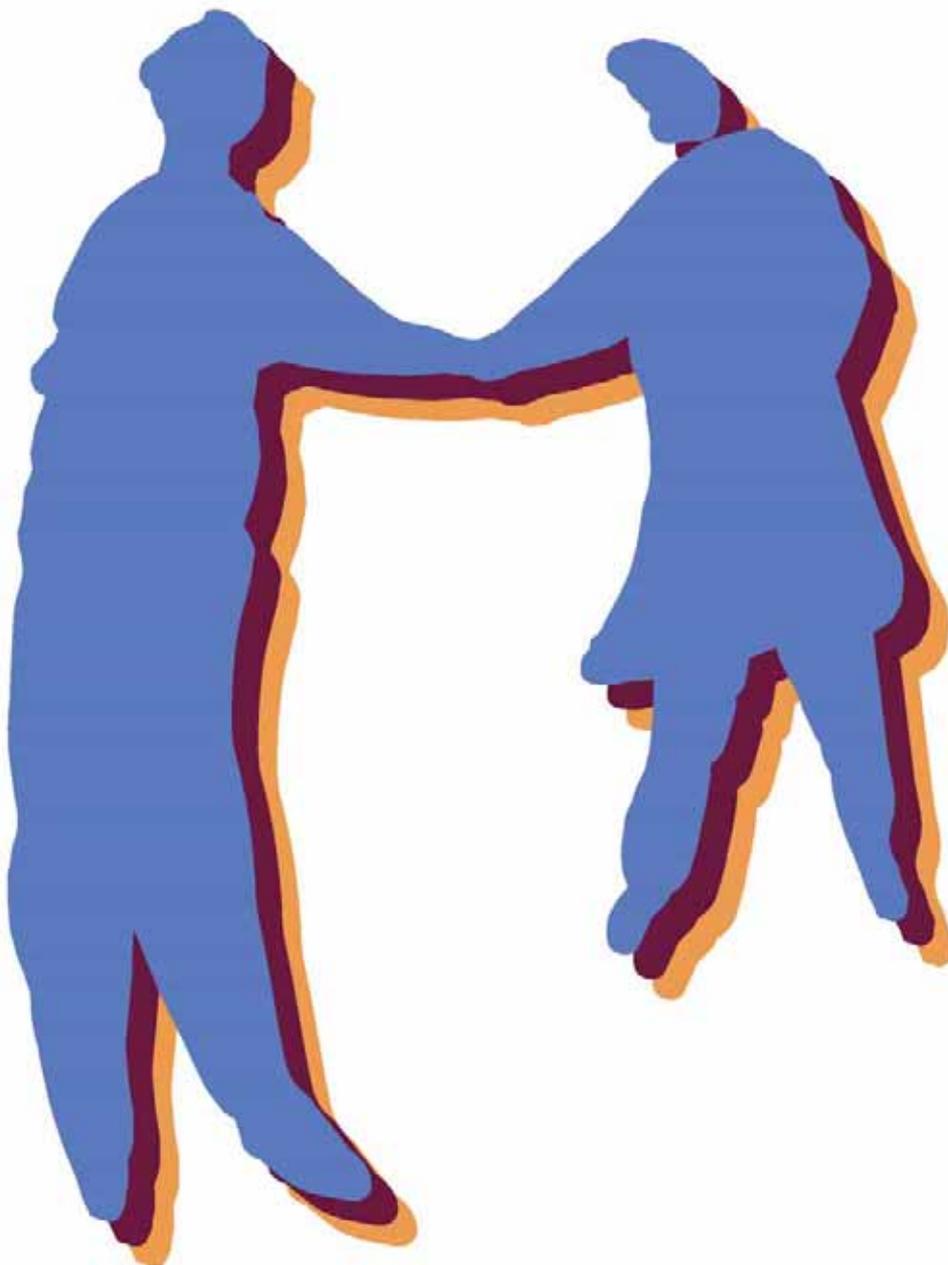


Annual Report and Accounts 2004 - 2005



...promoting new ways forward for the workplace

Should you require this document in an alternative format or language, please contact the Agency.

Labour Relations Agency
Annual Report and Accounts
for the year ended 31 March 2005

Laid before the Houses of Parliament by the Department for Employment and Learning in accordance with Paragraph 12(2) and 12(4) of the Schedule to the Northern Ireland Act 2000 and Paragraph 29 of the Schedule to the Northern Ireland Act 2000 (Prescribed Documents) Order 2004

9 November 2005

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9 November 2005

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Annual Report and Accounts 2004 - 2005

Statements and Values

Mission Statement

The Agency aims to be the leading organisation in Northern Ireland for improving employment relations. We will contribute to organisational effectiveness by providing, on a quality basis, impartial and independent services for promoting good employment practices and preventing and resolving disputes.

Equality Statement

The Agency 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, equality of opportunity and good relations. 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 the relevant Codes of Practice.

The Agency is required, under Section 75 of the Northern Ireland Act 1998, to produce an Equality Scheme. The Agency's Equality Scheme was approved by the Equality Commission for Northern Ireland on 5 July 2001.

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 opinions.



23 June 2005

Mr W Haire
Permanent Secretary
Department for Employment and Learning
Adelaide House
39-49 Adelaide Street
Belfast
BT2 8FD

Dear Mr Haire

Annual Report and Accounts of the Labour Relations Agency: 2004-2005

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 ended 31st March 2005.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Patrick McCartan'.

Patrick McCartan
Chairman

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The LRA Board



Dr Boyd Black

Lecturer in Employment Relations and Managerial Economics at Queen's University Belfast, where he is Subject Leader in Economics and Finance. Research interests include comparative international industrial relations and human resource management, as well as the changing employment relations scene in NI.



Norma Heaton

Senior Lecturer in Human Resource Management at the University of Ulster. Substantial record of research and publication in areas such as gender in the labour market and workplace partnerships. Member of the Chartered Institute of Personnel and Development and the Higher Education Academy.



Julie Anne Clarke

Associate Partner in Elliott Duffy Garrett Commercial Lawyers specialising in employment law. Committee member of the Employment Lawyers Group NI and a regular speaker at Legal-Island conferences.



Patrick McCartan (Chairman)

Chairman of North and West Belfast Health and Social Services Trust and former Chairman of Co-Operation Ireland. Fellow of the Chartered Institute of Personnel and Development.



Harry Goodman OBE

Former Chief Executive of the Equality Commission for NI and prior to that Chief Executive of the Fair Employment Commission for NI. Member of the Council for Catholic Maintained Schools.



Jim McCusker

Former General Secretary of NIPSA and member of the NI Committee of the Irish Congress of Trade Unions (NIC-ICTU), member of the European Economic and Social Committee, Council for Healthcare Regulatory Excellence, Economic Development Forum and Concordia.

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The Labour Relations Board



Eugene McGlone

Adviser on Industrial Relations. Formerly Regional Organiser of the ATGWU and Chairman of NIC-ICTU. Panel Member of the Industrial Tribunals and the Criminal Injuries Compensation Appeals Panels.



Alan Mercer

Director of Human Resources, NI Transport Holding Company. Member of the Corporate Affairs Committee of the Confederation of British Industry, Board Member of Transfed and member of the European Public Transport HR Directors' Forum.



Gordon Milligan

Responsible for Human Resources within Nortel Networks' European Operations. Frequent lecturer at universities and conferences on the HR agenda.



Margaret Watson

Employment Law Consultant. Formerly Deputy Director of Employment Equality, Sex Equality Directorate of the Equality Commission for NI and prior to that Senior Legal Services Officer at the Fair Employment Commission for NI.



Patricia O'Farrell

Member of the Irish National Teachers' Organisation and recently has been Vice-Chairman and Chairman successively of its Northern section. Member of the CCEA Council of the NI Teachers' Council.



Roden Ward

Recently Head of Human Resources in the First Trust Bank where he has worked since 1991. Prior to that held managerial positions in human resources in both the public and private sectors in Northern Ireland. Fellow of the Chartered Institute of Personnel and Development.



Chairman's Foreword

It is my privilege to present the Annual Report and Accounts for the work of the Board of the Labour Relations Agency covering the period April 2004 to March 2005. The year has been one of major change for employment relations in Northern Ireland. We have prepared for the introduction of new legislation and tribunal practices, for the EU Information and Consultation Directive, and for the publication of our revised Disciplinary and Grievance Code of Practice. In addition, the LRA has introduced new methods of individual conciliation case management, offering a wider range of choices to the parties. The Agency has grown in staff numbers to take on board the administration and accommodation of the Certification Office, as well as to manage significantly increased work pressures. This is intended to allow us to deal appropriately with the large number and complexity of outstanding individual claims asserting employment rights to Industrial and Fair Employment Tribunals. Also, our preventative work in dispute avoidance is now emphasised, with the emphasis on meeting the demands for our advisory and information services. These factors, combined with the challenge of providing greater value for money in publicly-funded services, have placed increased responsibilities on our Board, our senior management, and on our professional staff, whose dedication and skilled services continuously strive to make Northern Ireland a better place in which to work.

Our focus is on providing better services, and better value for money. We regularly consult our social partners, CBI Northern Ireland and NIC-ICTU, and the agencies with whom we interact, as well as the individuals, unions, and companies using our services, for valuable feedback. The Department for Employment and Learning has worked closely with us throughout the year to ensure our services are developed in an integrated way with changes in tribunal processes, and that we are resourced to meet all the challenges of a fast-changing employment rights and work environment. We continue to



organise many events aimed at establishing improved practices at workplace level, including seminars and conferences. We have built upon our key relationships with Invest NI, the Equality Commission for NI, the Federation of Small Businesses, the Chartered Institute of Personnel and Development, the Citizens Advice Bureaux, and with many trade unions and employers' associations.

We have participated at a range of events organised by other agencies, public and private, and as the year ends we have planned our largest ever conference on "The Changing World of Work" for April 2005. We continue to rely on the good relationships we have developed over recent years with our sister organisations, the Labour Relations Commission, and ACAS, the Advisory Conciliation and Arbitration Service. Also, we have benefited from our international links by examining in detail the methods and legislative incentives used for promoting fast and effective conflict resolution and positive employment relations in workplaces in the US, the EU, Canada, South Africa, New Zealand and Australia. ACAS hosted an International Seminar in Edinburgh in which we participated and exchanged examples of best practice. Our task is to bring this learning to bear in our own organisational development, and this year we had our first full day staff conference which all judged to be very successful.

Our publications and website are a key part of our services. The LRA Board has embarked upon a policy of publishing at least two relevant Occasional Papers each year in addition to our Annual Report and Review of Performance. The Update on Employment Law Occasional Paper can be accessed on our website. You will also find updated Codes of Practice and our revised

Annual Report and Accounts 2004 - 2005

Chairman's Foreword

Information Notes series. In addition we have replaced the Encyclopaedia of NI Employment Law with the full text of all NI labour law dating back to 1870, together with explanatory notes and some guidance notes. We have online booking for our events. We are planning to further develop web-based services. We also consult widely on research policy and matters for research, including topics for research seminars and invited papers.

The workload on LRA staff in resolving conflict is never done, but it has increased in complexity and intensity throughout the year, at a time when new legislation, (Employment Relations (Northern Ireland) Order 2003), new Codes of Practice, and new individual rights have also added to our work. It is therefore no surprise that the Board of the LRA made a special approach to the Department for Employment and Learning to seek additional resources for our work and as the year ended our detailed submission was receiving careful attention.

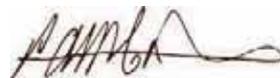
Our Board has been gratified to receive the continued support and encouragement of the social partners for our work throughout the past year. We rely on them to help us with our policy development and good practice. The NIC-ICTU and the CBI NI Branch do an excellent job in promoting positive employment relationships, in disseminating information, giving feedback, and in participating in our events. We have further developed our co-operation and joint working with Invest NI, with the Federation of Small Businesses, and with the Chartered Institute of Personnel and Development. Our seminar on Improving Dispute Resolution Methods was well attended, with a host of good ideas emerging for further work this year. All of these assist us in considering new methods, and in trying to promote greater involvement of the parties to disputes in solving problems within the workplace itself.

Employment relationships within the workplace continue to change and develop new sources of conflict, and new tactics for exerting pressure. The willingness of either party to resort to legal methods shows no sign of slackening, but the consequences are a loss of trust between employer and employees, damage to jobs, reduction in productivity, and adverse impact on competitiveness. The parties

are sometimes focused on their tactics and conduct, rather than on finding solutions. Where public services are involved, or wider public interest is damaged, our Board as well as the public, find it frustrating. The legislation under which we operate, the Industrial Relations (Northern Ireland) Order 1992, gives us powers to intervene, and to take action unilaterally if necessary. The Board is always reluctant to do so, believing that conflict resolution is dependent on the buy-in of the parties. However, we always use our best endeavours to limit the negative consequences, and to apply innovative methods to assisting the parties.

During the year, Alan Mercer and Margaret Watson completed terms of distinguished service as Board members of the LRA. Margaret has accepted an appointment as a chairman of industrial tribunals, and Alan is Director of Human Resources in NI Transport Holding Company. Their contribution to the improvement of employment relations in Northern Ireland continues and is greatly appreciated. The Minister has now appointed two new members, Patricia O'Farrell, and Norma Heaton, both of whom are already bringing their experience to bear at Board level.

