



Department of
Education

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Department of Education
RESOURCE ACCOUNTS



for the year ended 31 March 2005



INVESTOR IN PEOPLE

HC 498
NIA 235/03

£13.40

Department of Education Resource Accounts
For the year ended 31 March 2005

*Laid before the Houses of Parliament
by the Department of Finance and Personnel
in accordance with Paragraph 36 of the Schedule to the
Northern Ireland Act 2000 (Prescribed Documents) Order 2004*

15 November 2005

*Laid before the Northern Ireland Assembly by the Department of Finance
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DEPARTMENT OF EDUCATION

Accounts for the year ended 31 March 2005

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DEPARTMENT OF EDUCATION

ANNUAL REPORT

SCOPE

1. Departmental accounting boundary

These accounts have been prepared in accordance with directions given by the Department of Finance and Personnel in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001 and relate to the activities of the Department of Education and the Special Education Needs Tribunal. All other associated education bodies are outside the accounting boundary defined within the 2004-05 *Northern Ireland Resource Accounting Manual* issued by the Department of Finance and Personnel.

2. Associated bodies

The Department provides funding to a number of public and private sector bodies which are outside the Departmental Resource Accounting boundary. For resource accounts purposes with the exception of the Special Education Needs Tribunal all of the NDPBs fall outside the Departmental accounting boundary and their results are not therefore consolidated with those of the Department. Financial information in respect of the individual NDPBs may be obtained from their separately published annual report and accounts.

The following list represents those bodies for which the Department had direct funding responsibility during this financial year.

Executive NDPBs:-

Belfast Education and Library Board
Council for Catholic Maintained Schools
Northern Ireland Council for Curriculum, Examinations and Assessment
North Eastern Education and Library Board
Southern Education and Library Board
South Eastern Education and Library Board
Staff Commission for Education and Library Boards
Western Education and Library Board
Youth Council for Northern Ireland

Tribunals:-

Special Educational Needs Tribunal

Private sector bodies:-

Grant Maintained Integrated Schools *

Voluntary Grammar Schools *

Northern Ireland Council for Integrated Education

Comhairle na Gaelscolaiochta

* *Note: Other schools, maintained and controlled, are funded via the Education and Library Boards.*

In the year the Department invested in the “Middletown Centre for Autism (Holdings) Limited” as a joint venture with the Department of Education and Science in the Republic of Ireland. Both parties fund the company equally.

3. Departmental reporting cycle

The Department’s original Estimates for the year were included in the “*Northern Ireland Main Estimates 2004-2005*” publication. These Estimates were subject to in-year revision and revised Estimates were included in the “*Northern Ireland Spring Supplementary Estimates 2004-2005*” publication. Both these publications are available from The Stationery Office.

The Department’s Estimates include provision for the Education and Library Boards; the Council for the Curriculum, Examinations and Assessment; the Council for Catholic Maintained Schools; Voluntary and Grant Maintained Integrated Schools; the Youth Council and Youth Services; EU Programme for Peace and Reconciliation funding; Executive Programme Funds, Departmental administration, miscellaneous education services and community relations.

Key non-financial targets are detailed in the Department’s Public Service Agreement, published annually. Progress is monitored quarterly.

OPERATING AND FINANCIAL REVIEW

4. Aim and objectives

The Department’s overall aim is “To educate and develop the young people of Northern Ireland to the highest possible standards, providing equality of access to all”.

To meet this aim the Department has developed the following supporting objectives:

- ◆ Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement, that will give them a secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society, and
- ◆ Promoting, through the youth service, the personal and social development of children and young people and assisting them to gain knowledge, skills and experience to reach their full potential as valued individuals; and, through community relations measures for young people, encouraging the development of mutual understanding and promoting recognition of and respect for cultural diversity.

5. Principal activities

The principal activities of the Department are:-

- ◆ central responsibility for policy and planning for pre-school provision, education of children at school (ages 4-18), special education, the youth service and community relations within and between schools;
- ◆ the funding of the principal bodies responsible for the executive delivery of these services.

