

Labour Relations Agency Annual Report and Accounts for the Year Ended 31 March 2015

Laid before the Northern Ireland Assembly
under Paragraph 15(5) and
Paragraph 16 (1) of Schedule 4 to the
Industrial Relations (Northern Ireland) Order 1992
by the Department for Employment and Learning
31 March 2015

© Labour Relations Agency Copyright 2015

The text of this document (this excludes, where present, the Royal Arms and all departmental or agency logos) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as Labour Relations Agency copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought. Any enquiries related to this publication should be sent to us at info@lra.org.uk

This publication is also available at www.lra.org.uk



25 June 2015

Mr Derek Baker
Permanent Secretary
Department for Employment & Learning
Adelaide House
39-49 Adelaide Street
BELFAST
BT1 8FD

Dear Mr Baker,

Annual Report and Accounts of the Labour Relations Agency 2014-2015

In accordance with Article 16(1) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992, I have pleasure in submitting the Annual Report and Accounts of the Labour Relations Agency on its activities during the twelve month period ending 31 March 2015.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Marie Mallon', is written in a cursive style.

MARIE MALLON
Chair

Enc

CONTENTS

		Page
Chapter 1	Mission Statement, Equality Statement, Core Values	8
Chapter 2	The LRA Board	10
Chapter 3	Chair's Foreword	17
Chapter 4	Chief Executive's Overview of the Year	21
Chapter 5	Strategic Report	25
Chapter 6	Directors' Report	47
Chapter 7	Remuneration Report	51
Financial Statements		60



Chapter 1

Mission Statement,
Equality Statement,
Core Values

MISSION STATEMENT, EQUALITY STATEMENT, CORE VALUES

Mission Statement

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

Equality Statement

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

Core Values

In delivering services the Agency will:

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

Background Information

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

Principal Activities

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

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

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

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

The Headquarters of the Agency are located at

- 2-16 Gordon Street, Belfast BT1 2LG.

The Agency also has a Regional Office located at

- 1-3 Guildhall Street, Londonderry BT48 6BB.

Both offices are equipped to provide the full range of advisory and dispute resolution services to employers and employees throughout the province.



Chapter 2

The LRA Board

Ms Marie Mallon (Chair)

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



Mr Jim McCusker (Former Chairman)

Mr McCusker completed his appointment as Chairman of the LRA on 31 July 2014. Jim was formerly General Secretary of the Northern Ireland Public Service Alliance (NIPSA) and was a member of the Executive Council and the NI Committee of the Irish Congress of Trade Unions (NIC-ICTU). He is a former member of the European Economic and Social Committee and of the Council for Healthcare Regulatory Excellence, Economic Development Forum and Concordia.



Mr Lyn Fawcett

(to 30 November 2014)

Mr Fawcett is a Senior Lecturer and Director of Masters programmes in Hotel and Tourism Management in the Ulster Business School at the University of Ulster. He is a past member of the University Council, past Chairman of the University and Colleges Union in Northern Ireland and past President at University of Ulster. Lyn is a former member of the Board of the Northern Ireland Health & Safety Executive and a former Board member of the Northern Ireland Tourist Board.



Mrs Deirdre Fitzpatrick

(from 1 December 2014)

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





Mrs Sally McKee (Vice Chair)

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



Mr Gary McMichael

Mr McMichael has been the Chief Officer of the Northern Ireland charity ASCERT (Action on Substances through Community Education and Related Training) since 2001. Gary is a Board member on the Voice of Young People in Care. He formerly served on Lisburn City Council for 12 years and was a member of the NI Civic Forum.



Mrs Alison Millar

Ms Millar is the Deputy General Secretary of the Northern Ireland Public Service Alliance (NIPSA). She has overall responsibility for the Public Officers' Group within NIPSA and responsibility for major policy issues including Welfare Reform, the Review of Public Administration and matters relevant to the Health Service and Housing Executive. Alison has held a number of other portfolios in NIPSA with lead responsibility in the former Education and Library Boards, Further Education, Local Government and Libraries NI. She also has overall responsibility for equality issues and the development of NIPSA's Organisation and Recruitment Services. She is a member of the Executive Council of the Irish Congress of Trade Unions.



Mr Albert Mills

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

Ms Jill Minne
(from 1 December 2014)

Ms Minne, who was appointed as an Employer Representative, is Director of Organisational Development for Belfast City Council, and is a member of the Council's senior management team. She is a member of the Local Government Joint Reform Forum, the body responsible for negotiating all the HR aspects of local government reform, a member of the Northern Ireland Joint Council and chairs the Council's Joint Consultative and Negotiating Committee. Jill is also a Board member and Ambassador for the Women's Fund NI.



Dr Trevor Morrow
(to 30 November 2014)

Dr Morrow is Programme Director of the MSc International Business, and subject co-ordinator for Human Resource Management (HRM) at the Ulster Business School's Department of International Business. He is co-author of Strategic Human Resource Management: Contemporary Issues (Financial Times/Pearson) and has published widely in business and human resource journals. Trevor has served as an employee representative with the Association of University Teachers and is currently a Director of Cancer Focus (formerly Ulster Cancer Foundation).



Mr Daire Murphy
(from 1 December 2014)

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





Mr Gordon Parkes

Mr Parkes is HR Director of Northern Ireland Electricity Limited and a member of the Employment and Skills Committee, Confederation of British Industry (CBI) (NI). Previously he held the position of Director or Head of Human Resources in a number of companies in the pharmaceutical, textile and engineering sectors and prior to his current role was General Manager, Group Human Resources of the Viridian Group Ltd. Gordon currently chairs the LRA Audit Committee.



Ms Pauline Shepherd

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



Mr Neal Willis (to 30 November 2014)

Mr Willis is a member of the NI Industrial Court. Prior to retirement he was Director of Corporate Services at Newtownabbey Borough Council. Previously he worked as a Senior Consultant, advising employers on employment law and fair recruitment practices, was Regional Manpower Services Manager with the NI Housing Executive and a Conciliation Officer with the LRA.

Full details of Board Member profiles are provided on the Agency's website at www.lra.org.uk



Chapter 3

Chair's Foreword



CHAIR'S FOREWORD

The last year has been a challenging one for the Agency and indeed a year of significant transition involving the arrival of a new Chair and the recruitment of a new Chief Executive. The Agency also welcomed three new Board members.

During a period of significant change there can be a dip in performance but, due to the hard work and efforts of our staff and the oversight of the delivery of the Business Plan by the Board, almost all of the strategic and operational targets were achieved and in many cases exceeded. Our three divisions achieved this level of performance against a background of preparing for future change associated with the key recommendations arising from the Department for Employment and Learning (DEL) review of employment law, the acquisition of a new case management system and the heavy demands on our services at a time of financial uncertainty.

As with all change it provides an opportunity to refresh and review our strategy and priorities. To this end the Board took time out with the Senior Management Team during the year to enable constructive reflection on Board effectiveness and priorities and to support planning for the future. It was also an opportunity to help build a new team. The outworkings from this event have fed into the 2015-16 Business Plan and will inform thinking when the Corporate Plan is reviewed next year.

The Northern Ireland Roundtable on Employment Relations, which the Agency chairs and facilitates, has effectively contributed to the review of employment law and developed a revised draft joint declaration of protection and complementary policy guidance. Importantly in moving forward the Roundtable is taking time out to discuss how it can continue to play a pivotal role in influencing the future shape of Northern Ireland's employment relations system.

The Chair and CEO took the opportunity during the year to meet many of the Agency's main stakeholders in order to receive feedback on their perception and view of the performance of the Agency but also to ascertain stakeholder needs so that this year's management plan and future Corporate Plans reflect what is needed by employers, trade unions, employee representatives and other parties that contribute to good workforce relations.

Good relations in the workplace is essential to workforce harmony and contributes to the success of the enterprise, enhances the experience of the employee and the customer whilst impacting positively on the economy and indeed society as a whole. The Agency is committed to ensure that all parties in the workplace know and understand the role of the Agency and can access its services in order to achieve good employment relations. To this end a review of the Agency's stakeholder engagement strategy is already under way to ensure that we are connecting with all our stakeholders both internal and external to the organisation.

The Agency will also continue to work closely with organisations at a regional national and international level in the exercise of its statutory obligations building relationships and learning from best practice whilst raising the profile of the Agency for the benefit of all those it serves.

I am grateful for the hard work and commitment of our staff and fellow Board members in achieving the performance outlined in this annual report.

A handwritten signature in black ink, which appears to read 'Marie Mullen'.



Chapter 4

Chief Executive's Overview



CHIEF EXECUTIVE'S OVERVIEW

I joined the Labour Relations Agency as Chief Executive on 16 March 2015 and just hope that these brief reflections do justice to the diversity and quality of the services that have been delivered by the Agency over the past year. In that short time I have been hugely impressed by the commitment and enthusiasm of our staff in supporting the development of progressive workplace policies, and where relationships do break down, by helping parties to explore and agree mutually beneficial resolutions. As a service delivery organisation we are rightly very focused on the needs of our customers, but it would be remiss of me not to recognise the work of our Corporate Services team who continue to ensure that the Agency fulfils all of our accountability and legal compliance responsibilities. I want to put on record my thanks to all of my staff for their endeavours and achievements in 2014-15.

I want to thank the Board for the support and strategic direction that it has provided throughout the current reporting period. As with every organisation there is always the potential to focus on the 'here and now' but the Board has been assiduous in ensuring that the Agency continues to grow and develop in line with the commitments established in our Corporate and Annual Business Plans. It is also appropriate to make reference to the very positive role that our Joint Negotiating and Consultative Committee has played in ensuring that there continues to be a very positive industrial and employment relations culture during what has been a difficult period for the wider public sector. Finally I want to recognise the support and contribution of our delivery partners and the wider employment relations community in helping the Agency to make a positive contribution to the wellbeing of Northern Ireland's labour market.

I am not going to rehearse the content of this annual report but I do want to draw your attention to the strategic report which provides a snapshot of the

breadth of work that the Agency has been taking forward over the past year, but which also highlights some of the challenges that we will continue to address in 2015-16; supporting public sector reform, exploring more effective ways of meeting the needs of small and medium-sized enterprises and delivering skills-based development programmes are particular examples. A lot of the Agency's work is delivered on a confidential basis which means that we are quite constrained in terms of how we can promote the positive outcomes from our interventions. We are therefore very dependent on the good offices of our stakeholders and individual clients who use our service; so I am taking this opportunity to encourage you to continue to champion the work of the Agency.

In looking forward the Agency is committed to meeting whatever challenges emerge from the Department for Employment and Learning (DEL) current review of employment law. There is always a need to explore more innovative ways of presenting and delivering services and the Agency will continue to engage with our stakeholders on an individual and collective basis to ensure that our programmes and services continue to meet the needs of both employees and employers.



Chapter 5

Strategic Report

SENIOR MANAGEMENT TEAM



Mr Tom Evans
Chief Executive/
Accounting Officer



Ms Penny Holloway
Director
(Conciliation & Arbitration)

- Individual Conciliation
- Collective Conciliation
- Arbitration
- Independent Appeal Hearings
- Mediation
- Regional Office



Mr David McGrath
Director
(Advisory Services)

- Advisory Assistance
- Advisory Workshops
- Helpline
- Good Employment Practice
- Good Practice Seminars
- Research
- Agency Website



Dr Gerry O'Neill
Director
(Corporate Services)

- Human Resources
- Certification Office
- Finance & Corporate Compliance
- Business Support & Premises
- Information & Communication Technology

STRATEGIC REPORT

5.1 STRATEGIC OBJECTIVES

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

The Agency met its target to develop and publish an extensive and flexible calendar of events on our website by 31 October 2014. The Agency also continued to respond to emerging needs by hosting additional events in response to significant changes to Northern Ireland employment law; the recent introduction of the new Shared Parental Leave and Pay arrangements from 5 April 2015 is a notable example with the Agency hosting a number of very successful seminars in partnership with the Department for Employment and Learning (DEL).

Public sector funding constraints meant that the Agency was not able to dedicate resources to support any extensive advertising campaigns. However, the Agency did source a range of positive marketing opportunities targeted at Small/Medium Enterprises (SMEs) with our events programme being listed on a number of public data-bases including Invest Northern Ireland's website business portal (nibusinessinfo.com) and the Belfast City Hub. The Agency's events programme was also promoted by the network of local enterprise development units, employer and employee associations, trade federations and professional bodies. The Agency also continued to engage with the main employer representative bodies that provide support and advice to the SME sector.

