charged to Statement of Taxpayers Equity | (6,081) | (3,200) | (1,381) | 641 | (175) | (3,208) |

| | | | | | | |
|--|-----------------|-----------------|-----------------|----------------|----------------|----------------|
| Fair Value of Scheme Assets | 39,941 | 37,098 | 30,352 | 32,588 | 29,956 | 28,218 |
| Present Value of Defined Benefit Obligations | (49,952) | (51,637) | (40,848) | (40,888) | (38,287) | (35,850) |
| Net Pension Liability | (10,011) | (14,539) | (10,496) | (8,300) | (8,331) | (7,632) |

g) Republic of Ireland Employees

For those staff employed in the Republic of Ireland from 1 January 2007, a Trust Based Defined Contribution Scheme has been available for staff to join. The contributions are managed by Zurich Life Assurance Plc and the advisers to the scheme are Towers Watson (Ireland) Limited, trading as Willis Towers Watson. Tourism NI contributed 16% of salary during the year whilst the staff member will continue to contribute 6%.

The total contributions payable to Zurich Life Assurance Plc by Tourism NI for 2021-22 was £39,430 (2020-21: £34,449).

15. COMMITMENTS UNDER OPERATING LEASES

Total future minimum lease payments under operating leases are given in the table below for each of the following periods (amounts net of VAT). Lease types include buildings, car parking and photocopiers. There are no land leases.

| | 2021-22 £000 | 2020-21 £000 |
|---|-----------------|-----------------|
| Not later than one year | 652 | 186 |
| Later than one year and not later than five years | 2,310 | 11 |
| Later than five years | 499 | - |
| | <u>3,461</u> | <u>197</u> |

There are no finance leases.

Implementation of IFRS16 Leases

IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. Tourism NI hold three Leases which will transfer onto the Statement of Financial Position (SoFP) in accordance with IFRS 16 on 1 April 2022. Three leases with a combined Net Book Value (NBV) of £2,735k will come onto the SoFP.

The financial impact of IFRS 16 in the statement of financial position:

| | Property Leases £000s |
|------------------------------------|--------------------------|
| Right of use asset at 1 April 2022 | 2,735 |
| Lease Liability at 1 April 2022 | (2,735) |

The financial impact of IFRS 16 in the statement of comprehensive net expenditure:

| | 2022-2023 £000s |
|-----------------|--------------------|
| Rental Payments | (539) |
| Depreciation | 513 |
| Interest | 13 |

16. CAPITAL COMMITMENTS

Tourism NI had no capital commitments as at 31 March 2022 (31 March 2021 - £Nil).

17. OTHER FINANCIAL COMMITMENTS

Tourism NI has entered into non-cancellable contracts to provide financial assistance under the Tourism Development Scheme. The payments to which Tourism NI is committed are as follows:

| | 2021-22 £000 | 2020-21 £000 |
|---|-----------------|-----------------|
| Not later than one year | 943 | 3,010 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| Present Value of Obligations | 943 | 3,010 |

18. CONTINGENT LIABILITIES

Pension liability - Goodwin judgement

As detailed in Note 14, TNI has recognised a Pension liability of £10.011m (2021: £14.539m) for the NILGOSC defined benefit scheme. In June 2020, an Employment Tribunal ruled, that the Teachers' Pension Regulations 2010 (as amended) directly discriminated on grounds of sexual orientation in relation to the provision of adult survivor pensions and thereby result in a breach of the non-discrimination rule in section 61(1) to the Equality Act 2010. The provisions found that survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. Although there is a similar differential treatment under the regulations governing the LGPS(NI), it is more limited in scope. The differential applies only where the marriage or civil partnership is entered into after the member has left the scheme (either as a pensioner or becoming a deferred member). As a result any future remedy, regardless of its retrospective scope, is therefore considered likely to be immaterial. The actuary for the scheme currently estimates the Goodwin judgement could add around 0.2% to the defined benefit obligation for a typical employer (and no higher than 0.5%), however the impact will vary depending on the membership profile. TNI's defined benefit obligation disclosed in Note 14 at 31 March 2022 is £49.952m.

Tourism NI has not entered into any guarantees or indemnities or provided any letters of comfort at 31 March 2022 or at 31 March 2021.

19. RELATED PARTY TRANSACTIONS

Tourism NI is a Non Departmental Public Body (NDPB) sponsored by the Department for the Economy (DfE). DfE and the other bodies it sponsors are regarded as related parties. In addition, Tourism NI has had a small number of transactions with other Government departments and other central Government bodies.