What is particularly pleasing is the high level of trust, respect, and co-operation for the work of our officers from all with whom we interact - employees, unions, employers (large and small), public agencies and Government departments at all levels. I look forward to modernising and improving the work of the LRA Board during the coming year, and to delivering better services in conflict resolution, in advisory, training and consultancy services for businesses (small, medium and large), for trade unions and employees, and to promoting greater mutuality and partnership working. I am confident we will continue to receive the co-operation of all engaged in employment relations, and I wish to thank everyone for their hard work over the past year.



Patrick McCartan
Chairman, LRA



Chief Executive's Introduction

The financial year 2004-2005 saw major changes for the Agency. Having been successful with a resource bid to the Department for Employment and Learning the Agency undertook a substantial recruitment programme. As a result the Agency appointed to 8 posts that were additional to our 2003-2004 establishment and filled a further 4 posts that were within establishment. The recruitment programme also allowed for the supply of 3 staff to the Certification Officer. The full staffing complement for Agency work now stands at 59 posts. In addition the Certification Officer establishment stands at 4 posts.

The additional Agency posts allowed for increased support for Individual Conciliation and Enquiry Point work and the filling of key posts in the Corporate Services section. The recruitment programme as a whole allowed the Agency to move to filling the vast majority of vacancies on a permanent or fixed-term basis bringing a significant degree of stability to the staffing situation. This has been most welcome and will go some way to meeting the increasing and pressing demands on Agency services.

In May 2004 the Agency launched its revised Code of Practice on Time Off for Trade Union Duties and Activities (Including Guidance on Time Off for Union Learning Representatives) and during the year revised its Code of Practice on Discipline and Grievance. The revised Code on Disciplinary and Grievance Procedures was published in March 2005 in good time for the introduction of the new statutory rules on the handling of discipline and grievance matters. The new rules will come into effect on 3 April 2005. During the year discipline and grievance workshop and seminar materials were prepared in support of the introduction of the new rules. It is anticipated that there will be considerable



demand for these workshops and seminars particularly in the early part of next year.

As well as new rules for discipline and grievance new statutory provisions were introduced for the handling of individual conciliation cases. As from 3 April 2005 the Agency will be in a position to apply a fixed period for individual conciliation cases, other than for discrimination cases, of 7 or 13 weeks depending on the jurisdiction in question. During 2004-2005 substantial progress has been made in preparing for these changes. As well as deploying additional staff the working practice of Conciliation Officers has been changed to allow for an increased focus on the conciliation process. The administration of individual conciliation cases was also reviewed and improved and the supporting information systems enhanced. All in all it is anticipated that the improved management of individual conciliation casework will contribute, over the next two to three years, to a significant reduction of the Tribunal case backlog.

During the year the Agency published two occasional papers, one as an update on employment law written by a former Board Member Patricia Maxwell and the second entitled 'The Changing World of Work' written by a current Board Member, Boyd Black. The Agency website was again expanded. It looks as though the site will grow in importance as a central feature of Agency services. The profile of the Agency was maintained amongst senior managers and trades unionists through a well-attended joint QUB and LRA symposium on

Annual Report and Accounts 2004 - 2005

Chief Executive's Introduction

regional pay. The symposium was held in March 2005 with four highly respected academics giving papers on various aspects of the regional pay issue.

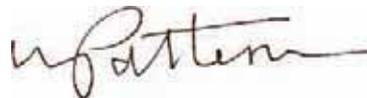
Work continues to improve and expand the Agency's arbitration services. During the year consultation was undertaken on the proposed Agency Flexible Working Arbitration Scheme. The intention is to launch the Flexible Working Scheme during 2005. The Agency Board also agreed a programme for the establishment of a single Agency Arbitrator Panel. The single panel will amalgamate the Agency Unfair Dismissal Arbitration Panel and the Agency Industrial Arbitration Panel.

Over recent years employment law has been developing at pace. Recent changes have required the full review of all Agency literature including materials for our established workshops and seminars. Despite this 351 advisory cases were undertaken and 33 workshops held. We undertook 13 additional seminars compared to last year and dealt with seven advisory projects compared to four last year.

Individual conciliation work also remains in high demand. The Agency dealt with 6,280 individual conciliation cases during 2004/05 compared with 4,610 cases during 2003/04. There was a 14% increase in the collective

conciliation cases received and dealt with by the Agency from 43 during 2003/04 to 49 during 2004/05. Again there would seem to be a steady demand on Agency services at around 45 collective conciliation cases per annum. The Agency is examining the possibility of further developing mediation services to complement its arbitration services. We received 19 requests for arbitration during 2004/05 with 10 of these cases having been dealt with by 31 March 2005. The Agency received 24 requests for arbitration during 2003/04.

In the coming year the Agency will be consolidating the gains made during 2004/05 through staff development and further investment in new technology. This will all be aimed at realising efficiencies in order to increase the capability of the Agency without diminishing the quality of the services provided.



Bill Patterson
Chief Executive

Chapter 1: Good Practice in the Workplace





Introduction

The Advisory Services of the Agency endeavour to promote good employment relations both in terms of compliance with legislative requirements and also through encouraging the adoption of good employment practice.

Advisory Support

This year the Agency assisted 351 organisations develop and maintain good practice in employment policies and procedures (374 in 2003-2004). In almost 90% of cases this involved an Agency officer assisting with the vetting and updating of existing employment policies and procedures to ensure compliance with legislative requirements and to promote good practice. The Agency is of the view that sound policies and procedures are a desirable method of communicating rights and responsibilities in the workplace and form a valuable basis for the working relationship. In addition, sound procedures provide a means for disputes to be resolved in the workplace without the need for recourse to tribunals. The users of the service reflect the structure of the Northern Ireland economy in that the vast majority of clients (some 90%) employed less than 50 employees and came from a wide variety of market sectors.

Advisory Workshops on Employment Documentation

The Agency continues to assist in the preparation of new employment documentation through the provision of advisory workshops. At these workshops practical guidance is given on the preparation of employment documents such as Written Statements of Main Terms and Conditions of Employment, Disciplinary Rules and Procedures

and Absence Notification and Certification Procedures. Whilst the workshops are designed primarily to provide participants with the necessary information to draft documentation which complies with statutory obligations and embraces good practice, they also provide an awareness of a range of employment-related matters which, in the view of the Agency, enables disputes to be avoided and improves relationships in the workplace.

The Agency hosted a total of 33 advisory workshops during the year (36 in the previous year). The Agency also refined the standard documents issued at the workshops and continued to improve service delivery through the provision of working documents to participants by electronic means. This has helped organisations to further their drafting of basic employment documents. The Agency also offers a supplementary service of vetting these draft documents to ensure compliance with legislative requirements. During the year considerable effort was put into drafting revisions to standard documents to allow for the introduction of statutory procedures relating to dismissal, discipline and grievances which are due in early April 2005. As in previous years, feedback from the participants in the workshops remained very favourable.

Good Employment Practice Seminars

As part of its programme of promoting good employment practice and preventing disputes arising in the workplace the Agency hosts a series of seminars led by experienced Agency staff. To publicise this service the Agency produces a brochure providing details of the seminars available as well as placing the content of the seminars on the Agency's website.

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Chapter 1

Eleven seminars are offered covering:

- A General Appreciation of Employment Legislation;
- Unfair Dismissal;
- The Working Time Regulations;
- The Less Favourable Treatment of Part-Time Workers Regulations;
- The Less Favourable Treatment of Fixed-Term Employees Regulations;
- The Right of Workers to be Accompanied at Certain Types of Grievance and Disciplinary Hearings;
- Statutory Trade Union Recognition;
- Bullying in the Workplace;
- The Employment (Northern Ireland) Order 2002;
- Labour Relations Agency's Arbitration Scheme for the Resolution of Unfair Dismissal Disputes;
- Recruitment and Selection.

These seminars, which are free and open to all, are held in the Agency's premises in either Belfast or Derry. Rather than being held on set dates seminars are held according to demand. Interested parties are asked to register an 'expression of interest' and seminars are held depending on the level of interest expressed. Expressions of interest can be made by telephone, fax, letter, e-mail or completed online. Where any one organisation indicates a sufficient number of attendees the Agency can facilitate seminars for that specific group either in the Agency or on-site.

The Agency also joined with the Equality Commission for Northern Ireland in delivering a series of joint good practice seminars on "Bullying and Harassment in the Workplace". These seminars are promoted via the Equality

Commission's Training Programmes and are designed to develop the skills of those attending. The Agency also partnered with the Equality Commission and Opportunity Now in delivering seminars on Family-Related Employment Law and Gender Equality.

Reflecting the continuing and constant demand for information and guidance on employment law the Agency provided a total of 73 good practice seminars throughout the year compared to 60 in the previous year.

Information Mornings

During the year the Equality Commission for Northern Ireland, the Business Support Team of the Inland Revenue, the Department for Employment and Learning and the Agency held a series of information mornings designed primarily for small employers (25-100 employees) to raise awareness of a number of key topical issues and to highlight the range of support and assistance available. The information sessions covered the following subjects: disciplinary and grievance procedures; online filing of employer's annual tax return; access for people with disabilities; and information and consultation. Information sessions were held in Belfast, Portadown and Limavady. Response and feedback from the events were very positive with the participants welcoming the joint approach taken to provide the optimum amount of essential information in a short timeframe. The Agency thanks the organisations involved in this initiative and looks forward to further partnership working in the future.

Good Employment Practice

This proactive division of Advisory Services has facilitated several collaborative working projects over the past year. These were in a variety of good employment contexts ranging from



partnership arrangements through to joint problem solving projects in both small private sector firms for example with 100 staff, through to large public sector organisations with 11,000 staff.

The typical subject matter at the core of the Good Employment Practice facilitation projects includes the following: assisting with the design and implementation of job evaluation schemes on a joint working basis; facilitating the formulation of jointly agreed Information and Consultation arrangements and agreements; and assisting with policy development with a partnership approach to implementing change.

Eight good employment practice projects were continuing from the previous year. During the year the Agency received 12 requests for assistance and by March 2005 eleven of the projects were complete. Six of the completed projects were with public sector organisations and the remaining five projects were with private sector organisations with a wide variety of sizes and subject matter. Currently, as of April 2005, nine good employment projects were ongoing.

In all instances Good Employment Practice projects are accepted by the Agency on the basis that the parties involved agree to work collaboratively with a view to a mutually beneficial conclusion as facilitated and assisted by Agency staff members. The following are examples of good employment practice projects completed.

Decora Blind Systems

This company decided to carry out a Staff Attitude Survey in early 2004. They rang the Agency for advice on who in Northern Ireland might provide such a service and were advised that the Agency in fact could help facilitate the exercise on the company's behalf.

The Agency ensured that the survey had the support of the company's senior management team prior to commencing, explained the aims and operation of the process clearly and concisely to the Human Resource Manager, all

staff and the focus group representatives. Through regular collaboration, the survey was finalised and carried out with the summary data and findings presented to staff in June 2004.

The company found the exercise beneficial in that it confirmed areas for improvement. A number of positive changes have been instigated as a result. The employee representatives from the company's newly formed Staff Information and Consultation Forum have been issued with a summary of measures taken to date and have been tasked with assessing current staff opinions and views and proposing two topics for discussion at the next Forum meeting.

Decora Blind Systems stated that they would highly recommend the services of the Agency to other companies experiencing rapid change and growth and the resulting problems that this can bring.

Police Service of Northern Ireland

In October 2003, the Police Service of Northern Ireland (PSNI) began a process of reviewing their existing grievance procedure. At an early stage it was decided that the best approach was to establish a consultation forum with representatives from all staff associations facilitated by the Agency.

No one envisaged at that time that PSNI would have not only one new policy and procedure to deal with grievances but also a second policy and procedure to deal with bullying and harassment.

PSNI now have a five-stage grievance procedure with an independent mediation stage facilitated by accredited facilitators recruited by the Agency. They also have a comprehensive service-wide bullying and harassment policy which covers all police officers and staff.

The new policies and procedures were launched by the Chief Constable Hugh Orde, who said "the new grievance policy reflects our new partnership approach with the Labour Relations

Agency. This is a significant change in the use of external mediation. It also shows how seriously we take this particular issue [of workplace grievances]. The purpose of the above process is solution rather than escalation.”

The PSNI have stated how valuable they have found the contribution of the Agency and that they look forward to advancing this work in the future.

3M (Bangor)

3M is a medium-sized employer within a larger parent company. 3M was assisted and facilitated in relation to formulating their first Information and Consultation Forum. The Agency facilitated the Forum in the production of a comprehensive and well-structured agreement. In developing the agreement, the Forum representatives commenced the very important step of bonding together. They now have a clear understanding of their roles and responsibilities and have also gained insight into the legal implications for the Forum.

Belfast City Council

Following a consultant report recommending the establishment of a trade union resourcing agreement the Agency facilitated a working party to devise a formal mechanism for trade union consultation and resourcing. The Agency facilitated a number of workshops designed to determine the contents of a formal trade union resources agreement.