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

The Agency responded comprehensively to the new service initiatives arising from the DEL review of employment law. Feedback from DEL's 2013-14 public consultation on employment law supported the introduction of early conciliation which would require all potential tribunal claims to be routed in the first instance through the Labour Relations Agency. The Agency has now completed the initial development work on an early conciliation service delivery model. This involved detailed consideration of how the model of early conciliation was introduced in the rest of the UK from May 2014. The

Agency has also completed an initial scoping exercise to identify all of the wider operational implications associated with the introduction of the new early conciliation service and will now initiate a programme of meetings with the tribunal service and other key stakeholders. The Agency has also developed a new case management system that will not only support the new early conciliation service but all of our existing conciliation, mediation and arbitration services.

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

The Agency did not fully meet its target to develop a SME and Micro support strategy by 30 September but did meet our existing commitment to deliver a range of advisory services to SMEs and Micro employers. Taking account of empirical research and customer feedback the Agency tailors its advisory, conciliation and mediation services to best meet the needs of Northern Ireland's small firm economy. Conflict at work, if not handled well, has a direct impact on productivity and growth. The Agency, either working independently or in partnership with other providers, delivers programmes designed to build employer confidence in terms of employing people and in the handling of people issues, thereby providing a basis for sustainable growth. During 2014-15 the Agency delivered over 160 in-company seminars designed to raise awareness of employers' legal responsibilities and to promote and develop good practice. Almost 40% of these seminars targeted employers in the SME and Micro sectors. Mindful of the very unique challenges that SMEs face, the Agency has committed to reviewing and reconfiguring its existing services to take account of the recent DEL sponsored research into the employment rights information and support needs of the SME sector.

5.1 STRATEGIC OBJECTIVES cont'd...

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

The Agency did not fully meet its target to develop a public sector support programme by 31 December 2014 but has made good progress in terms of supporting the eleven new councils that came into existence on 1 April 2015. The Agency recognises that the current programme of public sector reform in both central and local government will create significant employment relations challenges and we have already identified a number of potential development areas where the Agency can add value; supporting the creation of a regional industrial relations forum and the development and the embedding of employment relations best practice at an individual council level. The Agency has already had initial contact with management and the relevant trade unions and has developed a framework document that will offer a structure for the discussions on the merits of regional bargaining arrangements. Whatever outcomes emerge from this process will help to inform how the Agency could support central government to deal with the restructuring of government departments post the 2016 Assembly Elections.

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

The Agency responded to DEL consultations on Zero Hours Contracts and the Working Time Regulations. The Agency also provided advice to DEL on a wide range of employment relations policy areas at each of the quarterly accountability review meetings. DEL officials were also invited to give a presentation to the Agency Board on the outcomes of the employment law review public consultation. On the basis of this engagement the Agency has explored how early conciliation and neutral assessment could be integrated within our existing suite of conciliation and arbitration services. The Agency has also had preliminary discussions with DEL about the progression of a formal review of the

Agency's statutory arbitration scheme which was launched by Minister Farry in September 2012. A series of meetings were also held with key stakeholders to explore areas of common interest and to seek views on the quality and continued relevance of the Agency's advisory and dispute resolution services.

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

Under Article 83 of the Industrial Relations (Northern Ireland) Order 1992 the Agency is empowered to promote the improvement of industrial relations. During 2014-15 the Agency completed a programme of engagements with individual delivery partners to evaluate the effectiveness of the existing partnership arrangements, to explore further development opportunities and to develop a shared understanding of how Northern Ireland's employment relations systems can be improved. In addition the Agency continued to facilitate the work of the Northern Ireland Employment Relations Roundtable with a view to developing an agenda for change around a number of key drivers (skills, best practice and research). The Agency recognises the positive impact that the collective voice of the social partners can have and will continue to support the work of the Employment Relations Roundtable.

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

The Agency has continued to be proactive in championing innovative approaches to employment relations. The Agency is a founding member of the International Agencies Group which was established to promote and share employment relations good practice. In developing responses to the DEL review of employment law the Agency has taken account of the significant programmes of reform that are taking place in the rest of the UK and the RoI. The Agency is also a founding member of the UK-wide Employee Relations Institute (ERI) which seeks to improve workplace relations through setting

5.1 STRATEGIC OBJECTIVES cont'd...

professional standards and developing the knowledge, confidence and practical skills of managers and representatives in employee relations. The Agency has recently persuaded the ERI that it needs to have a regional emphasis that is more sensitive to the structure of the Northern Ireland economy. As part of its annual lecture programme the Agency invited Jim Mather, Chair of the Scottish Government's Working Together Review to present the findings and recommendations from its report 'Progressive Workplaces in Scotland'.

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

The Agency continues to actively respond to the needs of both employers and individual employees through the work of its advisory services and the active promotion of our conciliation, mediation and arbitration services. The Agency recognises that it needs to be flexible in terms of how it presents its services, striking the right balance between Agency-based workshops and in-company programmes; and has now introduced a programme for supporting the introduction of in-house dispute resolution processes from 1 October 2014. Initial positive engagements have taken place with HR Directors of the Health Trusts and representatives of the Department of Finance and Personnel (DFP), local councils and the implementation team of the new Education Authority (EA). Understandably, progress on this initiative has been constrained by the impact of the change agenda taking place across the public sector in Northern Ireland, but the Agency is committed to developing in-house programmes that will assist public sector organisations in responding positively to the Executive's reform programme.

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

Developing the capacity, competence and confidence of employers, line managers and employees to resolve

employment relations issues quickly and as close to source as possible continues to be a high priority for the Agency. This is particularly relevant given the structure of the Northern Ireland economy where micro businesses (those businesses with fewer than 10 employees) account for approximately 90% of all the Northern Ireland based VAT and/or PAYE registered enterprises. Our programme of events is regularly reviewed and updated to take account of legislative and case law developments and is increasingly focussed on developing the skills of first line owner managers/ supervisors. In addition to the planned programme of events, we have also responded to a variety of requests from numerous organisations to provide tailored training in employment relations skills. Our one-hour briefing sessions on topical employment relations issues seem to be meeting the demand for the acquisition of practical knowledge and skills with least disturbance to business continuity.

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

The Agency implemented a programme of learning and development that has ensured that our staff are equipped to provide high quality services to our customers and that as an organisation we delivered on all of our equality and corporate governance commitments. Mindful of the importance of effective employee engagement the Agency has adopted coaching as its preferred style of management and all managers have now undertaken formal coaching training. We have now established a project team to embed coaching throughout the organisation and see this as a more holistic way of delivering on our people strategy. The Agency also held a staff conference on health and wellbeing in September 2014 and under the direction of our Board we are now committed to developing and implementing a Health and Wellbeing strategy in 2015-16. The Agency's commitment to good internal working relations was also reflected in the positive self-assessment by the management and trade union Joint Negotiating and Consultative Committee (JNCC) which is the recognised industrial relations forum within the Agency.

5.1 STRATEGIC OBJECTIVES cont'd...

11. Comply with statutory Equality obligations.

The Agency met its target of submitting the annual equality report to the Equality Commission by 31 August 2014. In consultation with the Equality Commission the Agency continues to review the composition (community background and gender) of its workforce in compliance with Article 55 of the Fair Employment and Treatment (Northern Ireland) Order 1998. The Agency adopts a risk based approach to all equality commitments; these risks were reviewed and endorsed by our Audit and Risk Assurance Committee in December 2014.

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

The Agency's funding has been capped since 2010-11 and we have had to absorb annual pay and price increases while continuing to maintain levels of service in line with customers' expectations. The Agency introduced a very detailed system of budget monitoring to ensure that end year spend did not exceed our baseline and to ensure that we derived best value from our funding. A review of all discretionary expenditure was completed with more strict approval controls being introduced. The Agency's 2014-15 out-turn represented less than a 1% underspend which is a very positive achievement. The Agency has completed a major IT capital investment project with the development of a new software-based case management system to support our helpline and conciliation, mediation and arbitration services. This new system will provide the Agency with the capability to deliver more efficient and responsive services with enhanced reporting facilities.

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

The Agency met its target to undertake an energy review by 30 November 2014. This has led to a 2% reduction in cost for heating and lighting. The Agency was also very proactive in delivering on its recycling commitments, however, plans to establish a sustainability project group have had to be deferred until 2015-16 because of staff changes. The Agency is working with DEL and DFP Properties Services Division to consider how the Agency's accommodation requirements can be met post the end of the current lease in 2019.

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

The Agency commissioned a review of the Agency's VfM activities which confirmed that satisfactory progress had been made in implementing many of the recommendations of the DEL 2010 quinquennial review of the Agency. We will continue to progress the VfM agenda; as a starting point the questionnaires used to evaluate the suite of advisory services have been redesigned to gather more outcome-focused data.

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

The Agency has been actively engaged in rolling out its digital strategy as part of its commitment to deliver more on-line services. The Agency's new case management system has been enhanced with the inclusion of an accessible web portal and an on-line functionality which will allow for a series of transactions to be completed remotely. This stand-alone frontend web based facility was developed specifically by Acas to support the Early Conciliation service which was introduced in the rest of the UK in May 2015. The new system will allow claimants, respondents and their representatives to deposit all case related documentation electronically on-line via a secure and encrypted web portal. This will make the receipt and handling of this documentation quicker and more efficient as well as making the Agency more accessible to all related parties.

THE YEAR IN FIGURES



51% of callers rate the advice or information they received as excellent.

89.9% of callers indicated that they took action following a call.



92% of Advisory seminar delegates record that they found the information or guidance extremely or very helpful.

92.6% of Advisory workshop delegates reported satisfaction following attendance.



Page views > **574K**

Downloads > **36K**



69% of users reported that they amended documentation following Agency assistance.

82% of Advisory case customers found the information and advice extremely helpful.



Staff initiatives raised **£400** for charity



75% of payments to suppliers in 10 days.

97% of payments to suppliers in 30 days.



The Agency recycled **6,638kg** of waste in 2014-15.



£1,027 spent on water

£43,634 spent on heating and lighting.

£5,756 spent on office consumables



> **2.2K** cases withdrawn during Conciliation

> **3.8K** cases were settled

> **1.1K** cases proceeded to tribunal



3 Collective Conciliation cases brought forward from 2013-14.

30 Collective Conciliation cases received in 2014-15.

6 Collective Conciliation cases carried into 2015-16.



7 Mediation cases brought forward from 2013-14.

86 Mediation cases received in 2014-15.

12 Mediation cases carried into 2015-16.



16 Independent Appeals / Arbitration cases brought forward from 2013-14.

30 Independent Appeals / Arbitration cases received in 2014-15.

14 Independent Appeals / Arbitration cases carried into 2015-16.

5.2 ADVISORY SERVICES

The work of Advisory Services, either working on our own or in partnership with other organisations, is concentrated on promoting good employment practice and developing employment relations skills among both employers and employees in Northern Ireland (NI). The emphasis on customer service and demonstrating value for money are part of Advisory Services DNA and it is very encouraging that all of our performance indicators reveal the value placed on Advisory Services by its customers.

Demand for the Helpline service has remained relatively constant year on year but this year has seen a number of staffing changes and these, coupled with the consequential necessary lead in training for new advisors, has resulted in a reduction in the number of calls being handled by the Helpline - 22,579 calls (compared to 24,079 last year); resulting in 55,272 (compared to 54,020 last year) separate enquiries being raised. Activity levels against some key performance indicators have also fallen slightly due to the reduction in the number of advisors available. However, advisors reported an increase in the complexity of issues raised particularly following any developments in legislation or case law. Of particular note was the introduction of shared parental leave and the calculation of holiday pay which tested the knowledge and expertise of our advisors. We also gathered data on users of the Helpline which indicated that, where the information is provided, 32% of callers are using the Helpline for the first time and 25% of callers are from micro businesses. To improve our systems we introduced an electronic system for recording enquiries to the Helpline as a prelude to an Integrated Case Management System being fully installed into the Agency.