6. Operating results for the period

The Department's main activities and responsibilities remained unchanged during the period. These are primarily to give strategic policy direction to the education service and to allocate the funding provided by Parliament. Education provision at local level is made principally by the five Education and Library Boards and other partner bodies which are funded by the Department.

The performance of the Department against key non-financial targets for the period will be detailed in the publication "*Annual Report for 2004/05 Progress on Implementing Building on Progress – Priorities and Plans 2004-06*" (www.pfgbudgetni.gov.uk). The main challenges facing the Department next year will be set out in the "*Department of Education Business Plan 2005/06*" (www.deni.gov.uk).

The Department's Net Resource Outturn for the year was £1,612m compared to a total of £1,711m authorised by Parliament. The main factors causing this variance were carry forward to 2005-06 of certain Education and Library Board provision including a re-phasing of certain Information Communication Technology provision and lower than expected grant

requirements. In addition there was slippage on a number of infrastructure projects and expenditure on staff costs, general administrative expenditure and non-cash items was less than expected.

7. Investment for the future

The Department does not directly own any substantial assets. The education estate is primarily in the ownership of the five Education and Library Boards and the Trustees of Voluntary and Grant Maintained Integrated Schools. One of the Department's key objectives is to improve the condition of the schools' estate and to reduce the backlog of priority capital projects.

The Department is working in partnership with the Strategic Investment Board and the school authorities to develop new procurement and delivery arrangements for the schools' estate. A consultation document outlining the new proposals including the need for long-term strategic planning of the estate, the use of strategic partnering, and the need for a single procurement and estate management service was published on 23 March 2005. Following the 12 week consultation period, responses are currently being analysed to assess the appropriate way forward.

8. Important events occurring after the year-end

There were no important events occurring after the year-end.

9. Going concern

The balance sheet at 31 March 2005 shows negative taxpayers equity of £38,412m. This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from grants of Supply approved annually by Parliament, to meet the Department of Education's Net Cash Requirement. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All unspent moneys, including those derived from the Department's income, are surrenderable to the Fund.

In common with other government departments, the future financing of the Department of Education's liabilities is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2005-06 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

MANAGEMENT

10. Ministerial responsibility

During the year, the following Minister had responsibility for the Department of Education:

Minister with responsibility for Education	Mr Barry Gardiner MP
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11. Senior officers

The composition of the Departmental Management Board - the Senior Management Team - during the year was as follows:

Mr Gerry McGinn	Permanent Secretary
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Dr Eddie Rooney	Deputy Secretary
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Heads of Divisions

Dr Mark Browne	Finance and Strategic Planning
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Mrs Katrina Godfrey	Resource Allocation
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Mrs June Ingram	Equality, Inclusion and Pupil Support
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Mrs Maura McCusker	Corporate Services
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Mrs Christine Jendoubi	Teachers and School Improvement Division
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Mr Eugene Rooney	Development and Infrastructure
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Mr Terry Smyth	Equality, Rights and Youth Service (to 30 June 2004)
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Mr David Woods	Curriculum and Post-Primary Review
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Mrs Louise Warde Hunter	Policy Research and Youth (from 4 October 2004)
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12. Senior official appointments

The Permanent Head of the Department was appointed by the Northern Ireland Civil Service Recruitment Service after an open competition. The appointment is for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

Louise Warde Hunter was appointed by the Northern Ireland Civil Service Commissioners after an open competition. This appointment is for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

13. Remuneration

The Permanent Secretary's pay is determined by the Permanent Secretaries Remuneration Committee taking account of the recommendations of the annual Senior Salaries Review Body report.

The pay of other members of the Departmental Board is set by the recommendations of the annual Senior Salaries Review Body report.

Further details on remuneration are included within Note 2 to the resource accounts.