Enquiries and Advice

The Agency's enquiry lines continue to be a valuable resource in helping to resolve employment relations problems or a first port of call for those seeking information about their rights and responsibilities. For many people this is their first contact with the Agency. Enquirers are put through to the enquiry service in either the Head or Regional Office. Here they have an

opportunity to discuss with an enquiry officer the nature of their problem, and the range of options open to them to resolve it. Enquiry officers have considerable knowledge of employment law and practice and, while they will not give legal opinions, they will provide information and advice to enable employers, employees and their representatives to take informed decisions. The service is impartial, confidential and free. Approximately 39% of users raised enquiries on behalf of employers, and 61% on behalf of employees (42% and 58% respectively in the previous year).

During the year ending 31 March 2005, the Agency dealt with 25,041 callers (compared to 29,943 in the previous year). For a period of 6 months during the reporting year the recording of enquiry statistics was affected by the work to rule which arose out of industrial action as part of the NICS/NIPSA pay dispute. Hence the total number of enquiries handled in the year is an under representation of actual calls dealt with. Of the callers recorded, 24,261 contacted the Agency via the telephone and the remaining 780 were individuals who availed of the Agency's visitor booking system to come into the Agency's Head or Regional Office to discuss their enquiry in person.

The enquiry lines fill up very quickly during the course of a day, and unfortunately it is often necessary for the Agency to inform callers that due to the volume of enquiries received it will be necessary for them to phone again on the following day to speak to an officer. In such circumstances, callers will normally be referred to the Agency's website to see if any of the information available there can assist in the interim. Because of the complexity of most employment relations queries, it is not possible for the Agency to respond to enquiries received via e-mail.

The calls made to the Agency during the year generated a total of 43,902 separate enquiries on a wide range of employment-related topics (as shown in Table 1 below).



Table 1:

Type of Enquiry	
Other Statutory Rights	7459
Other Contractual Rights	7027
Dismissal & Discipline	6083
Holidays	4805
Wages	3416
Redundancy & Redundancy Payments	2899
Discrimination	2796
Family Friendly Policies	2461
Miscellaneous	2062
Absence	1414
Statutory Sick Pay	1216
Recruitment/Selection	1119
Other Agency Services	1145
Total	43,902



Codes of Practice

The Agency's new Code of Practice on Time Off for Trade Union Duties and Activities (Including Guidance on Time Off for Union Learning Representatives) was launched on Thursday 20 May 2004. The Code was launched in conjunction with the Irish Congress of Trade Unions and the Educational Guidance Service for Adults to correspond with Learning for Work Day which is part of Adult Learning Week.

Article 90 of the Industrial Relations (Northern Ireland) Order 1992, as amended by the Employment (Northern Ireland) Order 2003, provided for the Agency to issue practical guidance on time off and training for Union Learning Representatives. Union Learning Representatives are appointed or elected trade union representatives who focus on the learning agenda in the workplace. They provide information and advice about training or learning matters and promote the value of training or learning.

Section 1 of this Code provides guidance on time off for trade union duties. Section 2 deals with time off for training of trade union officials and offers guidance on sufficient training for Union Learning Representatives. Section 3 considers time off for trade union activities. In each case the amount and frequency of time off, and the purposes for which and any conditions subject to which time off may be taken, are to be those that are reasonable in all the circumstances. Section 4 describes the responsibilities which employers and trade unions share in considering reasonable time off. Section 5 notes the advantages of reaching formal agreements on time off. Section 6 deals with industrial action and Section 7 with methods of appeal.

Work also took place on the development of a new Code of Practice on Disciplinary and Grievance Procedures. The current Code, launched in December 2002, required considerable amendment to reflect the provisions in the Employment (Northern Ireland)

Order 2003 regarding minimum statutory standards for dismissal, disciplinary and grievance procedures. During the year a draft Code was prepared for a public consultation process and the resulting comments were considered by the Board of the Agency. After consideration by the Board and in accordance with legislative requirements, a final draft Code was submitted to the Department for Employment and Learning for formal approval in February with an intended date of commencement for the Code to correspond with the introduction of the new legislation in early April 2005.

The content of the other Agency Codes of Practice on Redundancy Consultation and Procedures and on Disclosure of Information for Collective Bargaining Purposes are being examined to determine whether amendments are necessary in light of legislative and case law developments.

Copies of all the above Codes are available in hard copy from the Agency or can be downloaded from the Agency's website.

Promotional Activity

This year has been a busy one in promoting the work and role of the Agency. Requests for Agency staff to participate in non-Agency hosted conferences and seminars totalled 82 (compared to 73 in the previous year). Requests for speakers came from a variety of sources, including employers, professional organisations, trade unions and community and economic development groups.

The Agency also participated at a number of exhibitions and was represented at a number of conferences. Notable among these was the Agency's presence at the NIC-ICTU Biennial Delegate Conference 2004. The Agency also hosted a fringe meeting on resolving workplace differences at this conference.

The Agency also took part in Employertalk 2004. This is a series of Inland Revenue exhibitions held annually across the United



Kingdom. Each event consists of a series of talks supported by an exhibition designed to demonstrate to employers what help and support is available for them across the public sector to enable them to meet their statutory responsibilities and to help new and small businesses succeed. The Northern Ireland event attracted approximately 800 delegates.

The Agency also took part in the Belfast Open Day. This was organised by HM Customs and Excise Business Liaison Team in partnership with the Inland Revenue, Office of Fair Trading, Health and Safety Executive for Northern Ireland, The Patent Office, Learndirect, Institute of Trade Mark Attorneys, Valuation Office Agency and Invest Northern Ireland. The event aimed to provide quality advice in the most accessible of formats, enabling businesses in Northern Ireland to meet their legal obligations and be successful in their enterprises.

The Agency also participated in a Building Best Practice Conference organised by Business in the Community and the Equality Commission for Northern Ireland. This conference was aimed at employers to showcase best practice in employing migrant workers. Signposting employers of migrant workers to key service providers was integral to the conference.

During the year the Agency contributed to the awareness and promotional material distributed by the Department for Employment and Learning to raise awareness of the new legislation regarding dismissal, discipline and grievance procedures and the information and consultation regulations. An extensive marketing campaign resulted in all businesses in Northern Ireland receiving a mailshot and accompanying literature regarding the dispute resolution procedures. The assistance and support provided by the Agency in disciplinary and grievance matters was heavily featured in this promotional material. Guidance booklets on the new laws for resolving disputes for both employers and employees have been published as has an introduction to Information and Consultation in the Workplace.

Website Development

This year has seen the continued expansion of the website as a means for the Agency to communicate advice and information on good employment practice. The news section of the website was expanded by the inclusion of topical issues such as summary articles relating to the new procedures for statutory discipline and grievance procedures, the Employment Relations 2004 Order, the Information and Consultation Regulations and the increase in compensation limits. During the year the website was substantially revised to allow for online booking of good practice seminars on the new statutory dismissal, disciplinary and grievance procedures and the information and consultation regulations. In addition, online booking was made available for advisory workshops. The Employment Legislation page was augmented by the addition of supplementary legislation for 2004.

Publications

The Agency contributed sections on employment relations matters to the Invest Northern Ireland publication "The No-Nonsense Guide to Government Rules and Regulations for Setting up your Business" and is listed as a source of advice and assistance in the guide. The guide outlines the legal and official side of starting up a business and also explains the regulations that affect growing businesses. The text is augmented by case studies demonstrating business success. The guide was officially launched in May 2004. The Agency continues to be represented at roadshows as part of the Invest Northern Ireland Start a Business Show campaign.

Chapter 2: Promoting a Culture of Alternative Dispute Resolution



(Figures have been adjusted from the
2003-2004 Annual Report)



Introduction

The resolution of employment relations disputes, whether individual or collective, is the core responsibility of the conciliation and arbitration section. Disputes are resolved through individual or collective conciliation, mediation or arbitration. These services are referred to as third party alternative dispute resolution processes (ADR). They are an alternative to the use of the law or industrial action. The Agency offers these third party services on a voluntary and confidential basis.

Over recent years the number of individual employment rights has been increasing with the introduction of new entitlements such as the right to apply for flexible working and the right not to be discriminated against on the grounds of sexual orientation. If an individual believes that there has been an infringement of their employment rights they may refer the matter to the Office of the Industrial Tribunals and the Fair Employment Tribunal.

The Agency receives a copy of all the applications to the tribunal offices and has a statutory duty to try to promote a settlement of these claims without the need for a tribunal hearing. This process of settlement is referred to as "individual conciliation". In conciliation a third party conciliator assists the parties to the dispute to come to their own resolution. It should be noted that individuals are not prevented from taking their case to a tribunal hearing if the conciliation process is not successful in settling their case.

Industrial action can occur when a trade union becomes involved in a dispute with an employer about aspects of terms and conditions of employment. It can be noted that the origin of a dispute might lie in the decision of a union to put pressure on the employer's bargaining position, or the dispute might be provoked tactically by the employer. Wages are an issue that can often come under dispute. Industrial action can take the form of a 'go-slow', overtime ban or a strike. This form of dispute is known as a "collective dispute".

The Agency, with the agreement of both parties, can and does become involved in the process of resolving collective disputes. The participation of the parties in the process of resolution is voluntary. The time taken for the resolution of a collective dispute can vary. It is essentially dependent on the nature and complexity of the dispute itself. In some instances the dispute can be resolved at a single meeting but in other cases a resolution may require a series of meetings over a period of weeks.

When, following conciliation, a dispute remains unresolved, the parties may decide to refer the issues to a mediator or an arbitrator for settlement. In employment relations mediation is understood as the process whereby a third party makes a recommendation to the parties to the dispute with respect to resolving the issues. Arbitration is the process whereby the arbitrator makes a decision on the resolution of the dispute. The decision is morally, but not usually legally, binding on both parties to the dispute. The Agency retains a panel of qualified people to act as mediators or arbitrators in determining such disputes.

Individual Conciliation

The Agency's conciliation officers have a high success rate in dealing with applications to a tribunal. For example, the percentage of all applications proceeding to a tribunal hearing in the 2004-2005 reporting year was only 16%. This figure is a reflection on the effectiveness of the conciliation team in resolving the vast majority of applications. It is notable that 84% of applications were either settled or withdrawn.

The number of applications other than fair employment applications received by the Agency for the year ended 31 March 2005 was 5,287 which is the same as during the 2003-2004 year. Applications (including fair employment applications) received through the tribunal system amounted to 5,744 and 748 were direct requests to the Agency and settled by the

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Agency. The applications made direct to the Agency concerned applications that could have been lodged with the tribunal system but which, at the time of request to the Agency no such lodgement had been made. If the Agency achieves a settlement in these cases, then the individuals cannot subsequently submit an application to a tribunal for the same alleged infringement of employment rights. The number of direct requests received and settled increased by 25% from 598 requests in 2003-2004 to 748 requests in 2004-2005.

Table 2 summarises the applications other than fair employment received and dealt with during the year. The number of applications other than fair employment which were dealt with by the conciliation officers increased by 1,670 from 4,610 in the year 2003-2004 to 6,280 in the year 2004-2005. This represents a percentage increase of 36%. Table 3 provides an analysis of the outcome of the 6,280 applications dealt with between 1 April 2004 and 31 March 2005. The applications dealt with include a number of bulk applications¹. The number of conciliated settlements increased by 382 from 1,806 in 2003-2004 to 2,188 in 2004-2005.

Table 2
Individual Conciliation Applications Received and Dealt With
(other than fair employment)

(For comparison, the 2003-2004 figures are given in brackets)

Jurisdiction	Applications Received		Applications Dealt With	
Unfair Dismissal	2014	(2347)	2346	(1841)
Wages Order	921	(778)	937	(670)
Sex Discrimination	414	(462)	805	(625)
Breach of Contract	563	(576)	816	(547)
Equal Pay	90	(89)	153	(91)
Disability Discrimination	158	(179)	183	(161)
Race Discrimination	152	(63)	159	(106)
Other Employment Rights	940	(783)	873	(568)
Sexual Orientation Discrimination	17	(0)	2	(0)
Flexible Working	16	(10)	6	(1)
Total	5287	(5287)	6280	(4610)

¹ A bulk application is where a group of 5 or more individual applications are submitted at the same time, in respect of the same employer or group of employers and frequently in respect of the same alleged action/s by the employer.



Table 3
Individual Conciliation Applications Dealt With and their Outcome
(other than fair employment)

(For comparison, the 2003-2004 figures are given in brackets)

Jurisdiction	Settled by Conciliation		Withdrawn during Conciliation		Referred to Tribunal		Total Applications Dealt With	
Unfair Dismissal	1374	(1012)	772	(655)	200	(174)	2346	(1841)
Wages Order	187	(250)	433	(284)	317	(136)	937	(670)
Sex Discrimination	146	(113)	599	(447)	60	(65)	805	(625)
Breach of Contract	172	(187)	521	(267)	123	(93)	816	(547)
Equal Pay	28	(8)	105	(69)	20	(14)	153	(91)
Disability Discrimination	43	(29)	116	(121)	24	(11)	183	(161)
Race Discrimination	24	(13)	116	(72)	19	(21)	159	(106)
Other Employment Rights	213	(193)	473	(264)	187	(111)	873	(568)
Sexual Orientation Discrimination	0	(0)	2	(0)	0	(0)	2	(0)
Flexible Working	1	(1)	4	(0)	1	(0)	6	(1)
Total	2188	(1806)	3141	(2179)	951	(625)	6280	(4610)
Percentage	35	(39)	50	(47)	15	(14)	100	(100)

Equal Pay for Work of Equal Value

The Agency maintains a list of independent experts who may be asked by an industrial tribunal to report on whether or not particular jobs are equally demanding. These requests usually arise out of equal pay for work of equal value applications. In the 2004-2005 year there were no requests from an industrial tribunal for the nomination of an independent expert. The members of the Agency's independent expert panel are listed below:

Mr R Allen

Mr W E Deane

Mr J N McCaul

Dr O Lundy

Dr J R Young

Mr J G Lytle

Religious/Political Discrimination (Fair Employment)

The Agency has a statutory duty to seek to promote settlements of applications relating to complaints of religious and/or political discrimination in the same way as with other employment jurisdictions. Tables 4 and 5 summarise the complaints, alleging religious and/or political discrimination, received and dealt with by the Agency. The number of applications received in respect of religious and/or political discrimination increased by 20% in the 2004-2005 year.