We have provided advice and guidance through our seminars, workshops and document review service to all sizes of organisation from micro to large (250+ employees). Our programme of public seminars, which is regularly refreshed with new topics and promoted on our website and also through our network of delivery partners, saw attendees from organisations in all size categories. In addition to the planned programme of events, we also responded to a variety of requests from

numerous organisations to provide tailored training in employment relations skills. Topics such as Conducting Employment Investigations, Social Media and the Employment Relationship, Handling Discipline and Grievance and Bullying in the Workplace are the areas in most demand. Our one-hour briefing sessions on topical employment relations issues such as the handling of difficult workplace conversations and variation of contract seem to be meeting the demand for knowledge and skills in a condensed timeframe. Advisory workshops continue to provide participants with the skills and knowledge to develop and maintain basic employment relations documentation. A continuing trend from last year is the number of requests for information on casual contracts and variation of contract matters from those attending the workshops.

Demand for reviewing employment documentation remains a feature of the Agency's work with organisations asking the Agency to review and comment on their policies and procedures. As in previous years we have placed emphasis on customer service and completing this work within 3 months from the date of receipt and have managed to do so in the majority of cases. Notable this year is the increase in the number of company handbooks that the Agency has been asked to review and the associated number of procedures contained within each of these handbooks. Policies covering whistleblowing and family friendly working arrangements are an increasing feature of most of the handbooks reviewed and on which the Agency is being asked to comment.

Advisory Services continued to pursue a process of strategic targeting for Good Employment Practice projects. The first objective of this strategy has been to influence improvement in employment relations at a structural and systemic level with public sector re-organisation being the primary vehicle for this objective. The second objective was to seek opportunities to deliver this kind of work in sectors where the Agency has had limited influence in the past.

5.2 ADVISORY SERVICES cont'd...

A major part of the strategy has been focused on the local government sector. The Agency was engaged by the sector to assist in the production of a new regional bargaining structure for the new eleven council model following the implementation of the Review of Public Administration (RPA) in April 2015. This was coupled with the Agency's strategic offer to assist all eleven of the new councils with the many challenges during the early transitional phase.

We have also been able to initiate new arrangements for joint working within the third sector. This has led to projects with both Addiction N.I. and Business in the Community to improve employer awareness of managing drugs and alcohol in the workplace and to provide support with the production of drugs and alcohol policies within employment contexts. Projects were conducted, and indeed in some cases remain ongoing, with health trusts regarding the reform of industrial relations machinery and related facility arrangements. Work continued during the year with the Agency having a presence as an independent member of the Confederation of British Industry (CBI) Employment and Skills Committee and the Agency engages on a quarterly basis with the Northern Ireland Committee – Irish Congress Trade Unions (NIC-ICTU) regarding recent developments in employment relations. Training was delivered to two large private sector employers on topics such as the roles and responsibilities of information and consultation representatives and employer's roles and responsibilities regarding trade unions and industrial action. Other training was delivered jointly to the management and trade union sides within the education sector and this has now become an annual calendar fixture. The Agency has also assisted NIC-ICTU to devise, develop and deliver modules for the Trade Union Studies and Lifelong Learning education and training programme with a view to educating trade unionists from a good employment practice perspective. The Agency helped produce the fifth joint LRA/Equality Commission E-Zine on developments in employment and equality law with a sixth edition planned for later in 2015.

Given the recent developments in employment law in Great Britain (GB) and the impending publication of an Employment Bill for Northern Ireland we have been working closely with key stakeholders such as the CBI and NIC-ICTU to examine the potential ramifications of statutory reforms in Northern Ireland. The Agency has been proactive during the year to keep other stakeholders apprised of the differences between employment law regulation in NI and GB and what the likely impact will be on their and their members' organisations. The continuing trend in demand for on-line knowledge is reflected in the number of visits to the Agency's website and validates the constant effort made in updating and adding to the range of information provided on our website.

5.2.1 PERFORMANCE INDICATORS

Performance Indicators 2014-15	Performance at 31 March 2015
1. The average Helpline waiting time is to be less than 1 minute 0 seconds for 2014-15.	The average waiting time for answering a Helpline call was 1 minute 10 seconds.
2. The helpline lost call rate is to be less than 10% for 2014-15.	The lost call rate was 12%.
3. At least 50% of callers rate the advice or information they received as excellent.	51% of callers rate the advice or information they received as excellent.
4. At least 75% of callers are to indicate that they took clear action following a call to the Helpline.	89.9% of callers indicated that they took action following a call.
5. At least 1% of Helpline calls are referred for Pre-Claim Conciliation (PCC).	0.74% of Helpline calls referred for PCC.
6. At least 80% of Advisory cases received are to be completed within 3 months of receipt.	87% cases received were completed within 3 months of receipt.
7. At least 65% of customers found the information and advice extremely helpful.	82% of customers found the information and advice extremely helpful.
8. At least 50% of users of the Advisory vetting service report that they amended documentation following Agency assistance.	69% of users reported that they amended documentation following Agency assistance.
9. At least 75% of seminar customers record that they found the information or guidance extremely or very helpful.	92% of delegates record that they found the information or guidance extremely or very helpful.
10. At least 60% of customers report that they found the information or guidance very easy to understand.	68% of customers found the information or guidance very easy to understand.
11. At least 70% of customers report that they would now feel confident or very confident in dealing with employment relations matters in the workplace.	82% of customers report that they would now feel confident or very confident in dealing with employment relations matters in the workplace.
12. At least 25% of delegates to good practice seminars are to be from organisations who have not previously attended an Agency good practice seminar.	33% of delegates had not previously attended a seminar.
13. The level of customer satisfaction for Advisory workshops is to be no less than 85%.	92.6% satisfaction.
14. At least 50% of customers report that attendance at a workshop left them feeling very confident or confident in reviewing or changing their employment policies/procedures/practices.	89% now felt very confident or confident in reviewing or changing their employment policies/procedures/practices.
15. A 2% points rise in the utilisation of Agency Advisory Services.	A 3% increase in delegates and organisations utilising seminar; workshop; briefings and vetting services.
16. A 2% points growth in our Advisory Services customer base.	7.2% decrease of new customers at seminars/workshops and users of vetting services.

5.2.2 FACTS AND FIGURES

Table 1: General Enquiries

	2014-15	2013-14
Telephone Calls Handled	22,505	23,241
Callers	36	46
Total	22,541	23,287

Table 2: General Enquiries by Type

	2014-15	2013-14
Dismissal & Discipline/Grievance	12,017	12,117
Bullying/Harassment	1,096	1,066
Wages	2,868	3,767
Holidays	3,505	3,489
Other Contractual Rights	5,323	6,392
Discrimination	5,457	3,349
Redundancy	2,994	3,008
Family Friendly	2,140	1,755
Other Statutory Rights	5,268	5,599
Statutory Sick Pay	2,850	2,993
Pre-Claim Conciliation	1,613	1,902
Stress at Work	707	456
Social Media	46	53
Agency Workers	189	246
Other Agency Services	3,561	4,010
Other	4,696	2,846
Recruitment & Selection	942	972
Total	55,272	54,020

Table 3: Advisory Cases Received

	2014-15	2013-14
Micro Business (0-9 employees)	113	101
Small Business (10-49 employees)	107	90
Small/Med Enterprises (50-249 employees)	18	31
Large Enterprises (250+ employees)	5	6
Total	243	228

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

	2014-15	2013-14
Belfast	42	37
Regional Office	20	18
In-Company	162	149
Joint	15	31
Total to Date	239	235
Number of Attendees	3,991	3,910

Table 5: Advisory Workshops on Employment Documentation

	2014-15	2013-14
Number of workshops held	5	10
Total Number of Organisations Represented	25	46

Table 6: Web Trends

	2014-15	2013-14
Page Views	574,101	568,640
Downloads	36,011	36,696

Table 7: Top 10 Downloads

Top 10 Downloads (account for 41% of all downloads)	2014-15	2013-14
1. Code of Practice – Disciplinary and Grievance Procedures (2011)	11.1%	11.5%
2. Sample Letters – Discipline and Grievance	5.4%	6.1%
3. Advisory Guide – Advice on Handling Discipline & Grievance at Work	5.1%	2.0%
4. Self Help Guide – Sample Written Statement	3.9%	6.0%
5. Advisory Guide - Advice on Handling Redundancy	3.4%	2.8%
6. Advisory Guide – Managing Sickness and Absence	3.3%	2.7%
7. Advisory Guide – Advice on Agreeing and Changing Contracts of Employment	3.1%	2.1%
8. Joint LRA/ECNI Guide - Harassment and Bullying in the Workplace	2.9%	2.6%
9. Sample Redundancy Letters	2.3%	N/A
10. Statutory Redundancy Pay Table	2.1%	2.0%

5.3 CONCILIATION AND ARBITRATION

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

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

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

The Arbitration service arranges arbitration hearings in connection with:

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

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

2014-15 has been another very busy year for the section and all key performance indicators relating to the delivery of services have been exceeded.

During the year 2014-15 there was an increased demand for the Agency's Individual Conciliation service with a 38% increase in the number of cases received. This is mainly due to a significant increase in the number of multiple claims received. The percentage of cases settled following our involvement also increased when compared to last year. During this fourth year of our enhanced Pre-Claim Conciliation Service (PCC), referrals from our Helpline have dropped slightly but were in line with 2012-13 results. Engagement levels for this service have remained high and it is again encouraging to note that a high percentage reach an agreement thus avoiding having to proceed to tribunal with their complaint. Cases received for collective conciliation

assistance increased slightly this year. Of particular note was our involvement in the successful resolution of a major industrial dispute where industrial action was ongoing. The resolution followed a very intensive period of collective conciliation over a period of three to four weeks involving three trade unions. A number of the other disputes referred to the Agency involved complex issues which, if they had not been resolved, could have escalated to industrial action.

Requests for our Mediation service saw a slight decrease during this reporting year. Having said this, the number of referrals for team/group mediation was high alongside a number of referrals that were highly complex. The majority of mediation referrals were received from the public sector and within that category the majority came from the education sector. The second largest category for referrals was the private sector. The settlement rate for those engaging in the process remained high at 84%.

Cases received for independent appeal decreased slightly from 32 in 2013-14 to 30 in 2014-15 with no significant changes in the source of referrals, or the type of dispute.

Agreement to utilise the Statutory Arbitration Scheme remains encouraging with six arbitration agreements received and five hearings concluded during this reporting year. One case settled without a hearing and six arbitration awards were issued in the reporting year. There is a growing confidence in the Statutory Arbitration Scheme and the evaluation survey responses show a very high satisfaction rate from all participants engaged in the process. The majority of participants who responded to the survey stated that they would recommend the Scheme to a colleague or friend.

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

5.3 CONCILIATION AND ARBITRATION cont'd...

In addition to the on-going surveys the section also conducted a customer survey covering the Individual Conciliation service. The responses are currently being collated and the survey report will be published on our website in due course.

Plans for replacement of the existing Individual Case Management System (ICMS) used to manage the delivery of the Individual Conciliation service have been on-going for a number of years. This was required as the existing system was no longer fit for purpose. This year saw the refinement of the requirements for the new Case Management System (CMS) which will be used to electronically manage and collate information on all of

the dispute resolution services. The replacement CMS was installed within a six month period and will be ready for use at the start of the new operational year (April 2015). The development and installation of the replacement CMS involved an enormous amount of staff time and effort to ensure that the system would meet the needs of the section. However the efficiencies and effectiveness that the new CMS will bring to the section will greatly facilitate our work. In addition the new CMS has been constructed so that any future planned changes to employment legislation can be easily incorporated into the system. The CMS will also enhance our management information function.

5.3.1 PERFORMANCE INDICATORS

Performance Indicators 2014-15	Performance at 31 March 2015
1. Days saved deriving from no more than 20% of individual rights claims, excluding strike outs/insolvency ¹ , being heard at Tribunal.	5% of cases dealt with during the year (excluding strike out and insolvency cases) were determined by the Tribunal. With strike out and insolvency cases included the percentage is 13%.
2. No less than 60% of pre-claim referrals from the Helpline agree to conciliation within 3 months of receipt.	74% of pre-claim conciliation referrals from the Helpline agreed to participate in conciliation.
3. Involvement of Agency in 70% of reported collective disputes.	The Agency has made contact with the parties in all known disputes.
4. Promotion of a settlement in 70% of disputes in which the Agency is involved.	Promotion of a settlement was achieved in 85% of cases concluded during the reporting year.
5. Promotion of a settlement in 70% of mediation referrals to the Agency and where mediation takes place.	Promotion of a settlement was achieved in 84% of the referrals where mediation took place.
6. 80% of Arbitrations/Independent Appeal hearings undertaken within agreed timescales as per operational guidelines.	Parties have been contacted within the timescales outlined in operational guidelines. Under the Statutory Arbitration Scheme 100% of cases referred have had hearings arranged within the two month target period.