PUBLIC INTEREST AND OTHER

14. Employment of people with disabilities

The Department of Education follows the Northern Ireland Civil Service Code of Practice concerning the employment of people with disabilities. The Northern Ireland Civil Service is committed to providing equality of opportunity as stated in the Service's Equal Opportunities Policy Statement. The policy states that "all eligible persons shall have equal opportunity for employment and advancement in the Northern Ireland Civil Service on the basis of their ability, qualifications and aptitude for work". The Department aims to provide access to the full range of recruitment and career opportunities for all people with disabilities, to establish working conditions which encourage the full participation of disabled people and seek to ensure the retention of existing staff who are affected by disability through rehabilitation, training and reassignment". As part of this overall policy the Department is committed to ensuring that its policies and practice comply with the requirements of the Disability Discrimination Act.

Full details can be found in the NICS Code of Practice.

15. Equal opportunities

The Department of Education is an equal opportunities employer and fully endorses the Northern Ireland Civil Service (NICS) Equal Opportunities Policy Statement. It is Departmental policy that people shall have equal opportunity for employment and advancement in the Department on the basis of their ability, qualifications and aptitude for work. Everyone has the right to equality of opportunity and to a good and harmonious working environment and atmosphere in which all workers are encouraged to apply their

diverse talents and in which no worker feels under threat or intimidated. In order to provide a high quality service the Department needs to recruit, retain and promote the best available people. We aim to foster a culture which encourages every member of staff to develop his or her full potential and which rewards achievement. Creating a working environment where individual differences are valued and respected enables all staff to give of their best and helps us to respond more effectively to the needs of the people we serve.

Full details can be found in the NICS Equal Opportunities Guide for Staff.

Awareness of equal opportunities best practice is promoted throughout the Department by the Personnel and Development Services Branch.

16. Payment of suppliers

The Department 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 the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During the year 98.3% of bills were paid within this standard. No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

17. Auditor

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Department and reports his findings to Parliament.

The audit of the financial statements for 2004-05 resulted in a notional audit fee of £93,000 and is included in the administration costs in the operating cost statement.

18. Provision of information to employees

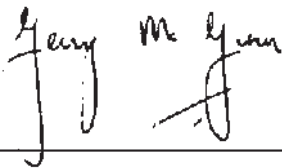
Information on matters of interest to employees is provided to them by a number of means such as the internal Intranet, the in-house magazine, issue of circulars and regular team briefings.

The Department has agreed consultation arrangements with the recognised trade union, the Northern Ireland Public Service Alliance (NIPSA), with formal meetings taking place at least six times per year and bi-annual meetings on matters such as equal opportunities and health and safety. In addition, trade union side is regularly consulted on matters relating to employees' terms and conditions.

As well as the formal consultation arrangements with trade union side, the Department seeks to obtain the views of all staff by staff surveys and focus groups. The results of these are published on the internal Intranet and staff are consulted about and contribute to the resultant action.

19. Company directorships

There are no company directorships or other significant interests held by any members of the Departmental Management Board.

Signed:  _____ Date: 26th October 2005
Accounting Officer

DEPARTMENT OF EDUCATION

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

1. Under the Government Resources and Accounts Act (NI) 2001, the Department is required to prepare resource accounts for each financial year, in conformity with a DFP direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.
2. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.
3. DFP has appointed the Permanent Head of Department as Accounting Officer of the Department, with responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.
4. In preparing the accounts, the Accounting Officer is required to comply with the *Northern Ireland Resource Accounting Manual (NIRAM)* prepared by DFP, and in particular to:
 - a. observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - b. make judgements and estimates on a reasonable basis;
 - c. state whether applicable accounting standards, as set out in the *NIRAM*, have been followed, and disclose and explain any material departures in the accounts;
 - d. prepare the accounts on a going-concern basis.
5. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by DFP and published in *Government Accounting Northern Ireland*.

DEPARTMENT OF EDUCATION

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 achievement of the Department of Education'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.

This includes ensuring that there are appropriate financial and management controls in place within the Department's Non-Departmental Public Bodies (NDPBs).

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 Departmental 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 Department of Education for the year ended 31 March 2005 and up to the date of approval of the accounts, and accords with DFP guidance.