The number of applications dealt with by the conciliation officers increased by 64% in the year 2004-2005. The number of conciliated

settlements in fair employment applications also increased by 31 from 79 settlements in 2003-2004 to 110 settlements in 2004-2005, a rise of 39%. This increase is a reflection of changes that took place in the administration of the fair employment caseload within the conciliation team. It is clear that the conciliation team have built on their earlier success in the year under review. In addition, the number of applications withdrawn also increased by 68% from 343 in the year 2003-2004 to 578 in the year 2004-2005.

Table 4
Fair Employment Applications Received and Dealt With

Applications	2004-2005	2003-2004
Received for conciliation	457	381
Dealt With	790	480

Table 5
Analysis of Fair Employment Applications Dealt With

Applications	2004-2005	2003-2004
Withdrawn	578	343
To Tribunal	102	58
Settled by conciliation	110	79
Total dealt with	790	480

Developments in the Conciliation Section

During the year conciliation officers attended several training courses, workshops and seminars. A number of officers are undertaking courses which will lead to CIPD qualification. A five-day training course in individual conciliation was provided by ACAS for all new IC officers. The Agency has maintained its collective conciliation team at full strength by ensuring that all senior officers have been appropriately trained.



The Individual Case Management System has been undergoing constant refinement to meet the changing needs of the conciliation staff. This application of technology has enabled the conciliation team to streamline their work. It has also facilitated the strengthening of the administrative support.

A significant number of changes to the systems and processes within individual conciliation were made in preparation for the introduction of the fixed period of conciliation.

The distribution of cases via geographical patches has been reviewed with six teams of conciliation officers covering the Province. All conciliation officers act as buddies and mentors for their team members.

During the year under review, relationships were strengthened between the Agency and its partners in the provision of services to those with industrial tribunal applications. Meetings were held with the relevant staff in the Department for Employment and Learning, the Equality Commission for Northern Ireland and the Office of the Industrial Tribunals and the Fair Employment Tribunal (OITFET). Tripartite meetings between OITFET, DEL and the Agency took place on a monthly basis.

Arbitration/Mediation

During the year under review, the Agency received 19 requests for arbitration other than under the Agency's Arbitration Scheme for the Resolution of Unfair Dismissal Disputes. The sources of these requests are outlined below:

- from procedures agreed within the non-teaching sector of the Education service 5
- from procedures agreed within the teaching sector of the Education service 8
- from procedures agreed within other public sector voluntary bodies 2
- from procedures agreed within local government 4

The subjects of these 19 requests were:

- Discipline/Grievance 13
- Interpretation of an agreement 1
- Grading/Job Evaluation 1
- Redundancy 4

The 19 requests received when combined with the 8 cases brought forward from the previous year amounted to a caseload of 27 arbitration cases. A total of 10 cases were determined during the year. Independent arbitrators from the list of qualified people retained by the Agency were appointed to hearings and decisions were issued in all 10 cases. A total of six cases were withdrawn. Eleven requests have been carried forward into the 2005-2006 year.

Table 6 shows the arbitration cases received and dealt with from 1994/95 to 2004/05.

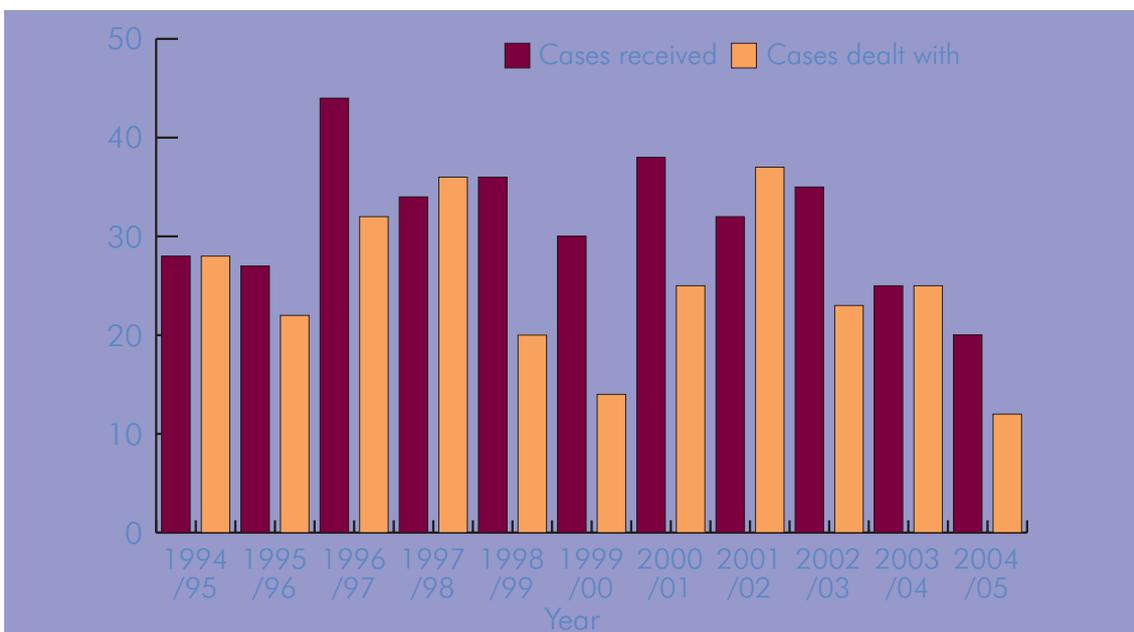
Arbitration and mediation remain effective means of resolving difficult disputes. The Agency is encouraging employers and trade unions to review internal procedures with a view to formally incorporating arbitration and/or mediation as alternatives to pursuing industrial action or taking legal proceedings.

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Table 6
Arbitration Cases Received and Dealt With 1994-2005

Cases Year	1994 /95	1995 /96	1996 /97	1997 /98	1998 /99	1999 /00	2000 /01	2001 /02	2002 /03	2003 /04	2004 /05
Cases brought forward from previous year	2	2	2	14	8	19	18	21	12	18	8
Cases received in year	28	27	44	34	36	29	39	32	35	24	19
Total cases in hand	30	29	46	48	44	48	57	53	47	42	27
Cases dealt with	28	21	31	36	20	14	25	37	22	24	10
Cases withdrawn	0	6	1	4	5	16	11	4	7	10	6
Cases carried forward into next year	2	2	14	8	19	18	21	12	18	8	11





The Agency's Statutory Arbitration Scheme for the Resolution of Unfair Dismissal Disputes

The Agency's Statutory Arbitration Scheme for the Resolution of Unfair Dismissal Disputes offers an alternative to using the Industrial Tribunal. It became operational on 28 April 2002. An extensive range of documentation to support the Scheme is available and has been circulated widely to relevant organisations and individuals. These publications are also available on the Agency's website or on request from the Agency.

It is normal practice that all applicants, respondents and their representatives for cases of alleged unfair dismissal are sent appropriate documentation on the Scheme with their first contact letter from their allocated conciliation officer. This ensures that all relevant parties are fully informed about the Scheme as early as possible.

The Agency has developed and has undertaken an external promotion programme for the Scheme throughout the year. At year end 18 presentations had been delivered to key organisations. In particular, a number of presentations have been undertaken to solicitors' associations throughout the Province. These presentations have been very well received.

The Agency received two cases under the Scheme in 2004/05. Both cases related to matters of conduct and were heard and determined by arbitrators from the Agency Panel.

The Agency has appointed 11 arbitrators who will hear claims of alleged unfair dismissal under the Scheme. These arbitrators act as single arbitrators. All have received further training during the year in order to maintain and update their knowledge and skills.

Appointment of Arbitrators/Mediators

The Agency retains a list of qualified people who are prepared to act as mediators or arbitrators. It is important that there are sufficient individuals with current, or recent, workplace experience to provide disputing parties with an acceptable range of suitable skills and expertise. The Board of the Agency took a decision during the year to create a single panel of arbitrators to deal with all arbitration requests. Both the CBI and NIC-ICTU were invited to review their nominees during the year. This review has been completed. The list of arbitrators at 31 March 2005 consisted of:

- people who can be called upon to act as single arbitrators or to chair panels of arbitration 12
- people nominated by the Confederation of British Industry to represent employer interests on panels of arbitration 6
- people nominated by the Northern Ireland Committee of the Irish Congress of Trade Unions to represent employee interests on panels of arbitration 21

Single arbitrators or panels of arbitration are appointed by the Agency after consultation with the parties to each dispute. An arbitration panel consists of an independent person in the Chair, a person to represent employer interests and a person to represent employee interests.

There is a preference for single arbitrators in the private sector, but most procedural agreements in the public sector provide for panels of arbitration to determine disputes. In the education sector, panels of arbitration are referred to in the agreed procedures as Independent Appeals Committees. These procedures require the Agency to appoint the Chairperson only and each party nominates its own panel member to serve on each Committee.

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Occasionally parties will agree to refer a dispute to mediation. In such cases a single mediator is appointed by the Agency, after consultation with the parties, to make recommendations for a resolution.

The Agency also occasionally nominates individuals from its panel of arbitrators to facilitate parties who wish to make their own private arbitration arrangements.

Flexible Working Arbitration Scheme

A Flexible Working Arbitration Scheme was approved by the Board of the Agency and submitted to DEL where it is awaiting ministerial approval.

The Arbitration Secretary has prepared accompanying documentation for this Scheme.

Collective Conciliation

Collective disputes can arise in a number of ways, most commonly when an employer and a trade union are in dispute over pay and/or conditions of employment, trade union activities, discipline, redundancy or dismissal. The Agency has a statutory role to provide assistance to parties involved in such disputes. Article 96 of the Industrial Relations (Northern Ireland) Order 1992 defines, in comprehensive terms, the meaning of a trade dispute for the purpose of conciliation.

The Agency received 33 new requests for conciliation in trade disputes in the year under review. This was the same number received in the previous year. In total 36 cases were completed during the year under review. An analysis of the cases received and dealt with compared to the previous year, is shown in Table 7.

Table 7
Collective Conciliation Cases
Received and Dealt With

Cases	2004-2005	2003-2004
Brought forward from previous year	16	10
Received for conciliation	33	33
Total	49	43
Dealt with during the year	36	27
Carried forward to following year	13	16

The Agency may receive requests for assistance from either of the parties or may actively contact the parties to a dispute to offer assistance. Table 8 shows the sources of requests for assistance.

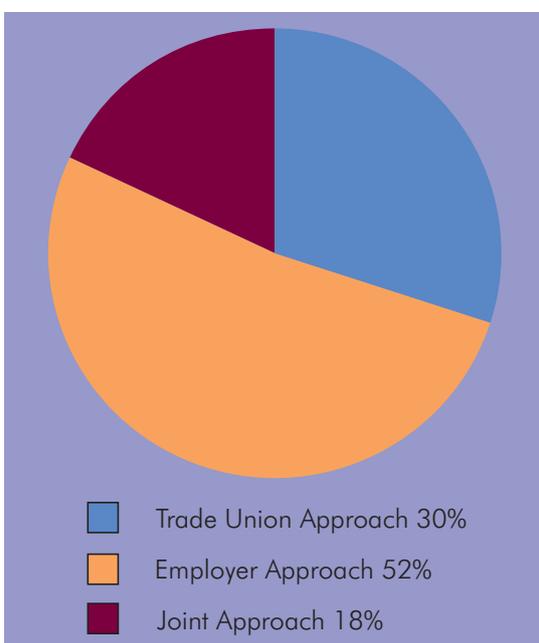


Table 8
Sources of Requests for
Collective Conciliation

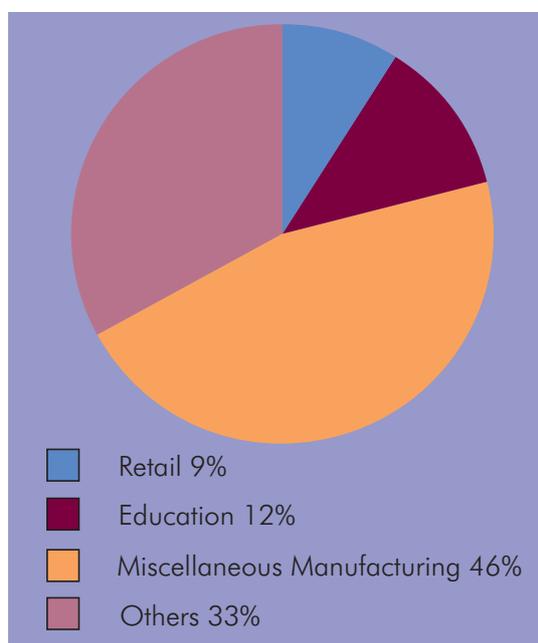
	2004-2005	2003-2004
Trade Union Approach	10	13
Employer Approach	17	7
Joint Approach	6	10
LRA	0	3
Total	33	33

Table 9
Collective Conciliation Cases
Received by Industry Classification

Type of Industry	Cases Received
Retail	3
Transport	0
Education	4
Miscellaneous Manufacturing	15
Others	11
Total	33



The sector with the largest number of disputes was the manufacturing sector - see Table 9.