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

5.3.2 FACTS AND FIGURES

Table 8: Individual Conciliation Claims Received and Dealt With Other than Fair Employment ²

Jurisdiction	Claims Received		Claims Dealt With	
	2014-15	2013-14	2014-15	2013-14
Unfair Dismissal	2,163	1,803	2,238	1,897
Wages Order	1,407	453	999	616
Breach of Contract	728	829	830	919
Other Employment Rights	2,911	1,341	2,029	1,180
Equal Pay	116	310	180	342
Age Discrimination	114	80	182	106
Sex Discrimination	300	507	436	556
Disability Discrimination	206	205	199	215
Race Discrimination	94	96	91	117
Sexual Orientation Discrimination	19	18	19	22
Flexible Working	12	19	20	18
Total	8,070	5,661	7,223	5,988

² Note: Figures for previous year have been amended in line with practice following revision by ICMS

Table 9: Individual Conciliation Claims Dealt With and Their Outcome Other than Fair Employment ³

Jurisdiction	Settled by Conciliation		Withdrawn During Conciliation		Referred to a Tribunal		Total Claims Dealt With	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Unfair Dismissal	1,635	1,397	421	291	182	209	2,238	1,897
Wages Order	451	181	451	354	97	81	999	616
Breach of Contract	312	382	257	234	261	303	830	919
Other Employment Rights	894	390	648	357	487	433	2,029	1,180
Equal Pay	136	267	40	60	4	15	180	342
Age Discrimination	48	33	117	54	17	19	182	106
Sex Discrimination	208	372	203	133	25	51	436	556
Disability Discrimination	89	112	92	79	18	24	199	215
Race Discrimination	351	42	44	45	16	30	91	117
Sexual Orientation Discrimination	5	2	11	14	3	6	19	22
Flexible Working	9	15	8	3	3	0	20	18
Total	3,818	3,193	2,292	1,624	1,113	1,171	7,233	5,988

³ Note: Figures for previous year have been amended in line with practice following revision by ICMS

Table 10: Fair Employment Claims Received and Dealt With

	2014-15	2013-14
Received for Conciliation	115	101
Dealt With	111	126

Table 11: Analysis of Fair Employment Claims Dealt With

	2014-15	2013-14
Withdrawn	54	64
To Tribunal	13	23
Settled by Conciliation	44	39
Total Dealt With	111	126

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

Category	Carried Over	Claims Received 2014-15	Claims Dealt With 2014-15	Carried Over to 2015-16
Employment Claims	4,520	7,209	6,096	5,634
Equality Claims	1,715	976	1,238	1,455

Table 13: Pre-Claim Conciliation (PCC) Referrals

	2014-15	2013-14
1. Total number of PCC referrals from the Helpline	163	182
2. Total converted to IC cases	98	106
3. Un-progressed – employee unwilling	7	7
4. Un-progressed – employer unwilling	27	35
5. Un-progressed – Resolved in initial discussions, referral inappropriate for conciliation or parties un-contactable	16	27

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

	2014-15	2013-14
Cases brought forward from previous year	16	18
Cases received in year	30	32
Total cases in hand	46	50
Cases dealt with	32	25
Cases withdrawn	18	9
Cases carried forward into next year	14	16

Note: Of the cases dealt with 1 was dealt with through conciliation and 1 was closed for other reasons

Table 15: Source of Requests for Independent Appeals/Arbitration

	No. Received 2014-15
Teaching Sector of Education Service	6
Non-Teaching Sector of Education Service	9
Board Officers of Education Service	3
Procedures agreed within local Government	0
Further Education Sector	1
Public Bodies/Voluntary	3
PSNI	0
Total	22

Table 16: Subject of Requests for Independent Appeals/Arbitration

	No. Received 2014-15
Grievance	10
Grading/Job Evaluation	0
Harassment	6
Interpretation of Agreement	0
Pay/Conditions of Employment	0
Redundancy	0
Discipline/Dismissal	6
RPA	0
Total	22

Table 17: Cases received under the Statutory Arbitration Scheme

	2014-15	2013-14 (scheme implemented 27/9/12)
Cases brought forward from previous year	2	2
Arbitration Agreements received	6	7
Arbitration Agreements accepted	6	6
Number of Arbitration hearings held	5	5
Number of Arbitration Awards issued	6	4
Cases settled without a hearing	1	1
Carried forward to following year	2	2

Table 18: Mediation Cases

	2014-15	2013-14
Brought Forward from previous year	7	9
Received in period	86	91
Total	93	100
Broken down as follows:		
Mediations Completed in period	56	73
Of these:		
• Issues resolved	44	55
• Issues unresolved	9	11
• Pre-Claim Conciliation Settlements	2	6
Referrals Withdrawn in period	25	21
Carried forward to following period	12	7

Table 19: Collective Conciliation Cases Received and Dealt With

	2014-15	2013-14
Brought forward from previous year	3	3
Received for conciliation	30	28
Total	33	31
Dealt with during the year	27	28
Carried forward to following year	6	3

Table 20: Sources of Requests for Collective Conciliation

	2014-15	2013-14
Trade Union Approach	7	11
Employer Approach	13	15
Joint Approach	6	0
LRA	4	2
Industrial Court	0	0
Total	30	28

Table 21: Collective Conciliation Cases Received by Industry Classification

	2014-15	2013-14
Retail	1	3
Transport	4	4
Education	1	1
Miscellaneous Manufacturing	12	13
Other	12	7
Total	30	28

Table 22: Nature of Disputes

	2014-15	2013-14
Conditions of Employment	3	9
General Pay Claim	10	4
Other	7	3
Trade Union Recognition	10	12
Total	30	28

5.4 CORPORATE MANAGEMENT

The Corporate Management of the Agency is achieved through three main functional areas namely, Finance and Compliance, Systems and Human Resources and Business.

Within the wider corporate services business a comprehensive set of services are provided which include administrative support, procurement, statutory compliance, information technology and facilities. It also supports the Agency Board and its Sub-Committees, asset administration and management, equality and diversity, health and safety, corporate social responsibility and public relations. Corporate Management is also responsible for outsourced services (legal, security, property management etc.) as well as organisational and administrative responsibility for the Northern Ireland Certification Office.

FINANCE AND COMPLIANCE

From the Statement of Cash Flows for 2014-15, the organisation received £3,772,000 grant-in-aid. However, its cash outflows (from operating and investing activities) were £3,708,530 resulting in a net increase in cash and cash equivalents of £63,470. This led to an increased bank balance at the end of the year of £120,284. Current liabilities less current assets were £44,338.

Payments to suppliers in 10 days were 75%, (2013-14: 63%) and in 30 days, 97% (2013-14: 96%).

An up-to-date Register of Board Members' Interests was maintained by the Chief Executive and is available from the Agency's Headquarters. Chairman's salary and other Board members' fees amounted to £70,776 excluding social security and pension costs. Current ordinary Board member salary rates are £5,200 per annum; this rate followed a pay increase of 1% from 1 August 2014.

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

SYSTEMS

The section supplied project management services for the development of a new case management system which was delivered on target at the financial year end. The new Information Systems Managed Services contract for all of our systems support has now been fully embedded and also configured to accommodate the new case management system. An intranet project was carried forward with the objective of going live at the end of April 2015, and the project remains on target. The Agency's network infrastructure was successfully tested to ensure that information continued to be held securely. Throughout the year a wide range of supporting initiatives were progressed including participation in a European Union (EU) funded scheme to significantly enhance network speeds along with continuity planning and upgrading of the network infrastructure to offer enhanced security and capacity. Mobile phones were made available to staff for use in supporting peripatetic working.

HUMAN RESOURCES AND BUSINESS

The revised Human Resources Strategy was progressed following Board approval of a Leadership and Management Framework. As a consequence, all line managers have been trained in coaching skills. A range of Health and Wellbeing initiatives were identified and were the focus of a successful staff conference held in September. The Human Resources section took the lead in defining the content and direction of the Agency's intranet project. In line with the Agency's Reward and Recognition Policy, the Board took the opportunity during the Christmas period to meet and commend staff for their continued commitment to the Agency.

There was a strong emphasis on team working with cross directorate groups being established for corporate governance, information systems, engagement and customer service. In addition, 2 other groups were more recently established focusing on disability and cost reduction.

The Agency is currently accredited with the Investors in People (IiP) Bronze award. During 2014-15 the Agency concentrated on monitoring and improving organisational processes and procedures with the aim of achieving the IiP Silver award in 2015-16.

5.4 CORPORATE MANAGEMENT cont'd...

During 2014-15 the average sickness absence level rose slightly to 10.4 days compared with 10.2 days in 2013-14. Long term sickness absence accounted for 3.9 days compared with 3 days during the previous year. Remedial action continues to place strong emphasis on wellbeing initiatives and procedural development/application. In this respect, an action plan arising from the 2013-14 Stress Risk Assessment, is being actively progressed. A staff survey was also undertaken in June 2014 with generally positive results which have been analysed and reported to the Board.

The Agency and in particular the General Office continued to make a significant contribution to achieving value for money. In 2014-15, the General Office achieved

around 15% savings from its supply decisions compared with the prior year whilst still delivering on all operational staff requirements.

Formal arrangements continue to be supported to allow for meaningful trade union consultation. The Agency's Joint Negotiating and Consultative Committee (JNCC) self-assessed itself against good practice standards. One of the areas identified for improvement was reducing the time for procedural consultation.

Briefings on the operational implications of the level of Agency's funding and the Corporate and Business Plans were held on a regular basis.

5.4.1 PERFORMANCE INDICATORS

Performance Indicators 2014-15	Performance at 31 March 2015
1. At least "satisfactory" rating in the internal audit annual assurance.	Internal audit provided a satisfactory assurance in relation to the effective and efficient achievement of Agency objectives.
2. Satisfactory draft Report to those charged with Governance from the external auditor.	The draft indicated that "The overall quality, effectiveness and transparency of financial reporting and accounting were sufficient. There were no significant difficulties encountered during the audit."
3. Full compliance recorded in stewardship statements (e.g. Permanent Secretary).	The CEO provided positive assurances to the DEL Permanent Secretary twice in the accounting period.
4. Full compliance with standards/targets in the IS Managed Services contract.	Performance targets for Service Level Requirements, as set out in the IS Managed Services Contract, have been met for the period 2014-15. This reflects systems availability across all services of greater than 99.8%.
5. No reportable accidents arise for inclusion in the Health and Safety Accident Book per annum.	No reportable accidents occurred, i.e. accidents resulting in death, major injuries or injuries lasting over seven days.

5.4.2 FACTS AND FIGURES

Table 23: Consumables and Resources

Item	2014-15	2013-14
Office Consumables	£5,756	£15,509
Water	£1,027	£1,081
Heat/Light	£43,634	£44,387
Totals	£50,417	£60,977



Chapter 6

Directors' Report

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

ORGANISATIONAL ACCOUNTING BOUNDARY

These accounts refer to the activities of the Labour Relations Agency (the Agency, the LRA) and incorporate the accounts of the Northern Ireland Certification Office.

BODIES OUTSIDE THE ORGANISATIONAL BOUNDARY

None.

EXECUTIVE MANAGEMENT OF THE AGENCY (THE SENIOR MANAGEMENT TEAM)

Mr William Patterson was Chief Executive (and Accounting Officer) of the Agency until 13 March 2015.

Mr Tom Evans was appointed Chief Executive (and Accounting Officer) of the Agency from 16 March 2015.

Others on the Senior Management Team are: Ms Penny Holloway, Mr David McGrath and Dr Gerry O'Neill.

Appointments to these posts are made and their remuneration determined under normal arrangements for Civil Service posts. Details of remuneration are included in the Remuneration Report within these Accounts.