Tourism NI works with many public and private sector organisations including companies in which Board and SMT Members of Tourism NI have a beneficial interest. Transactions during the year with such companies, which were conducted at arm's length and were subject to normal project and programme rules and tendering procedures, where appropriate, are listed below:

Terence Brannigan
Chairman

Chairman of Maze Long Kesh Development Ltd - services paid: £Nil (2020-21: £36).

Terry McCartney
Board Member

Director Belmore Court and Motel – services paid: £220 (2020-21: £200).

John West
Board Member

Independent Board Member and Audit Committee Chair with Department for Communities – spend in year £50 (2020-21: £180).

John McGrillen
Chief Executive

Board Member of Tourism Ireland – grant paid: £22,190k (2020-21: £12,886k) services paid: £584,547 (2020-21: £494,870). Amounts owed to Tourism Ireland as at 31 March 2022 was £60,000 (2021: £Nil)

Previously a Governor on Board of Belfast Metropolitan College - services paid: £1,535 (2020-21: £600), appointment ended on 31 December 2021 therefore no longer deemed a related party.

Eimear Callaghan

Board Member of Society of Incentive Travel Excellence Ireland – spend in year £30,426 (2020-21: £Nil).

David Roberts

Board Member of Arts and Business NI Ltd – spend in year £600 (2020-21: £Nil).

Terry McGonigal

Independent Board Member and Audit Committee with Ards and North Down Borough Council – spend in year £13,597 (2020-21: £Nil).

Dot Erskine

Spouse is Operations Director of Mammoth – spend in year £5,889,956 (2020-21: £Nil).

Angelina Fusco

Member of the NI Chamber of Commerce & Industry – spend in year £10,200 (2020-21: £Nil).

20. MATERIAL IRREGULAR EXPENDITURE

The Accounts Direction given by the Department for the Economy for 2021-22 requires NDPBs to disclose any material expenditure or income that has not been applied for the purposes intended by the relevant legislature or material transactions that have not confirmed to the authorities which govern them.

As disclosed in the Governance Statement on page 38, Tourism Ireland expenditure of £2.9m is deemed to be legal but irregular in 2021-22 until such times as North South Ministerial Council (NSMC) approval is secured for the 2022 Business Plan.

DATE OF AUTHORISATION FOR ISSUE

The Accounting Officer authorised the issue of these financial statements on 27th January 2023.

Northern Ireland Tourist Board

2021-22

Report of the Comptroller and Auditor General to the Northern Ireland Assembly

Introduction

1. In 2000 Tourism Ireland Limited was formed by Dáil Éireann and the Northern Ireland (NI) Executive, under the auspices of the North South Ministerial Council (NSMC), to be the overseas marketing arm of tourism for the island of Ireland. The Northern Ireland Tourist Board (NITB) is responsible for providing the NI Executive's element of funding to this body. Once approval is obtained from the Department for the Economy and Department of Finance, NSMC approval is sought for Tourism Ireland's Business Plans, outlining how these funds would be utilised. Funding of £22.2 million was provided in 2021-22.

Purpose of the Report

2. I am required to examine and certify the financial statements prepared by the NITB under the Tourism (Northern Ireland) Order 1992. In addition to forming an opinion on whether the financial statements show a true and fair view I am required to give an opinion on the regularity of transactions, by considering if the income and expenditure has been applied for the purposes intended by the Assembly and whether the transactions comply with the authorities which govern them. This report explains the reason for my qualified regularity audit opinion on the NITB financial statements for the year ended 31 March 2022.
3. I have qualified my audit opinion due to irregular expenditure of £2.9 million in 2021-22, related to Tourism Ireland funding which did not have the required Business Plan approval of the North South Ministerial Council in place. Further details are provided in paragraphs 4-5 below.

Approval for the 2022 Tourism Ireland Business Plan is not in place resulting in irregular expenditure

4. As part of my work to provide an opinion on the regularity of transactions, I must gather independent audit evidence to assess whether money paid by NITB to Tourism Ireland had the correct approvals in place. This includes whether NSMC approval of Tourism Ireland's business plans has been obtained. In 2021-22 NITB provided funding of £2.9 million to Tourism Ireland which related to its 2022 Business Plan which does not have NSMC approval in place. As such, I consider this expenditure to be irregular.
5. Whilst Tourism Ireland's Financial Memorandum requires NSMC approval for its business plans, no NSMC meetings have taken place that would facilitate this. I acknowledge, therefore, that this matter is beyond the control of NITB.



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

31 January 2023