3. Capacity to handle risk

The Department's Senior Management Team (SMT) has collective responsibility for monitoring and reviewing the high-level risks recorded in the corporate risk register and for receiving reports on significant risks arising from divisional risk registers. SMT has procedures in place for verifying that risk management and internal control are regularly reviewed and reported on.

Staff within the Department, in particular Heads of Branches, have received training to ensure they understand the purpose and context of the risk management process and their responsibilities within it. Personal responsibility for risk management is emphasised through risk ownership at the appropriate level and a system of stewardship reporting.

4. The risk and control framework

The Department has set out its attitude to risk in a Risk Management Framework, which also outlines the mechanisms through which potential risks to the achievement of the Departmental objectives are identified and evaluated. We have carried out appropriate procedures to ensure that risks associated with the Department's key objectives have been assessed, and determined a control strategy for each of the significant risks. Risk ownership has been allocated to the appropriate staff.

The nature of the risk, the current level of control, any further action being taken, and risk owners, are recorded in divisional risk registers and, for higher-level or overarching risks, in the corporate risk register. The Department's Risk Management Framework includes guidance which helps ensure consistent evaluation of risk.

5. Review of effectiveness

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

The risk management arrangements currently in place have been assessed by Internal Audit against HM Treasury guidance. This review has confirmed a high level of compliance with the guidance and also indicated some areas for improvement and consolidation, including enhancing the integration of risk management with business planning and improved monitoring arrangements.

My review of the effectiveness of the system of internal control is also informed by:

- ◆ regular performance information provided by managers with executive responsibilities;
- ◆ the subsidiary statements of internal control presented by Heads of Branch and Heads of Division within the Department, who have responsibility for the development and maintenance of the internal control framework in their respective areas;

- ◆ the statements of internal control, and associated documentation, submitted by the Accounting Officers of the Department's NDPBs; and
- ◆ comments made by the external auditors in their management letters and other reports.

In regard to Job Evaluation Schemes in Education and Library Boards, an accredited Job Evaluation Scheme in line with a UK agreed process was undertaken by Education and Library Boards to address a major risk, i.e. to stem the flow of the growing number of expensive equal pay claims arising in the public sector and to ensure fairness and objectivity in the treatment of staff. To address the risk of affordability we have asked Boards to keep the Department fully informed of the potential costs of any Job Evaluation Schemes and to seek both the Department's and DFP's approval before they conclude a deal with the Trade Unions.

6. Significant internal control problems

The Belfast Education and Library Board and the South Eastern Education and Library Board informed the Department in June 2004 that they had overspent their allocations in the 2003-04 financial year. Since then the Department has worked closely with the Boards to quantify the deficit, identify and implement actions to contain 2004-05 expenditure, put in place steps to prevent a recurrence and consider options for recovery of the amounts overspent.

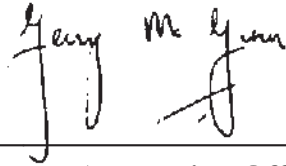
In addition to addressing specific issues within the two Boards in deficit the Department has also taken steps to strengthen the overall planning, financial control and reporting and accountability arrangements between the Department and its education partners. This includes continuing the implementation of the Department's Planning and Accountability Project and the full implementation of the recommendations from the Statutory Enquiry into Financial Management and Control in the Belfast Education and Library Board and South Eastern Education and Library Board. Additionally we have now received the final report following the review of the Education and Library Boards' Resource Budgeting, Accounting and Financial Control and are considering how best to move forward its findings and recommendations.

The Statutory Enquiry and the review of Education and Library Boards' Financial Systems were commissioned by the Department during 2004-05, while the Planning and Accountability Project has been an on-going review in the Department since 2003-04.

During the year the Department identified a governance problem with the sequencing of approvals for a major development project. Appropriate approvals have now been obtained and the Department is progressing with the project.

The Department has continued to progress a fraud investigation within the area of building maintenance in two of the Education and Library Boards.

The Department is also Scheme Manager for the Teachers' Superannuation Scheme (TSS) NI. The Statement on Internal Control for TSS draws attention to certain matters, which the Department will address in the coming year.