INDEPENDENT BOARD MEMBERS

All members of the Board are independent. The Senior Management Team is not a part of the Board.

BOARD MEMBERS ARE:

Mr Jim McCusker (to 31 July 2014) – Chairman

Ms Marie Mallon (from 1 August 2014) – Chair

Mrs Sally McKee

Mr Albert Mills

Mr Gordon Parkes

Ms Alison Millar

Mr Gary McMichael

Mrs Pauline Shepherd

Dr Trevor Morrow (to 30 November 2014)

Mr Neal Willis (to 30 November 2014)

Mr Lyn Fawcett (to 30 November 2014)

Mr Daire Murphy (from 1 December 2014)

Mrs Deirdre Fitzpatrick (from 1 December 2014)

Ms Jill Minne (from 1 December 2014)

EXPENSES FOR INDEPENDENT BOARD MEMBERS

Salaries drawn by the Independent Board members are shown in the Remuneration Report.

In 2014-15, expenses came to £4,100 (£980 for travelling and £3,120 for training).

In the prior year, comparable figures were: £1,167 (£573 for travelling and £594 for training).

AGENCY REPORTING CYCLE

The Agency publishes its annual report and accounts each year on the LRA's web-site (www.lra.org.uk). They are laid in the Northern Ireland Assembly. The Annual Report contains details of the LRA's aims, objectives and targets and textual and financial descriptions of performance against targets. Agency performance is monitored during the year on a bi-monthly basis by the Board and quarterly by the LRA's sponsoring Department (DEL).

PENSION LIABILITIES

Staff pension liabilities are borne by the Principal Civil Service Pension Scheme (Northern Ireland) and are therefore not reflected in these accounts but in the accounts of that scheme.

REGISTER OF INTERESTS

The LRA maintains a Register of Interests, a copy of which can be viewed on request.

AUDITORS

The financial statements are audited by the Comptroller and Auditor General (C&AG) under the Industrial Relations (Northern Ireland) Order 1992. He is head of the Northern Ireland Audit Office (NIAO); he and his staff are wholly independent of the LRA and he reports his findings to the Northern Ireland Assembly.

AUDIT INFORMATION

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015 cont'd...

MANAGING ATTENDANCE

Staff sickness and absence is managed in accordance with a pilot Absence Policy currently under review. In 2014-15, sickness absence was 10.4 days per member of staff (2013-14: 10.2 days). Long term absence accounted for 3.9 days (2013-14: 3 days). Remedial action continues to place strong emphasis on procedural development/application and wellbeing initiatives. In this respect, an action plan deriving from the 2013-14 Stress Risk Assessment was actively progressed. A staff survey was undertaken in June 2014 with generally positive results returned. The results have been analysed and reported to the Board.

DISABLED PERSONS

The Agency adheres to best practice (e.g. guides by the Equality Commission Northern Ireland in relation to public sector equality and disability duties) in aiming to offer equality of opportunity for people with disabilities to make full use of those skills and abilities that they possess.

EQUAL OPPORTUNITIES

The Agency adheres to Northern Ireland Civil Service (NICS) policy in that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.

CONSULTATION WITH EMPLOYEES

Throughout the year, in order to maintain and develop the provision of information to, and consultation with, employees, the Agency continued to hold periodic meetings with Trade Union Side (TUS) through its Joint Negotiating and Consultative Committee (JNCC).

PERSONAL DATA RELATED INCIDENTS

The Agency regards the lawful and correct treatment of personal information as essential to its successful operations and to maintaining confidence between the Agency and those with whom it transacts business, as well as the public in general. In 2014-15, there were no Personal Data Related Incidents.

A handwritten signature in black ink, appearing to read 'Tom Evans', is positioned above the name and title of the Accounting Officer.

Tom Evans
Accounting Officer



Chapter 7

Remuneration Report

REMUNERATION REPORT FOR YEAR ENDED 31 MARCH 2015

REMUNERATION POLICY

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

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading review for SCS was the second phase of the equal pay settlement approved by the Executive.

SERVICE CONTRACTS

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

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

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

SALARY AND PENSION ENTITLEMENTS

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

REMUNERATION (INCLUDING SALARY) AND PENSION ENTITLEMENTS (Audited information)

Board members	2014-15			2013-14		
	Salary £000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1,000)	Salary £000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1,000)
*Mr J McCusker	5-10	Nil	9	20-25	Nil	9
*Mrs M Mallon	15-20	Nil	Nil	-	-	-
*Mr T Morrow	0-5	Nil	Nil	5-10	Nil	Nil
*Mr S L Fawcett	0-5	Nil	Nil	5-10	Nil	Nil
*Mr N Willis	0-5	Nil	Nil	5-10	Nil	Nil
Mr G Parkes	5-10	Nil	Nil	5-10	Nil	Nil
Mrs S McKee	5-10	Nil	Nil	5-10	Nil	Nil
Mrs A Millar	5-10	Nil	Nil	5-10	Nil	Nil
Mr G McMichael	5-10	Nil	Nil	5-10	Nil	Nil
Mr A Mills	5-10	Nil	Nil	5-10	Nil	Nil
Ms P Shepherd	5-10	Nil	Nil	5-10	Nil	Nil
*Mrs D Fitzpatrick	0-5	Nil	Nil	-	-	-
*Mrs J Minne	0-5	Nil	Nil	-	-	-
*Mr D Murphy	0-5	Nil	Nil	-	-	-
Management						
*W Patterson Chief Executive & highest paid employee	65-70	Nil	(807)	80-85	Nil	(2)
*T Evans	0-5	Nil	2	-	-	-
P Holloway	50-55	Nil	13	50-55	Nil	4
D McGrath	50-55	Nil	13	50-55	Nil	3
G O'Neill (part-time from 01/01/13)	40-45	Nil	9	40-45	Nil	(234)

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

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

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

SALARY

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

BENEFITS IN KIND

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

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

BONUSES

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. No bonuses were paid in 2014-15 or 2013-14.

PENSION BENEFITS (Audited information)

Chairman/Officials	J Mc Cusker £	W Patterson £	P Holloway £	D McGrath £	G O'Neill £
Value of pension benefits for single total figure of remuneration in 2013-14 (£)	5-10,000	(0-5,000)	0-5,000	0-5,000	(230-235,000)
Value of pension benefits for single total figure of remuneration in 2014-15 (£)	15-20,000	(805-810,000)	10-15,000	10-15,000	5-10,000
Real increase in pension (£) in 31/03/14 – 31/03/15	0-2,500	(30-35,000)	0-2,500	0-2,500	0-2,500
Real increase in lump sum (£) in 31/03/14 – 31/03/15	0	(100-105,000)	0-2,500	0-2,500	0-2,500
Accrued pension at 31/03/15 or date of leaving	0-5,000	0-5,000	25-30,000	25-30,000	10-15,000
Accrued lump sum at 31/03/15 or date of leaving	0	0-5,000	75-80,000	75-80,000	30-35,000
CETV @ 31/03/14 or at date of leaving (nearest £k)	55	783	551	528	210
CETV @ 31/03/15 or at date of leaving (nearest £k)	66	5	563	538	220
Employee Contributions and transfers-in (£)	643	4,372	3,148	3,148	2,518
Real increase in CETV as funded by employer (nearest £k)	12	(778)	12	11	9

CHAIRMAN / OFFICIALS cont'd....

Chairman / Officials	M Mallon £	T Evans £
Value of pension benefits for single total figure of remuneration in 2013-14 (£)	0	0
Value of pension benefits for single total figure of remuneration in 2014-15 (£)	5-10,000	0-2,500
Real increase in pension (£) in 31/03/14 – 31/03/15	0-2,500	0-2,500
Real increase in lump sum (£) in 31/03/14 – 31/03/15	0	0-2,500
Accrued pension at 31/03/15 or date of leaving	0-5,000	30-35,000
Accrued lump sum at 31/03/15 or date of leaving	0	95-100,000
CETV @ 31/03/14 or at date of leaving (nearest £k)	0	736
CETV @ 31/03/15 or at date of leaving (nearest £k)	5	739
Employee Contributions and transfers-in (£)	1,427	193
Real increase in CETV as funded by employer (nearest £k)	4	2

Notes

W Patterson went on Partial Retirement during the period with a pension of £36,196 pa and a lump sum of £108,591 with effect from 01/11/2014 which explains the negative figures above.

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

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

NORTHERN IRELAND CIVIL SERVICE PENSION ARRANGEMENTS

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

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

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

The employee contribution rates for all members for the period covering 1st April 2015 to 31st March 2016 year are as follows:

SCHEME YEAR 1ST APRIL 2015 TO 31ST MARCH 2016

Pay band – assessed each pay period	Contribution rates- Classic members	Contribution rates- Classic plus, premium, nuvos and alpha
From – To	From 01 April 2015 to 31 March 2016	From 01 April 2015 to 31 March 2016
From £0 to £15,000.99	3%	4.6%
From £15,001 to £21,000.99	4.6%	4.6%
From £21,001 to £47,000.99	5.45%	5.45%
From £47,001 to £150,000.99	7.35%	7.35%
£150,001 and above	8.05%	8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match

these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

CASH EQUIVALENT TRANSFER VALUES

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

REAL INCREASE IN CETV

This reflects the increase in CETV effectively funded by the employer. It does include the increase in accrued pension due to inflation and contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

ILL-HEALTH RETIREMENT

There were no staff retiring due to ill-health in the 2014-15 year.

EXIT PACKAGES

No exit packages were provided to staff in the 2014-15 year.

COMPENSATION FOR LOSS OF OFFICE

No members of staff leaving the Agency in 2014-15 received compensation for loss of office.

PAY MULTIPLES

	2014-15			2013-14		
	Salary (exc non- consol perf pay) £'000	Non- Consolidated Performance Pay £'000	Benefits in Kind nearest £100	Salary (exc non- consol perf pay) £'000	Non- Consolidated Performance Pay £'000	Benefits in Kind nearest £100
Chief Executive	80-85	Nil	Nil	80-85	Nil	Nil
Band of Highest Paid Director's Total Remuneration	80-85	Nil	Nil	80-85	Nil	Nil
Median Total Remuneration	29.02	Nil	Nil	28.76	Nil	Nil
Ratio		2.84		2.87		

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

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

In 2014-15, one employee, the Chief Executive was the highest-paid director with remuneration of £80-85k. In 2013-14, the Chief Executive was also the highest-paid director with remuneration of £80-85k.

Therefore, the banded remuneration of the highest-paid director in the Labour Relations Agency in the financial year 2014-15 was £80-85k. This was 2.84 times the median remuneration of the workforce, which was £29,027.

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



Chief Executive

25 June 2015

Date



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

31 March 2015

CONTENTS

	Page
Statement of the Agency's and Chief Executive's Responsibilities	60
Governance Statement	61
Report of the Comptroller and Auditor General	69
Financial Statements (consolidated, including the results for The Certification Officer)	
a) Statement of Comprehensive Net Expenditure	71
b) Statement of Financial Position	72
c) Statement of Cash Flows	73
d) Statement of Changes in Taxpayers' Equity	74
e) Notes to the accounts	75

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

Background information

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

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

In preparing the accounts the Agency is required to:

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

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

LRA GOVERNANCE STATEMENT 2014-15

1. SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control that supports the achievement of the LRA's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money (NI). In delivering this role I am supported by the LRA's Senior Management Team and the Audit and Risk Assurance Committee which regularly monitors LRA risk management activities.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

This Governance Statement, for which I, as Accounting Officer, take responsibility, is designed to give a clear understanding of how the duties detailed above have been carried out during 2014-15.

The LRA is a non-departmental public body, governed by a Board. The Board is responsible for determining the LRA's strategic direction, policies and priorities, and ensuring its statutory duties are carried out effectively. The Board is supported by two sub-committees, namely the Audit and Risk Assurance Committee and the Finance & Personnel Committee. Day-to-day operations are managed by a Senior Management Team (SMT) comprising the Chief Executive (Chair) and three Heads of Business, namely Director (Conciliation and Arbitration), Director (Advisory Services) and Director (Corporate Services).