There were a number of protracted and difficult industrial disputes in the public sector which involved conciliation through the Agency. These included civil servants, teachers and prison officers.

At year end 13 cases were still the subjects of ongoing conciliation assistance. One of these cases is the subject of a long-term conciliation with a view to assisting the parties to agree on an effective dispute resolution process.

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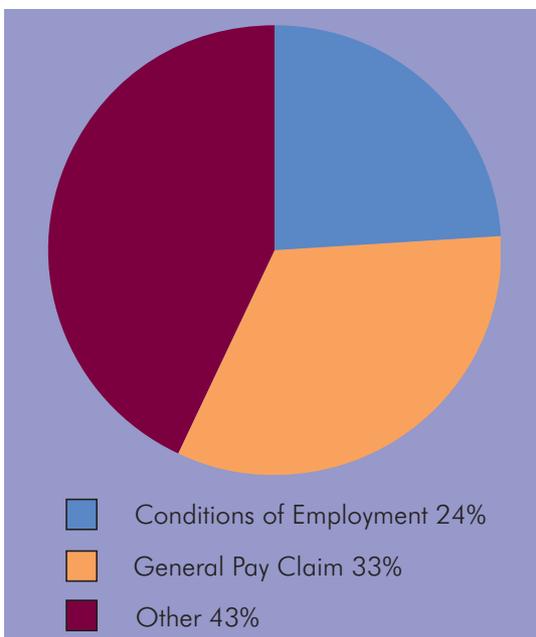
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There have been a number of disputes in which the Agency has given advice to the parties and where the disputes have been subsequently resolved without the parties seeking formal conciliation assistance from the Agency. The Agency is proactive in respect of contacting parties to known disputes at the earliest stage possible in order to offer assistance.

The majority of the disputes have involved pay and conditions of employment. There has been an increase in the disputes involving other issues. Table 10 provides information on the nature of the disputes in the year under review.

Table 10 - Nature of Disputes

	2004-2005	2003-2004
Conditions of Employment	8	9
General Pay Claim	11	16
Other	14	3
Trade Union Recognition	0	5
Total	33	33



Regional Office

The Regional Office of the Agency is located in Derry. The Regional Office provides advisory services, individual conciliation and collective conciliation services to employers and employees in the North West of the Province.

The Regional Office dealt with 12 of the 36 collective conciliation cases completed during the year.

A new additional individual conciliation officer was appointed to the Regional Office to support the Individual Conciliation team in that area.

Chapter 3: Delivering and Promoting a Quality Service





The Corporate Services section provides support for the delivery of the Agency's employment relations services. The Agency recognises that it maintains credibility through the commitment and performance of staff. By raising its public profile, the Agency aims to stimulate debate on improving employment relations in Northern Ireland. A fundamental backdrop to this work is the Agency's compliance with its statutory duties as in the management of funding, or in the implementation of the Agency's equality obligations. These are significant areas of work all of which are fundamental to the contribution of Corporate Services to the Agency's success.

The strategic theme associated with Corporate Services is: To continue to develop the skills and knowledge of Agency staff, to promote the Agency as the first choice organisation for dealing with employment relations matters and to manage the Agency effectively, efficiently and economically.

Relationships and Communication with Clients and Other Stakeholders

Public Relations

The Corporate Plan indicates that the profile of the Agency will be raised through the systematic management of public relations and the marketing of Agency services.

Achievement against the above objective in the period was as follows:

- a Media and Public Relations Plan has been written;
- an Agency conference was arranged with the event to be held on 19 April 2005;
- a Media Public Relations (PR) contract has been tendered with the contract planned to commence mid-May 2005.

Research and Evaluation

The Agency sets out in its Corporate Plan that, in order to maintain continuous improvement in the quality of its services, client satisfaction surveys will be carried out and operational reassessments made for all the Agency's services.

In furtherance of this aim, a Service Evaluation Plan was drafted and is now being used for planning purposes.

A service evaluation of the Individual Conciliation function commenced in March 2005.

In pursuit of a more formal research agenda which fits into the work of other bodies, the Agency began discussions with the University of Ulster and The Queen's University of Belfast regarding sponsoring PhD research studentships in the employment relations field. Discussions were ongoing at the year end.

As reported in the Chief Executive's Introduction, the profile of the Agency was maintained amongst senior managers and trades unionists through a well-attended joint QUB and LRA symposium on New Developments in Public Sector Pay Setting. The symposium was held in March 2005 with four highly respected academics giving papers on various aspects of the pay issue. The Agency has published the papers presented at the symposium and posted them on its website. Such papers will be promoted at subsequent events (eg in this case, the LRA Conference to be held in April 2005).

The Agency's Occasional Papers series aims to highlight current thinking on topics of interest to employment relations practitioners. Papers are normally prepared by academics. The Agency published the following Occasional Papers during the year:

[The Changing World of Work](#)
Boyd Black, QUB

[Developments in Employment Law in Northern Ireland](#)
Patricia Maxwell, UU

Corporate Support

Funding

On a corporate level, the Agency aims to seek funding, as appropriate, in addition to the Agency's allocated grant-in-aid. Following two injections of additional funds from the Department for Employment and Learning, the Agency and Certification Office funding was increased to £2,658,000 which represents for the Agency a total of over £300,000 of additional in-year funding.

Recruitment and Selection

Two reviews running in parallel (Business Development Service and LRA Board/DEL) resulted in approvals which increased Agency and Certification Office staffing establishment from 51 to 63. As a result, the establishment of the LRA increased by five Employment Relations Officers, two Executive Officers, and one Clerical Officer. Implicit in this approval was that the Agency would provide staffing for the Certification Office to include one Senior Employment Relations Officer, two Executive Officers and a Clerical Officer.

Therefore, during the course of the year, there was significant administrative and consultative work arising from recruitment. In the period, 17 new staff joined the Agency.

People

All staff in post at the beginning of the year were provided with up-to-date personalised information on their pension position and the options available to them.

Procedures for setting starting salaries and evaluating the impact of these on existing staff were developed and implementation begun.

Procedures and measures were introduced to manage stress problems should they arise in the workplace. These ranged from process modification to the introduction of confidential counseling services accessible to staff.

Expenditure on staff training was of the order of 1.5% of salary budget. This was about half of the Agency's intended spend and was limited by funding constraints in the early part of the year. The main focus was on professional/operational training for new staff, much of which was delivered by ACAS.

In March, the Agency held a one-day staff conference. Half of the event was dedicated to strategic direction as viewed by sister organisations (ACAS in the UK; LRC in Ireland) and also its sponsoring Department (DEL). The afternoon was devoted to discussion of the aims of the three LRA sections and team development needs.

Organisational and Staff Development

In its Corporate Plan, the Agency indicates that it will seek to gain public recognition by achieving Investors in People (IiP) and a Charter Mark Award.

All of the above-mentioned "People" achievements are instrumental to the achievement of IiP. Also of relevance, the Agency has progressed:

- revision in methodology for establishing corporate, section and personal objectives;
- revision in methodology for linking section training needs to business objectives, generating personal development plans and devising a training plan with built-in evaluation.

Furthermore, a staff satisfaction survey was developed in March 2005 with a proposal to outsource facilitation for implementation in summer 2005.

The Corporate Plan indicates that good employment relations will be maintained within the Agency through management and trade union representatives working together to enhance the effectiveness of the Agency, improve staff satisfaction, develop equality of opportunity and good relations and complete the revision of the Agency's Staff Handbook. As at March 2005, consultation was near completion



on Discipline and Grievance procedures (upgraded for the new legislation being introduced in April 2005) and on trade union policies (Recognition and Procedural, Facilities and Arbitration).

The Agency is continuing to review the core competencies now required for its staff with the objective of piloting a revised appraisal system for the 2005/06 year.

Information Systems Planning and Co-ordination

In the Corporate Plan, the Agency has committed to revising its information systems and technology strategy and progressing implementation.

On this front, an in-house IS strategy planning document was prepared in February 2005. This is being updated on an ongoing basis. Internal Audit has indicated that this should be supplemented by a formal externally sourced IS Strategy - budget permitting.

Transaction input to the financial system, SAGE, was completed by February 2005 and this system will be the primary source for the 2004/05 Financial Statements.

A number of IS/IT initiatives have been progressed in the course of the year as follows:

- a new tape library/data archiving system has been procured and will be fully implemented by mid-May 2005;
- a second phase of revisions to the Individual Conciliation Case Management System is nearing completion. This includes a series of modifications to the existing work flow, making the production of statistics more effective and generally broadening the capability of the application to store structured data;
- for the above system, a further upgrade has been initiated which represents "computerisation" of the fixed period of conciliation processes into the IC Case Management System enabling effective compliance with

new legislation. In addition to this, random access terminals have been installed in the Agency enabling access to the Industrial Tribunals' Case Management System.

Accommodation

Because of the increase in its establishment, the Agency carried out an extensive refurbishment of its headquarters and commissioned adjacent premises.

Compliance

The Agency continues with its obligations laid out in its Equality Scheme (approved July 2001) (see Annual Report to the Equality Commission on the following page).

The Agency's updated Health and Safety Manual is now in operation and is subject to ongoing amendment to comply with new guidelines and changes arising as a result of discussions with the trade union and staff.

The Agency has introduced resources and systems enabling it to respond effectively to the implementation of the Freedom of Information Act in January 2005.

A risk management approach continues to be applied to provide assurance on matters of accountability and performance. The Agency's risk management strategy addresses the risks identified with the current Corporate Plan such as the risks associated with the Information Technology programme and the increasing backlog of individual conciliation cases. In this respect, a Corporate Risk Register review was completed by end January 2005.

Length of Service Awards

The Agency paid tribute to the contribution made by John Bennett and Anne Beattie who had been with the organisation for 25 years in 2004.

Annual Report to the Equality Commission for Northern Ireland

The Agency continues with its obligations laid out in its Equality Scheme (approved July 2001).

The Agency is committed in its Corporate Plan to review internal and external communications, including the management of information, with a communications strategy to be implemented as a result. This communications strategy will facilitate consultation in respect of Section 75 of the Northern Ireland Act 1998.

A Communications Plan spanning the period 2005/06 to 2007/08 was developed in the period which reiterates the requirement for an equality impact assessment in this area. This along with a Communications Framework developed in parallel will shortly be submitted for public consultation.

Communications is prioritised by the Agency to be the first of two equality impact assessments required, the other being Access. There has regrettably been some slippage on progressing equality impact assessments due to resource/funding constraints.

During the year, the Agency in conjunction with the Equality Commission delivered five major joint presentations on Bullying and Harassment in the workplace. Other joint Agency/Commission presentations involved specialist Agency officers in the delivery of talks on recruitment and selection and general employment laws. This involvement with the Equality Commission proved very valuable in feeding back into the training scheme of the Agency, yielding a highly positive benefit in the internal training of new Agency staff, of which there was a significant number.

As far as possible, the Agency continues to embed equality factors into all revised procedures. This was relevant in the course of 2004/05 when the Agency instigated the assignment of a fully trained cadre of designated advisers to its Harassment Policy and procedures.

Equality issues were embedded in the Agency's Service Evaluation Plan. This resulted in various equality groups being included in the terms of reference for a service evaluation of Individual Conciliation.