Signed: _____

Date: 26th October 2005

Accounting Officer

DEPARTMENT OF EDUCATION

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 16 to 67 under the Government Resources and Accounts Act (Northern Ireland) 2001. 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 25 to 31.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 9, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. 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 Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel 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 my opinion, the Annual Report is not consistent with the financial statements, if the Department 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 Accounts, 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 10 to 13 reflects the Department'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 Department's corporate governance procedures or its risk and control procedures.

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 Department in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Department'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 Department of Education at 31 March 2005 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel; 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.

I have no observations to make on these financial statements.



J M Dowdall CB
Comptroller and Auditor General

27th October 2005

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

DEPARTMENT OF EDUCATION

SCHEDULE 1

Summary of Resource Outturn 2004-05

	2004-05							2003-04
	Estimate			Outturn				Prior Year Outturn
	Gross Expenditure	Accruing Resources	NET TOTAL	Gross Expenditure	Accruing Resources	NET TOTAL	Net Total Outturn compared with Estimate Saving/ (Excess)	
	1	2	3	4	5	6	7	
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources A (Note 6 and 10)	1,682,815	(9,909)	1,672,906	1,582,507	(5,614)	1,576,893	96,013	1,530,494
Request for Resources B (Note 6 and 10)	38,467	-	38,467	34,828	-	34,828	3,639	30,386
Total resources	1,721,282	(9,909)	1,711,373	1,617,335	(5,614)	1,611,721	99,652	1,560,880
Non-operating cost Accruing Resource (Note 6)	-	-	1	-	-	1	-	-
Net cash requirement	-	-	1,709,898	-	-	1,602,324	107,574	1,555,447

Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Department and is payable to the Consolidated Fund

	Note	Forecast 2004-05		Outturn 2004-05	
		Income £000	Receipts £000	Income £000	Receipts £000
Total	5	8,214	8,959	24,084	11,533

Explanation of the variation between Estimate and outturn

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

The majority of the variance is accounted for by the following large differences:

- (i) A-1: Staff costs were less than expected due to difficulties in the recruitment of some professional grades. In addition there was less than expected general administrative expenditure. Impairments and provisions were less than expected resulting in reduced non-cash costs.
- (ii) A-2: Staff costs were less than expected due to difficulties in the recruitment of some professional grades. In addition there was less than expected general administrative expenditure. Impairments and provisions were less than expected resulting in reduced non-cash costs.
- (iii) A-3: Slippage on a number of infrastructure projects, mainly due to vesting complexities, planning and site difficulties, and design issues.
- (iv) A-4: Additional planning resulted in slippage on an infrastructure project.
- (v) A-5: Grant claimed by outside bodies and vouched by the Department was higher than anticipated.
- (vi) A-6: The reclassification as capital, after the year end, of expenditure in relation to a property acquisition.
- (vii) A-7: The amount of loan interest payments reflects the latest borrowing requirements.
- (viii) A-10: Provisions carried forward on schools' delegated budgets under Local Management of Schools arrangements, slippage on infrastructure projects, rephasing of certain Information Communication Technology provision, and lower than expected grant requirements.
- (ix) A-11: Revised timing of grant claims and issues, and delayed progress in relation to curriculum development training.
- (x) A-14: Rephasing of expenditure.
- (xi) B-1: Staff costs were less than expected due to difficulties in the recruitment of some professional grades. In addition there was less than expected general

administrative expenditure. Impairments and provisions were less than expected resulting in reduced non-cash costs.

- (xii) B-2: Staff costs were less than expected due to difficulties in the recruitment of some professional grades. In addition there was less than expected general administrative expenditure. Impairments and provisions were less than expected resulting in reduced non-cash costs.
- (xiii) B-3: Slippage on Voluntary Youth infrastructure projects due to delays in drawing up deeds of covenant.
- (xiv) B-5: Grant claimed by outside bodies and vouched by the Department was higher than anticipated.
- (xv) B-6: Vesting problems resulted in slippage in a number of EPF funded Voluntary Youth infrastructure projects.
- (xvi) B-8: Carry forward of resource provision for youth service budgets.
- (xvii) B10: Slippage on infrastructure projects due to less than expected expenditure on a number of EPF projects within Education and Library Boards.