The LRA is sponsored by the Department for Employment and Learning (DEL), with whom it has regular meetings. In addition it provides DEL with a Strategic Risk Register, audit papers / reports, and regular financial management information. The respective roles of the LRA and the Permanent Secretary for DEL are set out in the DEL LRA Management Statement and Financial Memorandum.

3. THE LRA'S GOVERNANCE STRUCTURE

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

The system of governance has been in place throughout the year ended 31 March 2015 and up to the date of approval of the Annual Report and Accounts 2014-15, and accords with the Code of Good Practice (NI) 2013. While the 2013 Code is written for departments, it concentrates throughout on key principles. As such Non Departmental Public Bodies are encouraged to consider and adopt the practices set out in the Code wherever it is relevant and practical and suits their business needs. A review of the Code has indicated that the Agency is in full compliance in this context.

The LRA's governance structure provides clarity and accountability in managing the delivery of its objectives. It ensures that the LRA has the capacity to make decisions, monitor performance and assess and manage resources and risk.

LRA GOVERNANCE STATEMENT 2014-15 cont'd....

THE LRA BOARD

The LRA Board sets the LRA strategic direction, policies and priorities, and ensures that the LRA meets its agreed strategic objectives and targets. The Board also strives to observe the highest standards of corporate governance, in line with the provisions of the Code of Good Practice (NI). The LRA Board Code of Good Practice & Standing Orders coupled with the LRA Board Code of Conduct sets out the general responsibilities of Members of the Board.

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

- establishing the LRA's overall strategic direction within the policy framework set out in statute and the resources framework agreed with the Permanent Secretary for DEL;
- overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets;
- ensuring that the Board operates within the limits of its statutory authority, within the limits of the Board's financial authority agreed with DEL and in accordance with any other conditions relating to the use of public funds. Members of the Board have a duty to ensure that public funds are properly safeguarded and that the LRA conducts its operations as economically, efficiently and effectively as possible, with full regard to relevant statutory provisions;
- formulating a strategy for implementing the Freedom of Information Act, including prompt response to public requests for information;
- ensuring that the service operates sound environmental policies and practices in accordance with relevant Government guidance; and
- ensuring that high standards of corporate governance are observed at all times.

The Board's quorum is five. The Board and Members' attendance at Board meetings for 2014-15 was as follows:

Jim McCusker (Chair to July 2014)	2/2
Marie Mallon (Chair from August 2014)	8/8
Sally McKee	7/10
Albert Mills	8/10
Trevor Morrow (to November 2014)	5/6
Gordon Parkes	8/10
Alison Millar	7/10
Neal Willis (to November 2014)	5/6
Lyn Fawcett (to November 2014)	5/6
Gary McMichael	8/10
Pauline Shepherd	8/10
Daire Murphy (from December 2014)	3/4
Deirdre Fitzpatrick (from December 2014)	3/4
Jill Minne (from December 2014)	4/4

LRA GOVERNANCE STATEMENT 2014-15 cont'd....

THE AUDIT AND RISK ASSURANCE COMMITTEE

The Audit and Risk Assurance Committee is a sub-committee of the LRA Board and supports the Chief Executive in his responsibilities for issues of risk, control and governance, finance and associated assurance. The Audit and Risk Assurance Committee is an advisory body with no executive powers. The Committee's membership is constituted by members of the Board with members of the SMT, Internal and External Audit, and its sponsor team in DEL in attendance. Although not explicitly audited every year, in their 2012-13 report on Corporate Governance, Internal Audit found that the LRA had developed clear governance structures, comprising a Board, Sub-Committees of the Board and a Senior Management Team.

The specific duties of the Audit and Risk Assurance Committee are to:

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

The LRA has an established cycle of three Audit and Risk Assurance Committee meetings for each financial year; the June meetings primarily focus on the outcomes from the external audits as set out in the 'Report to those charged with Governance' as well as consideration of the annual report and accounts; the October meetings concentrate on general corporate governance matters which includes a detailed review of the Agency's corporate risk register; and the third meeting normally held in March considers the work of the internal audits service and more particularly the Annual Statement of Assurance. Under the direction of the Chairman the Audit and Risk Assurance Committee is assiduous in ensuring that the committee delivers on its terms of reference; conducts a detailed self-assessment on a cyclical basis using a tailored version of the National Audit Office checklist; and where appropriate adjusts its agenda to address any emerging business critical matters.

In the 2014-15 year only three meetings were held with a fourth planned meeting being deferred into 2015-16 for the following reasons;

- the procurement of a new contract for internal audit services;
- clarification of the Agency's 2015-16 funding allocation led to a renegotiation of the 2014-15 Internal Audit Plan which resulted in the 'flexibility in service delivery' study being deferred to the 2015-16 year and being replaced by a high level review of the Agency's financial systems; and
- the resultant delays in the completion of all necessary internal audit fieldwork as changes to the internal audit plan could not be ratified until after the appointment of the new Chief Executive/Accounting Officer at the end of March 2015

LRA GOVERNANCE STATEMENT 2014-15 cont'd....

THE AUDIT AND RISK ASSURANCE COMMITTEE cont'd ...

The Audit and Risk Assurance Committee's quorum is three. For the three meetings held in 2014-15, membership and attendance were as follows:

Gordon Parkes (Chair)	3/3
Alison Millar	3/3
Gary McMichael	2/3
Pauline Shepherd	3/3
Neal Willis ¹	2/2
Lyn Fawcett ¹	1/2
Sally McKee ¹	1/1

The Chair of the Audit Committee submits a formal annual report to the Board in June of each year, the next report will be considered at the June 2015 Board meeting. This report covers the following matters:

- the monitoring and control ethos of the Committee with a particular focus on the content of the Agency's corporate risk register;
- number of Committee meetings held and record of attendance;
- the methods and outcome of the Committee's formal self-assessment;
- the Committee's review of audit arrangements including their quality and the procurement of internal audit services (which was at the specification stage) as well as advice on the appropriateness of the internal audit programme for the upcoming financial year ;
- progress on audits including report findings, actions taken by management and (if known) the conclusions of the annual (internal) audit assurance and content of the NIAO's Report To Those Charged with Governance.

THE FINANCE & PERSONNEL (F&P) COMMITTEE

The purpose of the F&P sub-committee of the Board is, on behalf of the Board, to:

- receive and consider current information on the strategic challenges that the organisation faces and to satisfy itself that the Financial systems and processes, IS/IT and HR Strategies and accompanying in-year action plans are aligned with the needs of the business. In debating these issues, Board members of the sub-committee are encouraged to bring to bear their particular expertise in helping the organisation deal with some of those challenges;
- review the performance appraisal of the Chief Executive as carried out by the Board Chair; and
- assure the Board that the organisation continues to make progress towards its commitments under Equality and Diversity.

The F&P Committee fulfills an advisory role and its quorum is three. The F&P Committee met once in 2014-15. This was because a significant proportion of the business issues normally remitted to the Committee by the Agency's Board had been fully addressed in the course of normal full Board meetings. In light of this development the Board at its March 2015 meeting took the view that it was important to re-evaluate the merits of retaining the F&P Committee. To inform the Board's thinking it was agreed that advice should be sought from CIPFA on what constituted good practice in relation to the use of Board sub-committees. Following on from this, the Board has determined that the F&P Committee should be retained but that there is a need to review its terms of reference.

¹ Neal Willis and Lyn Fawcett could only attend 2 meetings as they left the Board at the end of November and could not have attended the December meeting. To protect quorum, Sally McKee was co-opted for the December meeting only.

LRA GOVERNANCE STATEMENT 2014-15 cont'd....

The F&P Committee's membership, and members' attendance at the meeting held in 2014-15, was as follows:

Marie Mallon (Chair)	1
Sally McKee	1
Albert Mills	1
Trevor Morrow	0

THE SENIOR MANAGEMENT TEAM (SMT)

Membership of the Senior Management Team consists of the Chief Executive and the three Heads of Business/ Directors. The SMT is responsible for the day-to-day management of the LRA. All major policies are implemented and significant operational are considered and made by the SMT. Meetings are held weekly with formal minuted meetings being held on a bi-monthly basis, i.e. 6 times per year and published on the LRA's website.

The terms of reference for the SMT set out the specific objectives that support the delivery of the Board's priorities. These objectives are as follows:

- protect and enhance the LRA's reputation of improving employment relations and working life;
- develop and draft the LRA's Corporate and Business Plans;
- monitor, improve and report on the LRA's performance against objectives set out in annual Business Plans;
- ensure the delivery of the LRA's statutory duties, powers and strategic objectives making certain that appropriate processes and reasonable controls are maintained;
- ensure that all public funds made available to the LRA, including any approved income or other receipts, are used in accordance with the statutory duties, and that these, together with the LRA's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that the LRA maintains effective change management systems, enabling the organisation to continuously improve the delivery of its mission and services; and
- ensure that the LRA meets its statutory duties under Section 75 of the Northern Ireland Act (1998), in respect of external service delivery and internal policies and procedures.

ASSESSMENT OF EFFECTIVENESS

According to best corporate governance practice, all Boards and sub-committees should carry out an annual assessment of their effectiveness.

The Board Chairman is appraised by the Department annually. The Board Chairman undertakes Board member appraisals on an annual basis. In addition, the Board has completed a self-assessment of its performance for the year 2014-15. In general, it is in compliance with generally accepted standards for Boards in Northern Ireland and a number of points have been passed to management to allow the Board's further development. The Board also took time out in February 2015 to review the effectiveness of the Agency's operations and identified a range of improvement priorities under the following themes; strategic direction, Board operations, engagement and governance/accountability.

This review was in part informed by the work of the Audit and Risk Assurance Committee. As already highlighted the Audit and Risk Assurance Committee conducts a detailed self-assessment on a cyclical basis using a tailored version of National Audit Office checklists specifically designed for audit committees. I am cognizant that the National Audit Office checklist suggests that an audit and risk assessment committee should meet four times per year but it is an accepted convention that for smaller arms-length bodies three meetings represent an acceptable level of activity. I understand that the deferment of the March 2015 meeting of the Audit and Risk Assurance Committee could be viewed as an unhelpful delay in reviewing the work of the internal audit service as well considering the external audit

LRA GOVERNANCE STATEMENT 2014-15 cont'd....

strategy. As explained under the section of the governance statement dealing specifically with the Audit and Risk Assessment Committee there were robust mitigating reasons for deferring the March 2015 until June 2015. That said I am content that adequate compensatory actions were taken to mitigate any risks arising from this delay. I had early sight of the draft internal audit reports and was satisfied that there were no areas of concern that required an emergency meeting of the Audit and Risk Committee. Also as highlighted by the Chair of the Audit and Risk Assessment Committee there has been little variation in the content of the external audit strategy for the last number of financial years; again if there had been any substantial changes in the 2014-15 strategy an earlier meeting would have been arranged. I have also had ongoing discussions with the Chairman of the Audit and Risk Assurance Committee on all of the matters relating to the deferment of the March 2015 meeting.

In summary, the Audit and Risk Committee considers itself to be in acceptable compliance with the National Audit Office requirements; however the 2014-15 self-assessment has highlighted some development areas, particularly in terms of the number and timing of meetings, to ensure full compliance with best practice in 2015-16.

In 2013-14, the Board commented favorably on the quality of management reporting to the Board and over the 2014-15 period has since generally affirmed the general acceptability of information received by the Board. Information received by the Board during that financial year was considered adequate to allow the Board to exercise its overall functions of (1) keeping in touch with current employment relations issues and stakeholders (2) determining the policy, strategy and business agenda of the Agency and (3) ensuring the effective performance of the Agency through acceptable general governance and management arrangements as delivered by the Chief Executive/Accounting Officer and the Senior Management Team. The effectiveness of the information provided in 2014-15 is currently under review by the Board with a re-specification of their requirements being carried forward into 2015-16.

4. THE RISK AND INTERNAL CONTROL FRAMEWORK

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

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

The LRA Board retains overall responsibility for the management of risk in the organisation. At least annually, the Board will review and challenge the whole Strategic Risk Register including the appetite for risk. At each Audit and Risk Assurance Committee meeting, the risks are reviewed to ensure that risk management processes are in place and working. The Chair of the Audit Committee reports back to the Board after each meeting. Also the Chair of the Audit and Risk Assurance Committee submits an annual report to the Board.