Current Publications

Codes of Practice (£1 per copy plus p&p)

- Disclosure of Information to Trade Unions for Collective Bargaining Purposes
- Disciplinary and Grievance Procedures
- Time-Off for Trade Union Duties and Activities (Under Revision)
- Redundancy Consultation and Procedures

Advisory Guides £1 per copy plus p&p)

- No.1 Collective Disputes Resolution
No.2 Varying a Contract of Employment
No.3 Bullying at Work

Research Reports

Industrial Relations in Northern Ireland -
The LRA Survey: Private Sector (1988)

Industrial Relations in Northern Ireland -
The LRA Survey: The Public Services (1992)
(£12.50)

Some Perspectives on Employee Involvement in
Five Companies in Northern Ireland (1995)
(£6.00 inc p&p)

The LRA's Journal - Review of Employment Topics

Vol 1 No. 1 - April 1993 (£10.00 inc p&p)

Vol 2 No. 1 - June 1994 (£10.00 inc p&p)

Vol 3 No. 1 - August 1995 (£10.00 inc p&p)

Vol 4 No. 1 - August 1996 (£15.00 inc p&p)

Vol 5 No. 1 - September 1997 (£17.00 inc p&p)

Vol 6 No. 1 - September 2003 (£15.00 inc p&p)

Annual Reports

Information Notes Series (showing dates of last revision/issue)

No.1	Recruitment, Selection and Induction	Under Revision
No.2	Employment Particulars and Itemised Pay Statement	March 1997
No.3	Employee Grievances	Under Revision
No.4	Disciplinary Matters	Under Revision
No.5	Holidays, Holiday Pay and Entitlements	Under Revision
No.6	Sickness Absence Notification and SSP	Under Revision
No.7	Lay-Off/Guarantee Payments	September 2000
No.8	Transfer of Undertakings (Protection of Employment) Regulations 1981	Under Revision
No.9	Consultation on Collective Redundancies	March 2000
No.10	The Employment Rights (Dispute Resolution) (Northern Ireland) Order 1998	September 2002
No.11	Discrimination against Disabled Workers	Under Revision

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Annual Reports

Information Notes Series (showing dates of last revision/issue) (continued)

No.12	Industrial Relations and Employment Law Differences between Northern Ireland and Great Britain	Under Revision
No.13	Family-Friendly Employment Policies	Under Revision
No.14	Ill Health Absence	May 1997
No.15	Continuity of Employment	March 1997
No.16	Access to Medical Reports for Employment Purposes	January 1992
No.17	Equal Pay for Work of Equal Value	October 1989
No.18	Data Protection Act 1984	Under Revision
No.19	Federations, Associations and Other Organisations of Employers	March 2002
No.20	Trade Unions and Other Employees' Associations	September 2004
No.21	Employment Relations (Northern Ireland) Order 1999	October 2002
No.22	Chairmen/Members of Statutory Bodies	December 2002
No.23	The Statutory Employment Rights of Employees	Under Revision
No.24	Statutory Maternity Pay	Under Revision
No.25	Europe and the Social Dimension	Under Revision
No.26	Protection of Workers in Relation to Wage Deductions by and Payments to Employers	March 1997
No.27	The Trade Union and Labour Relations (Northern Ireland) Order 1995	October 2002
No.28	Bullied at Work? - Guidance for Employees	Under Revision

Single copies of individual Agency Information Notes are available free of charge; a full set requires a stamped addressed envelope (stamps to the value of £1.04). Copies can also be downloaded from the Agency's website at www.lra.org.uk.



Other Publications

Equality Scheme

Conciliation in Complaints to Industrial Tribunals

Conciliation in Complaints to the Fair Employment Tribunal

Guide to Services

Charter

Corporate Plan 2003-2006

The LRA Arbitration Scheme for the Resolution of Unfair Dismissal Disputes. Notes for Guidance

Choosing our Arbitration Scheme. How the LRA can Help

An Introduction to the LRA Arbitration Scheme

The LRA Arbitration Scheme for the Resolution of Unfair Dismissal Disputes. A Guide to the Scheme

The LRA Arbitration Scheme for the Resolution of Unfair Dismissal Disputes

The Labour Relations Agency
(Incorporating the Certification Officer for Northern Ireland)
Report and Financial Statements
31 March 2005





23 June 2005

Mr Will Haire
Permanent Secretary
Department for Employment and Learning
Adelaide House
39-49 Adelaide Street
Belfast
BT2 8FD

Dear Mr Haire,

Labour Relations Agency
(Incorporating The Certification Officer for Northern Ireland)

Audited Financial Statements for year ended 31 March 2005

In accordance with paragraph 15(4) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992, I enclose two copies of the audited Financial Statements for the year ended 31 March 2005.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Patrick McCartan', with a long horizontal flourish extending to the right.

Patrick McCartan
Chairman

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Foreword to the Financial Statements

For the year ended 31 March 2005

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.

These accounts have been prepared in accordance with paragraph 15(2) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992 and in a form directed by the Department for Employment and Learning with the approval of the Department of Finance and Personnel. A copy of the Accounts Direction can be found at Annex A.

Auditor Details

The Northern Ireland Audit Office has been appointed under statute to examine these accounts and report to the Parliament on the audit examination. The agreed fees of £4,657 (2004:£4,500) to cover the Labour Relations Agency and the Certification Office are confined to the statutory audit and neither include or permit other services which might diminish auditor independence. This year's charge includes £4,072 additional audit costs incurred in respect of the 2004 audit.

Principal activities

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

The Labour Relations Agency provides effective, impartial and confidential services including:

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

to those engaged in industry, commerce and the public services in Northern Ireland. 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.

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Certification Officer for Trade Unions and Employers' Associations

Under Article 69(3) of the 1992 Order, the Agency is required to pay the Certification Officer's remuneration and allowances and to provide support services. These costs are reflected in the financial statements.

The Certification Officer's functions are contained in the Industrial Relations (Northern Ireland) Order 1992 (as amended) and in the Trade Union and Labour Relations (Northern Ireland) Order 1995 and the Employment Relations (Northern Ireland) Order 1999. The Certification Officer is responsible for ensuring that Trade Unions and Employers' Associations comply with statutory provisions relating to the regulation of Trade Unions and Employers' Associations.

Business review

A full review of the Agency's activities is given in the Annual Report.

Results for the year

The results of the Agency are set out in detail in the Income and Expenditure Account. The deficit for the year was £174,990 (2004: surplus of £97,424).

Fixed assets

Details of the movement of fixed assets are set out in note 8 to the accounts.

Future developments

In 2004/2005, the Agency was in the throes of change brought about by revisions in employment legislation and the associated processes. This affected employers and employees in the workplace with regard to the procedures they have in operation, the way cases progress through the tribunal system and the nature and responsiveness of Agency services. As detailed in the Annual Report, the Agency obtained approval for additional staff to address these changed requirements.

The Agency therefore perceives 2005/2006 as a year of consolidation, refining its own operational processes, training new staff and seeking out efficiencies to ensure the maximum availability of staff to meet these new challenges.

Developments will therefore concentrate on increasing benefits gained from information and communication technology and in organisational development where the Agency will seek to optimise its structures, its knowledge base and the standard of service provided to its stakeholders.

Important events occurring after the year end

There have been no significant events since the year end which would affect these accounts.



Charitable donations

With the exception of one donation for £250 to St Anne's Cathedral Dean's Christmas Sit-Out, any charitable donations made did not exceed £200.

Board members

The following served as Board members during the year:

- Mr P McCartan - Chairman, part-time
- Mr A S Mercer - term ended 30.11.04
- Mrs M Watson - term ended 31.10.04
- Mr E McGlone
- Mr H Goodman
- Dr B Black
- Mr G Milligan
- Mr W R Ward
- Ms J A Clarke
- Mr J McCusker
- Mrs N Heaton - appointed 01.12.04
- Mrs P O'Farrell - appointed 01.12.04

Between the end of the financial year and the date on which these accounts were approved there were no changes to the composition of the Board.

Board members' interests

An up to date register of Board members' interests is maintained by the Chief Executive, as Accounting Officer, and is available for inspection at the Agency's head office, 2-8 Gordon Street, Belfast, BT1 2LG.

Research and development

The Agency was not involved in any research and development during 2004/05

Disabled employees

The policy of the Agency in relation to disabled persons is to ensure compliance with the spirit and purpose of related legislation and the requirements set out in relevant Codes of Practice. The detail of the Agency's policy is set out in the Agency's Equal Opportunities policy which has now been revised.

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Employee involvement

Information is provided and consultation undertaken with employees through day-to-day contact, regular Section briefings, notice boards and staff circulars. The Agency and the recognised trade union NIPSA has in place a Joint Negotiating and Consultative Committee which meets quarterly and on an as and when basis.

Equality statement

The Agency 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 and equality of opportunity and good relations. 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 the relevant Codes of Practice.

The Agency's Equality Scheme, which is required under Section 75 of the Northern Ireland Act 1998, is now in the process of implementation.

Payment to suppliers

The Labour Relations Agency is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of goods or services, or presentation of a valid invoice or similar demand, whichever is later. Despite ongoing administrative pressures (staff turnover and exceptional administrative responsibilities), the average payment to suppliers within 30 days based on an analysis of 8 months' payments spanning April to November of 2004 was 78% for the Agency, and based on an analysis of the whole year's payments made by the Certification Officer, was 66%.

Signed on behalf of the Board
Patrick McCartan (Chairman)



Signed by The Chief Executive
and Accounting Officer
William Patterson



Labour Relations Agency
2-8 Gordon Street
Belfast BT1 2LG
23 June 2005



Statement of the Agency's and Chief Executive's Responsibilities

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, total recognised gains and losses 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 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, issued by the Department of Finance and Personnel.

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of the Department for Employment and Learning's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

In the above context, the Agency's Financial Memorandum sets out the accountability arrangements which, inter alia, include the approval of a corporate plan and an annual operating plan which establishes specific goals supporting the corporate plan. This is monitored through formalised quarterly meetings involving the Assistant Secretary of the Department and myself as the Accounting Officer of the Agency.

2. The purpose of the system of Internal Control

The system of internal control 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 Agency 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 internal control has been in place in the Agency for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

3. Capacity to handle risk

Agency internal controls are designed to manage rather than eliminate the risk of failure in achieving the Agency's policies, aims and objectives; the system of internal control can therefore only provide a reasonable and not an absolute assurance of effectiveness.

The system of internal control comprises ongoing processes designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

Through its Audit Committee, the Board receives periodic reports concerning internal control. As detailed further in section 4, the appropriate steps are being taken to manage risks in significant areas of responsibility.

To provide an internal audit service for the Agency, the organisation retains the services of Southern Internal Audit Services which operates to standards defined in the Government Internal Audit Manual. The work of Southern Internal Audit Services is informed by an analysis of the risks to which the Agency is exposed. Annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Agency's Audit Committee and approved by the Chief Executive. At least annually, Southern Internal Audit Services provides me with a report on internal audit activity in the Agency. The report includes their independent opinion on the adequacy and effectiveness of the Agency's system of internal control.



My review of the effectiveness of internal control is informed by the work of Southern Internal Audit Services, the Audit Committee which oversees the work of Southern Internal Audit Services, the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Each year, as Chief Executive Officer, I ensure that business risks are identified and evaluated on a directorate basis. I check the outcome to ensure that a sufficiently strategic view is applied.

The framework currently agreed with the Board indicates that the Risk Register will be reviewed by them every two years. It is anticipated that the frequency of such Board level reviews will be increased to once per year and that the Audit Committee will be made instrumental to this process. This will be implemented in the 2005/06 financial year.

All management layers undergo training in risk management. To date there have been two developmental exercises (in 2002 and 2003) with the next anticipated in 2005. This follows advice from the Internal Audit that the Agency should anticipate new guidelines from HM Treasury which are expected to be implemented in the 2005/06 financial year.

4. The risk and control framework

The Agency has in place a framework for risk management which includes arrangements to identify, assess and manage risks across all aspects of its governance and business.

During the 2004/05 financial year, the main categories of risk contained in the HM Treasury document: "Management of Risk - a Strategic Overview" were used as a "check list" to maintain a sufficient degree of completeness in assessing risk. This includes the key risk classifications of: External; Financial; Activity and Human Resources.

Risk is considered to be a function of the potential impact and the likelihood of materialisation.

A scoring and evaluation system is in place as summarised in the tables below. Action is required dependent on the severity of risk identified:

Risk Classification	Action
Low	Ensure standard policies and procedures are effectively implemented
Medium	Review policies and procedures and introduce/review a programme of risk reduction
High	Immediate action to reduce risk; CEO to be informed

There is an Agency Risk Register highlighting all risks. All risks identified which are greater than "low" as classified above, are subject to close senior management team scrutiny and prompt action.

Through the Board, the Agency is essentially risk averse. However, it recognises that risks must be taken in the furtherance of Government objectives and at times of resource constraint. All ensuing

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risks identified which are greater than "low" as classified above, are subject to close senior management team scrutiny and prompt action.

Risk management is now being embedded in the development of policy. For example, a draft policy on communications relies fundamentally on a risk assessment contained in its appendices. An IT planning document developed in 2004/05 refers explicitly to risks identified in the Agency's Risk Register. The Agency's business plan for 2005/06 contains actions which were originally identified through updating of the Risk Register and / or identified by the 2004/05 Internal Audit.

As part of the risk management framework, the following arrangements apply.

- The Board through its Audit Committee oversees the policy and framework for risk management and reviews the most significant risks on a biennial basis.
- The Chief Executive (CEO) is accountable for approving, implementing, monitoring and evaluating an adequate risk policy, framework and arrangements. The CEO submits a biennial Risk Management Report to the Board through the Audit Committee. This includes key risk indicators and sets out the status of management in covering exposed areas of risk.
- Directors have general responsibility for identifying any new areas of risk, or significant changes in risk, and bringing these to the attention of the CEO. As the CEO must formally address risk reporting on an annual basis, Directors should expect to review the risks associated with their operational area on an ongoing and, at minimum, a 6 monthly basis and to report the outcome to the Director (Corporate Services) who has formal responsibility for maintaining the Risk Register.
- Internal Audit base their planning on the Agency's Risk Register (as a starting point) and focus their findings on priorities set by the Agency.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of effectiveness of the system of internal control is informed by the work of internal auditors and the executive managers within the Agency 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 Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement is in place.



William Patterson
Chief Executive/Accounting Officer
23 June 2005



Labour Relations Agency

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

I certify that I have audited the financial statements on pages 54 to 73 under the Industrial Relations (Northern Ireland) Order 1992. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 58 and 59.