The SMT meets regularly to consider the plans and strategic direction of the LRA and assesses and monitors key strategic risks within the business planning cycle. The risk management policy defines how risk is managed and is explicit on the roles and responsibilities of all relevant staff.

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

LRA GOVERNANCE STATEMENT 2014-15 cont'd....

4. THE RISK AND INTERNAL CONTROL FRAMEWORK cont'd...

The level of risk is determined by assessing the impact and time weighted likelihood of particular scenarios arising. The LRA currently recognises nine high level risks arising from the specific challenges facing the organisation in the employment relations field including the political and economic environment we work in. In summary terms, the most significant risks are as follows:

1. the Agency suffers reputational damage because it fails to respond effectively to significant changes in the employment relations environment arising from factors such as the economic climate;
2. the ongoing funding cuts reduce the Agency's capability to develop its staff resulting in lower staff morale and poorer provision of services;
3. the ongoing funding cuts reduce the Agency's capability to meet its corporate and business objectives;
4. older computer systems which have remained in operation will not meet emerging business need and may be undependable;
5. a replacement core computer system currently being procured may not be adequate because of poor design or project management;
6. the Agency's computer systems may be vulnerable to security breaches or poor performance through defective support contracts;
7. the Agency is unable to evidence that it provides value for money;
8. the Agency fails to ensure that obligations associated with its Equality Scheme are adequately met;
9. the Agency's strategic planning process is hampered by gaps in filling Board or staff vacancies.

None of the above risks was realised in the course of 2014-15. Although the above summaries for Risks 1 to 8 are the same as for the prior year, the complexion of each risk changed. This was particularly true for Risks 4, 5 and 6 where the near completion of a new case management system (Risk 5) is likely to result in a significant reduction in risk score in 2015-16 and the elimination of Risk 4. Ongoing funding constraints imply that risk scores in the case of Risks 1 to 3 and their future scoring remains uncertain.

5. REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for conducting an annual review of the effectiveness of the system of the organisation's governance, risk management and internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the LRA who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the SMT and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. This Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

A number of specific factors have been deployed to keep the system of control under review.

- The SMT meets regularly to consider the strategic direction, plans and operational performance of the LRA.
- The LRA's Audit and Risk Assurance Committee gives full consideration of internal and external audit reports.
- Reports by Internal Audit are to Public Sector Internal Audit Standards. Each year, the Head of Internal Audit provides an opinion on the adequacy and effectiveness of the LRA's system of internal control together with any recommendations for improvement.
- The Chair of the Audit and Risk Assurance Committee reports to Board after each Audit Committee meeting.
- The SMT discusses progress made in implementing outstanding Internal Audit recommendations.

LRA GOVERNANCE STATEMENT 2014-15 cont'd....

5. REVIEW OF EFFECTIVENESS cont'd

- Overall, Internal Audit gave an overall "Satisfactory" opinion on the control and governance framework. Some minor control weaknesses were identified by Internal Audit during their reviews in the year. Appropriate action has been agreed and new procedures introduced to counter these weaknesses.
- In all respects the recommendations associated with the audit opinion have been accepted fully by management and are being implemented.
- An organisation-wide LRA Strategic Risk Register is maintained.
- Bi-monthly performance reports to the Board are provided which detail progress against business plan objectives and the extent of achievement of key performance indicators. These reports allow the Board and the SMT to make detailed decisions in relation to priorities and resources.
- Data security procedures are regularly reviewed and, where necessary, strengthened to ensure that personal information is safeguarded. There were no reported losses or breaches of data security during the year. The Labour Relations Agency is certified against ISO Standard ISO27001 – Information Security Management System: 2005. This certification was awarded 27th November 2012. The LRA has successfully passed the required 12 month subsidiary ISO 27001 Surveillance Audit with the confirmation report received in May 2015.

During this financial year, the LRA has continued to strive to achieve the optimum use of its resources in light of reducing budgets. Significant progress has been made. The impact of the in-year budget cuts has seen a substantial reduction in the learning and development received by staff and in opportunities for Board Members to attend conferences etc. This has impacted morale and may lead to poorer performance in the longer term.

The LRA has been able to identify cost savings. The Comprehensive Spending Review represented a challenging reduction in funding, particularly on administration budgets. In this respect, the Agency is finding it much more difficult to plan and resource emerging employment relations initiatives such as the introduction of early conciliation (which will reduce pressure on the Employment Tribunals).

There have been no other significant control issues during the course of this financial year.

I have considered the evidence provided with regard to the production of the Governance Statement. My conclusion is that governance and control structures have been appropriate for the LRA and have been working satisfactorily throughout 2014-15.



Chief Executive

25 June 2015

Date

² Per DAO (DFP) 07/13 – There are four categories of assurance. The top two categories (Substantial and Satisfactory) can be summarized as being "above the line" in terms of the governance, risk management and control, while the bottom two categories (Limited and Unacceptable) are considered to be "below the line"

LRA GOVERNANCE STATEMENT 2014-15 cont'd....

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

I certify that I have audited the financial statements of the Labour Relations Agency for the year ended 31 March 2015 under the Industrial Relations Order (Northern Ireland) 1992. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

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.

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Labour Relations Agency's affairs as at 31 March 2015 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial Relations Order (Northern Ireland) 1992 and Department for Employment and Learning directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for Employment and Learning directions made under the Industrial Relations Order (Northern Ireland) 1992; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

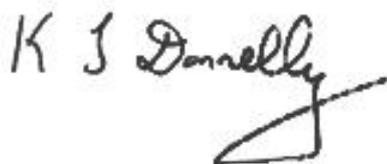
Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style with a long, sweeping underline.

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

2 July 2015

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Agency £	Certification Officer £	2014-15 Total £	2013-14 Total £
Expenditure					
Staff costs	3	2,419,106	158,100	2,577,206	2,577,409
Depreciation	5	123,226	392	123,618	83,276
Other expenditure	5	893,778	37,706	931,484	889,682
Total expenditure		3,436,110	196,198	3,632,308	3,550,367
Income	4	-	-	-	-
Net operating cost		3,436,110	196,198	3,632,308	3,550,367

OTHER COMPREHENSIVE NET EXPENDITURE

	Notes	2015 £	2014 £
Items that will not be reclassified to net Operating cost:			
Net gain/(loss) on revaluation of Property, Plant and Equipment	6	4,050	-
Net gain/(loss) on revaluation of Intangibles	7	-	-
Items that may be reclassified to net operating costs			
Net gain/(loss) on revaluation of available for sale financial assets		-	-
Total Comprehensive Net Expenditure for the year ended 31 March 2014		<u>3,636,358</u>	<u>3,550,367</u>

All amounts above relate to continuing activities.

The notes on pages 75 to 89 form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2014-15 £	2013-14 £
Non-current assets:			
Property, plant and equipment	6	274,436	328,666
Intangible assets	7	<u>270,460</u>	<u>55,492</u>
Total non-current assets		544,896	384,158
Current assets:			
Trade and other receivables	8	53,310	57,206
Cash and cash equivalents	9	<u>120,284</u>	<u>56,814</u>
Total current assets		<u>173,594</u>	<u>114,020</u>
Total assets		718,490	498,178
Current Liabilities			
Trade and other payables	10	<u>(217,932)</u>	<u>(141,362)</u>
Total assets less liabilities		<u>500,558</u>	<u>356,816</u>
Taxpayers' equity			
Revaluation reserve		44,201	43,247
General reserve		<u>456,357</u>	<u>313,569</u>
Total taxpayers' equity		<u>500,558</u>	<u>356,816</u>

The financial statements on pages 71 to 88 were approved by the Board on 25 June 2015 and were signed on its behalf by:



Marie Mallon,
Chair



Tom Evans,
Chief Executive and Accounting Officer

The notes on pages 75 to 89 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2014-15 £	2013-14 £
Cash flows from operating activities			
Net operating cost		(3,632,308)	(3,550,367)
Adjustments for non-cash transactions	5	125,901	117,929
Adjustment		-	-
(Increase)/Decrease in trade and other receivables		3,896	12,028
Increase/(Decrease) in trade payables exc. capital creditors		86,153	<u>(63,920)</u>
Net cash outflow from operating activities		<u>(3,416,358)</u>	<u>(3,484,330)</u>
Cash flows from investing activities			
Purchase of plant, property and equipment		(53,910)	(58,522)
Purchase of intangible assets		<u>(238,262)</u>	<u>(25,958)</u>
Net cash outflow from investing activities		(292,172)	(84,480)
Cash flows from financing activities			
Financing – grant drawn down from Department for Employment & Learning			
- Agency		3,577,000	3,408,000
- Certification Officer		<u>195,000</u>	<u>203,000</u>
Net financing		<u>3,772,000</u>	<u>3,611,000</u>
Net increase/(decrease) in cash and cash equivalents in the period	9	63,470	42,190
Cash and cash equivalents at the beginning of the period	9	<u>56,814</u>	<u>14,624</u>
Cash and cash equivalents at the end of the period	9	<u><u>120,284</u></u>	<u><u>56,814</u></u>

Notes

1. The grant drawn down is intended to finance both revenue and capital expenditure, details of which are summarised in the Statement of Comprehensive Net Expenditure and Notes 3,4,5,6 & 7 to the accounts respectively. .

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Capital Reserve £	Revaluation Reserve £	SoCNE Reserve £	Total Reserves £
Balance at 31st March 2013	14,454,144	44,985	(14,202,94)	296,183
Changes in Taxpayers' Equity 2013-14				
Grant from Department for Employment & Learning – drawn down	3,611,000	-	-	3,611,000
Transfers between reserves	-	(1,738)	1,738	-
Comprehensive Expenditure for the year	-	-	(3,550,367)	(3,550,367)
Movements in Reserves				
Net gain (loss) on revaluation of property, plant & equipment	-	-	-	-
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost	-	-	-	-
Balance at 31st March 2014	<u>18,065,144</u>	<u>43,247</u>	<u>(17,751,57)</u>	<u>356,816</u>
Changes in Taxpayers' Equity 2014-15				
Grant from Department for Employment & Learning-drawn down	3,772,000	-	-	3,772,000
Transfers between reserves	-	(3,096)	3,096	-
Comprehensive expenditure for the year	-	-	(3,632,308)	(3,632,308)
Movements in Reserves Adjustment	-	-	-	-
Net gain/(loss) on revaluation of property, plant & equipment (Notes 5&6)	-	10,934	-	10,934
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost (Notes 5&6)	-	(6,884)	-	(6,884)
Balance as at 31st March 2015	21,837,144	44,201	(21,380,78)	500,558

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Labour Relations Agency and The Certification Officer for Northern Ireland for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Labour Relations Agency and the Certification Officer for Northern Ireland are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

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

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

1.2 Recognition of Income

The approved resource allocations from the Department for Employment & Learning are credited direct to the General Fund reserve on a cash draw-down basis. The annual recurrent allocations from the Department for Employment & Learning are intended to meet recurrent costs. Income from services rendered is included to the extent of the completion of the contract or service concerned.

1.3 Property, plant and equipment

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

A capitalisation threshold of £250 (excluding VAT) for IT assets and Building Adaptations and £1,000 (excluding VAT) for all other assets is applied. On initial recognition assets are measured at cost including any costs such as installation directly attributable to bringing them into working condition.

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

The methods adopted and estimated useful lives used are:

Adaptations to short leasehold buildings	-	10 years straight line
Office equipment, furniture and fittings	-	5 & 7 years straight line
Computer equipment	-	3 years straight line

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1.4 Intangible assets

Intangible assets comprise capitalised operational software licenses and the costs involved in implementing the software. The cost of licences and implementation costs are amortised over their expected useful lives of three years. The minimum level for capitalisation of an intangible asset is £250 (excluding VAT) (2014: £250). These assets have been restated using valuation techniques produced by the Office for National Statistics.

1.5 Treatment of pension liabilities

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

1.6 Value Added Tax

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

1.7 Operating Leases

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

1.8 Operating Income

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

1.9 Impending application of newly issued accounting standards not yet effective

The Agency has not yet applied a new accounting standard, and known or reasonably estimable information relevant to assessing the possible impact that initial application of the new standard will have on the Agency's financial statements.

1.10 Financial Instruments

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

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

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

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

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

1.11 Staff Costs

Under IAS 19 Employee Benefits legislation, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using the Agency's annual leave records.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

2. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT

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

	2014-15		2013-14	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Gross Expenditure	3,436,110	196,198	3,352,364	198,003
Income	-	-	-	-
Net Expenditure	3,436,110	196,198	3,352,364	198,003

2.1 Reconciliation between Operating Segments and SoCNE /SoFP

	2014-15		2013-14	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Total net expenditure reported for operating segments	3,436,110	196,198	3,352,364	198,003
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	3,436,110	196,198	3,352,364	198,003

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3. STAFF NUMBERS AND RELATED COSTS

(a) Staff costs comprise:-	2014-15 £	2013-14 (Re-stated) £
Agency (excluding Certification Office):-		
Permanently employed staff:		
Wages and salaries (includes childcare vouchers)	1,938,127	1,903,064
Social security costs	119,402	134,506
Other pension costs – superannuation	365,550	360,882
	2,423,079	2,398,452
Others:		
Employment Agency Staff	24,400	18,937
Sub Total (excluding Certification Office)	2,447,479	2,417,389
Less recoveries in respect of outwards secondments	(28,373)	-
Total net Agency costs	2,419,106	2,417,389
The Certification Officer and assistants		
Wages and salaries	128,793	129,115
Social Security Costs	9,151	9,772
Other pension costs – superannuation	20,156	21,133
Total net Certification Office costs	158,100	160,020
TOTAL STAFF COSTS	<u>2,577,206</u>	<u>2,577,409</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3. STAFF NUMBERS AND RELATED COSTS cont'd...

(b) The above staff costs are analysed as follows:	2014-15 £	2013-14 (Re-stated) £
Board members		
Chairman's salary and other Board members fees	70,776	70,071
Social security costs	1,972	2,231
Other pension costs – superannuation re Chairman	5,666	5,610
	78,414	77,912
Staff: Chief Executive and other management		
Salary	214,108	228,630
Social security costs	20,860	22,583
Other pension costs – superannuation	50,247	53,728
	285,215	304,941
Operational: Salaries (includes child care vouchers)	1,268,944	1,223,506
Social security costs	74,689	86,180
Other pension costs – superannuation	242,048	232,822
	1,585,681	1,542,508
Support: Salaries (includes travel card)	355,926	380,857
Social security costs	21,881	23,512
Other pension costs – superannuation	67,589	68,722
Employment agency staff	24,400	18,937
	469,796	492,028
Total staff costs (excluding Certification Officer)	2,419,106	2,417,389
Certification Officer: Salary	20,943	20,441
Social security costs	1,791	1,788
	22,734	22,229
Certification Office Support: Salaries	107,850	108,674
Social Security costs	7,360	7,984
Other pension costs - superannuation	20,156	21,133
Total Certification Office staff costs	158,100	160,020
TOTAL STAFF COSTS	2,577,206	2,577,409

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3. STAFF NUMBERS AND RELATED COSTS cont'd...**(c) Pension Costs**

The Principal Civil Service Pension Schemes (Northern Ireland) [PCSPS(NI)] are unfunded multi-employer defined benefit schemes but the Labour Relations Agency is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. The valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £385,706 were payable to the PCSPS(NI) pension arrangements (2013-14, £382,015) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new funding valuation scheme based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earnings scheme from April 2015. From 2015-16, the new rates will change from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

There were no prepaid pension costs at 31 March 2015.

(d) Average number of persons employed

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

The number of Board members serving at any one time during the year was:	2014-15 No	2013-14 No
Board Members (including Chairman)	10	10
The average number (full time equivalent) of:-		
Management (including Chief Executive)	4	4
Operational	44	43
Support	14	15
The Certification Officer (part-time)	1	1
Certification Office Support Staff	4	4
	67	67
Employment Agency staff	1	1
Total (including The Certification Officer)	78	78

4. INCOME

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

	2014-15 £	2013-14 £
Recoveries in respect of outward secondment	28,373	-
Total	28,373	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

5. OTHER EXPENDITURE

	Agency £	Certific. Officer £	2014-15 Total £	Agency £	Certific. Officer £	2013-14 Total £
Cash items						
Premises Costs:						
Rent, under operating leases, including car parks	205,664	13,872	219,536	205,488	13,872	219,360
Rates, including car parks	94,687	4,349	99,036	92,361	4,185	96,546
Service charges maintenance, cleaning, security heating, lighting and insurance *	137,680	3,755	141,435	151,010	3,514	154,524
Other Office Running Costs:						
Staff training	32,371	3,832	36,203	19,111	2,100	21,211
IT Managed Services, Maintenance and licenses	117,587	3,000	120,587	76,898	3,000	79,898
IT Development and implementation	39,918	-	39,918	-	852	852
Postage and telephones	49,869	347	50,216	52,797	324	53,121
Library services	29,684	-	29,684	37,724	466	38,190
Office, supplies, photocopying, printing and stationery	53,197	458	53,655	44,859	59	44,918
Publications and advertising	6,629	432	7,061	5,215	725	5,940
Conference & Seminars	3,817	-	3,817	18,146	-	18,146
Travel and subsistence	35,162	-	35,162	24,881	262	25,143
Hospitality	6,042	-	6,042	5,954	371	6,325
Miscellaneous expenditure	6,853	6,164	13,017	14,755	5,950	20,705
Interpreter fees and venue hire	3,195	-	3,195	-	-	-
Professional subscriptions	8,446	-	8,446	8,426	-	8,426
Advertising (staff vacancies)	5,105	-	5,105	1,627	-	1,627
Bank charges	1,054	273	1,327	695	167	862

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

5. OTHER EXPENDITURE cont'd...

	Agency £	Certific. Officer £	2014-15 Total £	Agency £	Certific. Officer £	2013-14 Total £
Fees and Expenses:						
Other professional fees	22,644	339	22,983	20,879	334	21,213
Arbitration fees and expenses	17,509	-	17,509	20,101	-	20,101
Legal fees	60	-	60	654	-	654
Internal auditors' remuneration	7,322	478	7,800	9,240	529	9,769
External auditors' remuneration	7,000	407	7,407	7,049	449	7,498
Total cash expenditure	891,495	37,706	929,201	817,870	37,159	855,029
Non-cash items						
Depreciation						
Depreciation of property, plant and equipment	80,564	392	80,956	63,150	694	63,844
Amortisation of non-current assets	42,662	-	42,662	19,432	-	19,432
Sub Total Depreciation	123,226	392	123,618	82,582	694	83,276
Impairment	2,283	-	2,283	34,523	130	34,653
Total net non-cash expenses	125,509	392	125,901	117,105	824	117,929
Total	1,017,004	38,098	1,055,102	934,975	37,983	972,958

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

6. PROPERTY, PLANT AND EQUIPMENT

2014-15

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

6. PROPERTY, PLANT AND EQUIPMENT cont'd...**Leased Assets**

The adaptations to Agency buildings on short leasehold land carried at a Net Book Value at 31 March 2015 of £223,112 and represent the Agency's only leased assets.

2013-14

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certific. Officer Office Furniture Fittings £	Certific. Officer Computer Equipment £	Total £
Cost or valuation						
At 1 April 2013	588,697	258,807	229,187	6,741	5,396	1,088,828
Additions	38,074	-	38,209	-	-	76,283
Disposals	-	-	-	-	-	-
Impairment/ Adjustment arising on revaluation	(58,674)	(22,185)	(12,745)	(450)	(300)	(94,354)
At 31 March 2014	568,097	236,622	254,651	6,291	5,096	1,070,757
Depreciation						
At 1 April 2013	310,919	206,512	211,728	5,317	5,396	739,872
Provision for year	29,932	17,183	16,035	694	-	63,844
Disposal	-	-	-	-	-	-
Impairment/ Adjustment arising on revaluation	(30,991)	(18,240)	(11,774)	(320)	(300)	(61,625)
At 31 March 2014	309,860	205,455	215,989	5,691	5,096	742,091
Carrying value at 31 March 2013	277,778	52,295	17,459	1,424	-	348,956
Carrying value at 31 March 2014	258,237	31,167	38,662	600	-	328,666

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

7. INTANGIBLE ASSETS

Intangible assets comprise computer software, development costs and licences.

2014-15

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

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

NB: The depreciation charge per note 5 of £42,662 (2014: £19,432) for the year reflects the depreciation provision for intangible assets. A net revaluation downwards adjustment of £1,341 (2014 £1,924 upwards) has been posted to impairment in the SoCNE.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

7. INTANGIBLE ASSETS cont'd...

Intangible assets comprise computer software, development costs and licences.

2013-14

Cost or Valuation	Agency £	Cert' Office £	Total £
At 1 April 2013	138,272	9,617	147,889
Additions	41,726	-	41,726
Impairment/ Adjustment arising on revaluation	(7,664)	(535)	(8,199)
At 31 March 2014	172,334	9,082	181,416
Amortisation			
At 1 April 2013	103,150	9,617	112,767
Charged in year	19,432	-	19,432
Adjustment arising on revaluation	(5,740)	(535)	(6,275)
At 31 March 2014	116,842	9,082	125,924
Carrying value at 31 March 2013	35,122	-	35,122
Carrying value at 31 March 2014	55,492	-	55,492

8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2014-15 £	2013-14 £
Amounts falling due within one year:	-	-
Other receivables	1,121	1,117
Prepayments	52,189	56,089
	53,310	57,206

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

8.1 INTRA-GOVERNMENT BALANCES

	Amounts falling due within one year		Amounts falling due after more than one year	
	2014-15 £	2013-14 £	2014-15 £	2013-14 £
Balances with other central government bodies	-	-	-	-
Balances with local authorities	1,586	-	-	-
Balances with NHS Bodies	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-government balances	1,586	-	-	-
Balances with bodies external to government	51,724	57,206	-	-
Total receivables at 31 March	53,310	57,206	-	-

9. CASH AND CASH EQUIVALENTS

	Agency £	Certification Officer £	2014-15 Total £	2013-14 Total £
Balance at 1 April	53,419	3,395	56,814	14,624
Net change in cash and cash equivalent balances	61,591	1,879	63,470	42,190
Balance at 31 March	115,010	5,274	120,284	56,814
The following balances at 31 March were held at:				
Commercial banks and cash in hand	115,010	5,274	120,284	56,814
Balance at 31 March	115,010	5,274	120,284	56,814

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

10. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2014-15 £	2013-14 £
Amounts falling due within one year:		
Trade payables	87,678	13,180
Accruals	130,254	128,182
Total	217,932	141,362

10.1 INTRA-GOVERNMENT BALANCES

	Amounts falling due within one year		Amounts falling due after more than one year	
	2014-15 £	2013-14 £	2014-15 £	2013-14 £
Balances with other central government bodies	7,000	7,000	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Bodies	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-government balances	7,000	7,000	-	-
Balances with bodies external to government	210,932	134,362	-	-
Total receivables at 31 March	217,932	141,362	-	-

11. CAPITAL COMMITMENTS

There are no capital commitments at the year-end 31 March 2015.

12. CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37

The Agency has a contingent liability of £10,000 at the year-end 31 March 2015. This relates to a planned rent review.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

13. COMMITMENTS UNDER LEASES

Operating Leases:

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

Buildings:	2014-15 £	2013-14 £
Not later than one year	215,400	215,400
Later than one year and not later than five years	646,200	861,600
Later than five years	-	-
	861,600	1,077,000

14. Other Financial Commitments

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

15. Related Party Transactions

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

16. Financial Instruments

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

17. Impairments

The total impairment charge for the year is £2,283. All IT assets were subject to a downward revaluation and the full amount was charged directly to the Statement of Comprehensive Net Expenditure.

18. Events after the reporting period

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

These accounts are authorised for issue on the same day that the Comptroller and Auditor General signs his audit report.

Date of authorisation for issue

The Accounting Officer authorised these financial statements on 25 June 2015



Head Office

2-16 Gordon Street, Belfast BT1 2LG

Telephone: 028 9032 1442
Facsimile: 028 9033 0827
TDD (Textphone): 028 9023 8411
Email: info@lra.org.uk

Regional Office

1-3 Guildhall Street, Londonderry BT48 6BB

Telephone: 028 7126 9639
Facsimile: 028 7126 7729
Email: info@lra.org.uk

www.lra.org.uk