Respective responsibilities of the Agency, the Chief Executive and Auditor

As described on page 48 the Agency and the Chief Executive are responsible for the preparation of the financial statements in accordance with the Industrial Relations (Northern Ireland) Order 1992 and Department for Employment and Learning directions made thereunder and for ensuring the regularity of financial transactions. The Agency and the Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial Relations (Northern Ireland) Order 1992 and Department for Employment and Learning directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in our opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 49 to 51 reflects the Agency's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

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Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Agency and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- The financial statements give a true and fair view of the state of affairs of the Labour Relations Agency at 31 March 2005 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Industrial Relations (Northern Ireland) Order 1992 and directions made thereunder by the Department for Employment and Learning; and
- In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



J M Dowdall CB
Comptroller and Auditor General
19th July 2005

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU



Income and Expenditure Account for the Year Ended 31 March 2005

	Notes	Agency £	Certification Officer £	2005 Total £	2004 Total £
Income					
Grant from Department for Employment and Learning	2	2,294,500	172,590	2,467,090	2,474,463
Other operating income	3	1,011	-	1,011	484
Total income		<u>2,295,511</u>	<u>172,590</u>	<u>2,468,101</u>	<u>2,474,947</u>
Expenditure					
Staffing costs	4	1,669,143	121,621	1,790,764	1,649,629
Depreciation	8	70,366	5,610	75,976	97,229
Release of grant on capital expenditure	12	(75,349)	(5,920)	(81,269)	(110,133)
Amounts written off fixed assets	8	4,983	310	5,293	12,904
Other operating costs	6	754,553	86,725	841,278	716,619
		2,423,696	208,346	2,632,042	2,366,248
Notional cost of capital	7	10,565	484	11,049	11,275
Total expenditure		<u>2,434,261</u>	<u>208,830</u>	<u>2,643,091</u>	<u>2,377,523</u>
(Deficit)/surplus for the year		(138,750)	(36,240)	(174,990)	97,424
Credit in respect of notional cost of capital	7	10,565	484	11,049	11,275
Amount (deducted from) transferred to reserves		<u>(128,185)</u>	<u>(35,756)</u>	<u>(163,941)</u>	<u>108,699</u>

The total expenditure re the Certification Officer reflected above includes £29,495 (2004:£nil) paid out of Agency funds on behalf of the Certification Officer.

All amounts above relate to continuing activities.

Notes 1 to 18 form part of these financial statements.

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Statement of Total Recognised Gains and Losses for the year ended 31 March 2005

	Notes	2005 £	2004 £
Result for the year (prior to adjustment in respect of notional cost of capital)		(174,990)	97,424
Unrealised (deficit) surplus on revaluation of fixed assets	13	<u>(488)</u>	<u>2,269</u>
Total recognised (losses) gains for the year		<u><u>(175,478)</u></u>	<u><u>99,693</u></u>

Notes 1 to 18 form part of these financial statements.



Balance Sheet as at 31 March 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	8	<u>285,919</u>	<u>176,758</u>
Current assets			
Debtors	9	73,369	48,757
Cash at bank and in hand	10	<u>233,781</u>	<u>137,742</u>
		307,150	186,499
Current liabilities			
Creditors - amounts falling due within one year	11	<u>(304,786)</u>	<u>(20,194)</u>
Net current assets		<u>2,364</u>	<u>166,305</u>
Total assets less current liabilities		288,283	343,063
Deferred income	12	<u>(260,077)</u>	<u>(150,428)</u>
NET ASSETS		<u><u>28,206</u></u>	<u><u>192,635</u></u>
Financed by:			
Capital and Reserves			
General Fund	13	7,623	171,604
Revaluation Reserve	13	<u>20,583</u>	<u>21,031</u>
		<u><u>28,206</u></u>	<u><u>192,635</u></u>

The financial statements were approved by the Board on 23 June 2005 and were signed on its behalf by:

Patrick McCartan, Chairman

William Patterson, Chief Executive and Accounting Officer

Notes 1 to 18 form part of these financial statements.

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Cash Flow Statement for the year ended 31 March 2005

	Notes	2005 £	2004 £
Net cash inflow from operating activities	14.1	61,853	106,221
Payments to acquire fixed assets		(156,732)	(40,537)
Capital grant received		<u>190,918</u>	<u>40,537</u>
Increase in cash	14.2	<u><u>96,039</u></u>	<u><u>106,221</u></u>

Notes 1 to 18 form part of these financial statements.



Notes to the Financial Statements for the year ended 31 March 2005

1 Accounting Policies

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 he may require for the carrying out of his 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.

Without limiting the information given, the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the United Kingdom accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel, insofar as those requirements are appropriate.

1.2 Grant income

Grant that is applied towards capital expenditure is transferred as deferred income which is credited to the income and expenditure account over the useful lives of the related assets. Other grant income is credited to the income and expenditure account in the year to which it relates.

1.3 Fixed assets

The cost of fixed assets comprises the purchase price and any installation charge.

A capitalisation threshold of £100 is applied.

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

The methods adopted and rates used are:

Adaptations to short leasehold buildings	-	10% straight line
Office furniture and fittings	-	20% straight line
Computer equipment	-	33 1/3% straight line

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Fixed assets are revalued by reference to appropriate "Price Index Numbers for Current Cost Accounting" published by the Central Statistical Office. 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 income and expenditure account.

1.4 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.

1.5 Value Added Tax

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

2. Grant from the Department for Employment and Learning

Request for Resources B (2004: Request for Resources B)

	2005 £	2004 £
Total grant receivable [including £183,008 (2004: £163,000) re The Certification Officer]	2,658,008	2,515,000
Less transfer to deferred income in respect of capital expenditure [including £10,419(2004 : £1,921) re The Certification Officer] (notes 8 and 12)	<u>(190,918)</u>	<u>(40,537)</u>
Grants credited to revenue account	<u><u>2,467,090</u></u>	<u><u>2,474,463</u></u>

3. Other Operating Income

Other operating income comprises:	2005 £	2004 £
Receipts from sale of publications	116	-
Miscellaneous receipts	<u>895</u>	<u>484</u>
Total	<u><u>1,011</u></u>	<u><u>484</u></u>



4. Staff Costs

	2005	2004
(a) The number of Board members serving at any one time during the year was:	2005 No	2004 No
Board Members (including Chairman)	<u>10</u>	<u>10</u>
The average weekly number (full time equivalent) of:		
Management (including Chief Executive)	4	4
Operational (permanent)	29	29
Operational (temporary)	1	1
Support	14	11
The Certification Officer (part-time)	1	1
Certification Office Support Staff (inc. seconded staff)	<u>4</u>	<u>3</u>
	53	49
Employment Agency staff	<u>6</u>	<u>5</u>
Total (including The Certification Officer)	<u><u>69</u></u>	<u><u>64</u></u>
(b) The costs incurred in respect of these staff were:	2005 £	2004 £
Agency (excluding Certification Office):		
Wages and salaries (permanent staff)	1,264,486	1,184,854
Wages and salaries (temporary staff)	25,111	24,518
Social security costs	96,271	86,413
Other pension costs - superannuation	163,023	151,027
Employment Agency staff	<u>120,252</u>	<u>107,876</u>
Total (excluding Certification Office)	<u><u>1,669,143</u></u>	<u><u>1,554,688</u></u>
Certification Office:		
The Certification Officer and assistants		
Wages and salaries	32,591	18,280
Social security costs	2,629	1,840
Other pension costs - Superannuation	1,705	-
Employment Agency Staff	<u>913</u>	<u>-</u>
	37,838	20,120
Seconded staff assistants to The Certification Office	<u>83,783</u>	<u>74,821</u>
Total (re the Certification Office)	<u>121,621</u>	<u>94,941</u>
TOTAL STAFF COSTS	<u><u>1,790,764</u></u>	<u><u>1,649,629</u></u>

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(c) The above staff costs are analysed as follows:	2005 £	2004 £
Board members		
Chairman's salary and other Board members' fees	63,006	62,182
Social security costs	1,642	1,518
Other pension costs - superannuation re Chairman	2,806	2,751
	<u>67,454</u>	<u>66,451</u>
Staff		
Chief Executive and other management		
Salary	203,214	193,922
Social security costs	19,718	18,684
Other pension costs - superannuation	32,411	31,028
	<u>255,343</u>	<u>243,634</u>
Operational		
Salaries (permanent staff)	733,684	684,159
Salaries (temporary staff)	25,111	24,518
Social security costs	57,304	50,095
Other pension costs - superannuation	96,640	87,953
	<u>912,739</u>	<u>846,725</u>
Support		
Salaries	264,582	244,591
Social security costs	17,607	16,115
Other pension costs - superannuation	31,166	29,296
Employment agency staff	120,252	107,876
	<u>433,607</u>	<u>397,878</u>
Total staff costs (excluding Certification Officer)	<u>1,669,143</u>	<u>1,554,688</u>
Certification Officer		
Salary	19,046	18,280
Social security costs	1,691	1,840
	<u>20,737</u>	<u>20,120</u>
Support		
Salaries	13,545	-
Social security costs	938	-
Other pension costs - superannuation	1,705	-
Employment Agency Staff	913	-
	<u>17,101</u>	<u>-</u>
Seconded staff assistants to the Certification Office	83,783	74,821
Total Certification Office staff costs	<u>121,621</u>	<u>94,941</u>
TOTAL STAFF COSTS	<u>1,790,764</u>	<u>1,649,629</u>



(d) Chief Executive

The Chief Executive's salary does not include a performance-related bonus.

He does not receive any taxable benefits in kind.

He is a member of the Principal Civil Service Pension Scheme (NI) on the same basis as all other members of the Agency's staff. He is a permanent employee on the same terms and conditions as all other Agency staff.

- (e) Details are given below of salary and pension entitlement (excluding any pension benefits arising from Additional Voluntary Contributions or the pension benefits transferred from another scheme) of the Chairman, other Board members, the Chief Executive and other senior management included in the above staff cost summaries. Other than the Chairman, the Board members are not in the pension scheme.

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Board members	2005 Salary £	2004 Salary £
Mr P McCartan <i>Chairman</i>	21,588	21,165
Dr B Black	4,645	4,555
Mr H Goodman, OBE	4,645	4,555
Mr E McGlone	4,645	4,555
Mr A S Mercer - term ended 30/11/04	3,097	4,555
Mr G Milligan	4,645	4,555
Mrs M Watson- term ended 31/10/04	2,710	4,555
Mr W R Ward - appointed 01/10/03	4,645	2,278
Ms J A Clarke - appointed 01/10/03	4,645	2,278
Mr J McCusker - appointed 01/10/03	4,645	2,278
Mrs N Heaton - appointed 01/12/04	1,548	-
Mrs P O'Farrell - appointed 01/12/04	1,548	-
	<u>63,006</u>	<u>55,329</u>
 Management		
Mr W Patterson <i>Chief Executive & highest paid employee</i>	72,951	70,655
Ms P Holloway	39,154	36,864
Mr D McGrath	44,280	41,954
Dr G O'Neill	46,829	44,449
	<u>203,214</u>	<u>193,922</u>



	P McCartan	W Patterson	P Holloway	D McGrath	G O'Neill
Pension increase at 31/03/04 - 31/03/05	0-2,500	0-2,500	0-2,500	0-2,500	0-2,500
Lump sum increase at 31/03/04 - 31/03/05	0-2,500	2,500-5,000	0-2,500	2,500-5,000	0-2,500
Accrued pension at 31/03/05 or date of leaving	0-5,000	20,000- 25,000	10,000- 15,000	15,000- 20,000	10,000- 15,000
Accrued lump sum at 31/03/05 or date of leaving	10,000- 15,000	65,000- 70,000	40,000- 45,000	45,000- 50,000	35,000- 40,000
CETV @ 31/03/04 or at date of leaving (to nearest £k)	59	333	214	259	198
CETV @ 31/03/05 or at date of leaving (to nearest £k)	76	368	226	289	221
Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)	15	18	14	17	15

Other than P McCartan, no other Board member benefits from a pension with the Agency.

- (e) 'Salary' includes gross salary; performance pay or bonuses; overtime and any other allowances to the extent that it is subject to UK taxation.
- (f) Pension arrangements:
Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes ([Classic](#), [Premium](#), and [Classic Plus](#)). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of [Premium](#) or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution ([partnership pension account](#)).
- Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium and Classic Plus. 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

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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).

Further details about the CSP arrangements can be found at the website www.civilservicepensions-ni.gov.uk

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in that 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. Where quoted, 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 CSP arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. 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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

(g) Pension costs

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) is an unfunded defined benefit scheme which produces its own resource accounts, 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 2003, details of which are available in the PCSPS (NI) Resource Accounts.

For 2004/05, employers' contributions of £164,728 were payable to the PCSPS(NI) (2003/04: £151,027) at one of four rates in the range 12 to 18 percent of pensionable pay, based on salary bands. From 1 April 2005 these rates have increased as a result of the latest actuarial valuation to between 16.5% and 23.5%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a [partnership](#) pension account, a stakeholder pension with an employer contribution. Contributions due to the partnership pension providers and paid over to the providers at the balance sheet date were £4,026. Contributions prepaid at that date were £0. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £146, this being 0.8 per cent of pensionable pay, were payable to the [PCSPS\(NI\)](#) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of this employee.



5. Performance Against Key Financial Targets

Subject to the restriction of not accumulating unnecessary bank and cash balances in year and at year end, the Department for Employment and Learning does not consider it appropriate to set key financial targets for the Agency.

6. Other Operating Costs

(including VAT, where relevant)

	Agency £	Certific. Officer £	2005 Total £	Agency £	Certific. Officer £	2004 Total £
Rent and rates including car parks	219,921	24,034	243,955	222,937	23,892	246,829
Service charges, maintenance, cleaning, heating, lighting and insurance	90,332	2,746	93,078	35,230	2,327	37,557
Security	35,617	-	35,617	30,810	-	30,810
Arbitration fees and expenses	5,597	-	5,597	17,814	-	17,814
Advisors' fees and expenses	2,836	18,492	21,328	1,784	226	2,010
Office supplies, printing and stationery	24,041	5,287	29,328	27,088	3,048	30,136
Postage and telephones	47,884	6,218	54,102	46,784	5,456	52,240
External auditors' remuneration						
- re current year	4,000	500	4,500	4,000	500	4,500
- re prior year	4,072	-	4,072	-	-	-
Internal auditors' remuneration	7,000	-	7,000	6,903	-	6,903
Legal fees	12,734	1,645	14,379	33,270	1,175	34,445
Other professional fees	20,334	12,338	32,672	14,846	12,975	27,821

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	Agency £	Certific. Officer £	2005 Total £	Agency £	Certific. Officer £	2004 Total £
IT Managed Services	36,355	-	36,355	34,829	-	34,829
IT Maintenance and licenses	59,296	-	59,296	41,687	-	41,687
IT Development and implementation	42,417	2,185	44,602	6,289	-	6,289
Travel and subsistence	17,633	3,829	21,462	19,376	-	19,376
Staff training	25,699	-	25,699	20,479	229	20,708
Industrial relations training, seminars and research	-	-	-	372	-	372
Publications and advertising	32,507	1,425	33,932	35,186	5,896	41,082
LRA Conference	18,448	5,642	24,090	15,639	3,652	19,291
Advertising (staff vacancies)	17,351	-	17,351	9,254	-	9,254
Library services	17,801	607	18,408	11,948	1,479	13,427
Hospitality	6,054	1,008	7,062	5,969	667	6,636
Miscellaneous expenditure and venue hire	1,657	542	2,199	5,696	367	6,063
Professional subscriptions	3,208	-	3,208	3,580	1,908	5,488
Bank charges	1,038	227	1,265	916	136	1,052
Cost of disposing of computer equipment	721	-	721	-	-	-
	<u>754,553</u>	<u>86,725</u>	<u>841,278</u>	<u>652,686</u>	<u>63,933</u>	<u>716,619</u>



7. Notional Costs

Notional cost of capital

The income and expenditure account bears a non-cash charge for interest relating to the use of capital by the Labour Relations Agency. The basis of the charge is 3.5% (2004 - 3.5%) of the average capital employed by the Agency during the year, defined as total assets less current liabilities.

8. Fixed Assets

	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 start of year	125,999	207,049	237,867	15,205	10,083	596,203
Additions	133,808	14,779	31,912	6,562	3,857	190,918
Disposals	(8,234)	(9,264)	(23,919)	-	-	(41,417)
Adjustment arising on revaluation	<u>(1,416)</u>	<u>889</u>	<u>(22,329)</u>	<u>39</u>	<u>(947)</u>	<u>(23,764)</u>
At end of year	<u>250,157</u>	<u>213,453</u>	<u>223,531</u>	<u>21,806</u>	<u>12,993</u>	<u>721,940</u>
Depreciation						
At start of year	64,462	152,859	184,780	10,567	6,777	419,445
Provision for year	16,831	19,388	33,952	2,797	2,791	75,759
Depreciation on disposals	(8,004)	(9,237)	(23,919)	-	-	(41,160)
Adjustment arising on revaluation	<u>(724)</u>	<u>663</u>	<u>(17,346)</u>	<u>21</u>	<u>(637)</u>	<u>(18,023)</u>
At end of year	<u>72,565</u>	<u>163,673</u>	<u>177,467</u>	<u>13,385</u>	<u>8,931</u>	<u>436,021</u>
Net Book Value						
At 31 March 2005	<u>177,592</u>	<u>49,780</u>	<u>46,064</u>	<u>8,421</u>	<u>4,062</u>	<u>285,919</u>
At 31 March 2004	<u>61,537</u>	<u>54,190</u>	<u>53,087</u>	<u>4,638</u>	<u>3,306</u>	<u>176,758</u>

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	Adaptations to Agency Short Leasehold Buildings £	Agency Office Furniture & Fittings £	Agency Computer Equipment £	Certific. Officer Office Furniture & Fittings £	Certific. Officer Computer Equipment £	Total £
If stated under historical cost principles the comparable amounts would be:						
Cost	236,945	199,818	315,860	20,913	19,403	792,939
Accumulated depreciation	<u>64,668</u>	<u>150,952</u>	<u>268,000</u>	<u>12,595</u>	<u>15,092</u>	<u>511,307</u>
Historical cost value						
At 31 March 2005	<u>172,277</u>	<u>48,866</u>	<u>47,860</u>	<u>8,318</u>	<u>4,311</u>	<u>281,632</u>
At 31 March 2004	<u>54,052</u>	<u>52,752</u>	<u>58,694</u>	<u>3,902</u>	<u>1,295</u>	<u>170,695</u>

NB: The depreciation charge of £75,976 (2004: £97,229) for the year reflects the depreciation provision of £75,759 (2004: £96,446) together with net revaluation adjustments totalling £40 (2004: £783) in respect of those asset categories where amortised current value exceeds amortised historic cost and the loss (depreciation adjustment) on disposal of Agency computer equipment amounting to £257.

*: Where the written down value of re-valued assets is less than their written down value under historic cost principles this deficit is recognised in the income and expenditure account, rather than deducted from the revaluation surpluses. During the year the amount written off computer equipment for this reason was as follows:

	£
Agency	4,983
Certification Officer	<u>310</u>
	<u>5,293</u>



9. Debtors: amounts due within one year

	2005 £	2004 £
Debtors	344	-
Prepayments	<u>73,025</u>	<u>48,757</u>
	<u>73,369</u>	<u>48,757</u>

10. Cash at Bank and in Hand

	Agency £	Certification Officer £	2005 Total £	2004 Total £
Cash at bank	220,075	13,456	233,531	137,492
Cash held at Londonderry	50	-	50	50
Cash held at Headquarters	<u>100</u>	<u>100</u>	<u>200</u>	<u>200</u>
Total	<u>220,225</u>	<u>13,556</u>	<u>233,781</u>	<u>137,742</u>

11. Creditors: amounts falling due within one year

	2005 £	2004 £
Purchase creditors	148,336	7,442
PAYE/NIC creditor	41,186	-
Superannuation creditor	37,573	-
Capital creditors	34,186	-
Accruals	<u>43,505</u>	<u>12,752</u>
Total	<u>304,786</u>	<u>20,194</u>

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12. Deferred Capital Grant Income

Capital allocations not yet released to income and expenditure account.

	2005	2004
	£	£
At start of year	150,428	220,024
Received in year	190,918	40,537
Released to income and expenditure account in respect of depreciation and other amounts written off fixed assets	<u>(81,269)</u>	<u>(110,133)</u>
At end of year	<u>260,077</u>	<u>150,428</u>

13. Reconciliation of Movements in Reserves and General Fund

	Note	General Fund £	Revaluation Reserve £	2005 Total £	2004 Total £
At start of year		171,604	21,031	192,635	81,667
Result for the year		(174,990)	-	(174,990)	97,424
Credit in respect of notional cost of capital		11,049	-	11,049	11,275
Unrealised surplus on revaluation of fixed assets	8	-	(488)	(488)	2,269
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost		<u>(40)</u>	<u>40</u>	<u>-</u>	<u>-</u>
At end of year		<u>7,623</u>	<u>20,583</u>	<u>28,206</u>	<u>192,635</u>



14. Notes to Cash Flow Statement

14.1 Reconciliation of result for the year to net cash inflow from operating activities

	2005 £	2004 £
Result for the year	(174,990)	97,424
Credit in respect of notional cost of capital	11,049	11,275
Adjustment for non cash transactions		
Depreciation	75,976	97,229
Release of grant on capital expenditure	(81,269)	(110,133)
Amounts written off fixed assets	5,293	12,904
Adjustments for movements in working capital		
(Increase)/decrease in debtors	(24,612)	11,620
Increase/(decrease) in creditors (excl capital creditor)	<u>250,406</u>	<u>(14,098)</u>
Net cash inflow from operating activities	<u>61,853</u>	<u>106,221</u>

14.2 Reconciliation of net cash inflow to movement in net funds

	2005 £	2004 £
Cash in bank at start of year	137,742	31,521
Net cash inflow	<u>96,039</u>	<u>106,221</u>
Cash in bank at end of year	<u>233,781</u>	<u>137,742</u>

15. Future Capital Expenditure

	2005 £	2004 £
Contracted	5,499	-
Authorised but not contracted for	-	<u>49,000</u>
Total	<u>5,499</u>	<u>49,000</u>

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16. Contingent Liabilities

The Agency does not anticipate any significant liability other than its own legal costs to arise in respect of staff tribunal cases unresolved at the year end. The Agency's current assessment of the contingent liabilities will be kept under close review.

There are no other contingent liabilities at the year end (2004 - £nil).

17. Financial Commentments

Commitments existed at the year end under property leases in respect of annual rentals which expire:

	2005 £	2004 £
Within one to two years	-	*5,712
Within two to five years	-	-
After five years	<u>161,562</u>	<u>161,562</u>
	<u>161,562</u>	<u>167,274</u>

* This lease expired in July 2004.

In addition, expenditure of £16,450 for an evaluation survey has been contracted for at 31 March 2005(2004:£nil).

18. 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 grant, as disclosed. 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.

In accordance with the new guidance issued during the year, intra government balances re outstanding PAYE/NIC and Superannuation creditors are given in note 11.

Annex A





Accounts Direction

Accounts direction given by the Department for Employment and Learning with the approval of DFP, in accordance with paragraph 15(2) of schedule 4 of the Industrial Relations (Northern Ireland) Order 1992

1. The Labour Relations Agency shall prepare accounts for the financial year ended 31 March 2005 and subsequent financial years comprising:
 - a. a foreword;
 - b. an income and expenditure account;
 - c. a balance sheet;
 - d. a cash flow statement; and
 - e. a statement of total recognised gains and losses;including such notes as may be necessary for the purposes referred to in the following paragraphs.
2. The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs at the end of the financial year.
3. Subject to this requirement, the accounts shall be prepared in accordance with:
 - a. generally accepted accounting practice in the United Kingdom (UK GAAP);
 - b. the disclosure and accounting requirements contained in "The Fees and Charges Guide" (in particular those relating to the need for appropriate segmental information for services or forms of service provided) and in other guidance which DFP may issue from time to time in respect of accounts which are required to give a true and fair view;
 - c. the accounting and disclosure requirements given in "Government Accounting Northern Ireland" and in "Executive NDPBs: Annual Reports and Accounts Guidance", as amended or augmented from time to time,insofar as these are appropriate to the Labour Relations Agency and are in force for the financial year for which the statement of accounts is to be prepared.
4. Clarification of the application of the accounting and disclosure requirements of the Companies (Northern Ireland) Order and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.
5. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:
 - a. Fixed assets at their value to the Agency by reference to current costs; and
 - b. Stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

(The wording above reflects the fact that the Department of Finance and Personnel has, through the Department for Employment and Learning, confirmed that the prior year Accounts Direction applies unchanged for the year ended 31 March 2005.)

Schedule 1

Application of the Accounting and Disclosure Requirements of the Companies (Northern Ireland) Order and Accounting Standards

Companies (Northern Ireland) Order 1986

1. The disclosure exemptions permitted by the Companies (Northern Ireland) Order 1986 shall not apply to the Labour Relations Agency (LRA) unless specifically approved by DFP.
2. The Companies (Northern Ireland) Order 1986 requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to the LRA shall be contained in the foreword.
3. When preparing its income and expenditure account, the LRA shall have regard to the profit and loss account format (1 or 2) prescribed in Schedule 4 to the Companies (Northern Ireland) Order 1986.
4. When preparing its balance sheet, the LRA shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies (Northern Ireland) Order 1986. The balance sheet totals shall be struck at "Total assets less current liabilities".
5. The LRA is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies (Northern Ireland) Order 1986.
6. The foreword and balance sheet shall be signed by the Accounting Officer and dated.

Accounting Standards

7. The LRA is not required to include a note showing historical cost profits and losses as described in FRS 3.



Schedule 2

Additional Disclosure Requirements

1. The foreword shall, inter alia:
 - a. state that the accounts have been prepared in a form directed by the Department with the consent of DFP in accordance with paragraph 15(2) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992;
 - b. include a brief history of the LRA and its statutory background.
2. The notes to the accounts shall include details of the key corporate financial targets set by the Department together with the performance achieved.

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Annex A

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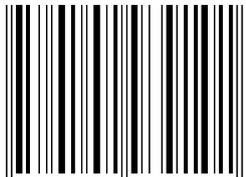
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