Explanation of the variation between Estimate net cash requirement and outturn (net cash requirement):

In addition to the explanations of the variation between Estimate and outturn (net total resources), the following variations arose:

- (i) Information Technology requirements were less than expected.
- (ii) There was a change in the accounting treatment for the Department's expenditure on the Middletown Centre for Autism (Holdings) Limited.
- (iii) Creditor balances increased more than had been provided for in the estimates.
- (iv) All of the expected use of provisions did not materialise.
- (v) The "Other adjustment" represents "New Provisions and Adjustment to Previous Provisions", and is required in the estimates, however Schedule 1 does not have this requirement.

SCHEDULE 1 (Continued)**Reconciliation of resources to cash requirement**

	Note	Estimate	Outturn	Net Total Outturn Compared with Estimate Saving/ (Excess)	Prior Year Outturn
		£000	£000	£000	£000
Net total resources	10	1,711,373	1,611,721	99,652	1,560,880
Capital:					
Acquisition of fixed assets	11,12 & 13	677	471	206	376
Investments	14	-	1,560	(1,560)	-
Non operating ARs					
Proceeds of fixed asset disposals	6	(1)	(1)	-	-
Accruals adjustments:					
Non-cash items	3	(2,322)	(2,376)	54	(1,542)
Changes in working capital other than cash	15	-	(9,305)	9,305	(4,340)
Changes in creditors falling due after more than one year		-	-	-	-
Use of provision	19	468	254	214	70
Repayment of supply in respect of additional funding from the Strategic Investment Programme		-	-	-	3
Other adjustment		(297)	-	(297)	-
Net cash requirement (Schedule 4)		1,709,898	1,602,324	107,574	1,555,447

DEPARTMENT OF EDUCATION

SCHEDULE 2

Operating Cost Statement

for the year ended 31 March 2005

	Note	2004-05		2003-04	
		£000	£000	£000	£000
Administration costs:					
Staff costs	2	19,132		17,667	
Non-staff administration costs	3	<u>5,371</u>		<u>5,240</u>	
Gross administration costs			24,503		22,907
Operating income	6		<u>(2)</u>		<u>(26)</u>
Net administration costs			24,501		22,881
Programme costs:					
Request for Resources A					
Staff costs	2	594		483	
Expenditure	4	<u>1,558,358</u>		<u>1,511,126</u>	
			1,558,952		1,511,609
Less: Income from EU (DE principal)	6		(23,912)		(19,744)
Less: Income	6		<u>(5,784)</u>		<u>(3,389)</u>
			1,529,256		1,488,476
Request for Resources B					
Expenditure	4		<u>33,880</u>		<u>29,457</u>
Net programme costs	4		1,563,136		1,517,933
Net operating cost	8		1,587,637		1,540,814
Net resource outturn	8		1,611,721		1,560,880

All income and expenditure are derived from continuing operations.

Statement of Recognised Gains and Losses

for the year ended 31 March 2005

	Note	2004-05	2003-04
		£000	£000
Net gain/(loss) on revaluation of tangible fixed assets	12	36	(5)
Net gain on revaluation of intangible fixed assets	13	<u>4</u>	<u>5</u>
Total recognised gains/(losses) for the financial year		40	-

DEPARTMENT OF EDUCATION

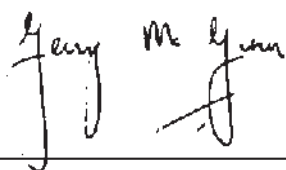
SCHEDULE 3

Balance Sheet

as at 31 March 2005

	Note	31 March 2005		31 March 2004	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	12	660		590	
Intangible assets	13	209		121	
Investments	14	<u>1,560</u>		<u>-</u>	
			2,429		711
Current Assets:					
Debtors	16	33,080		21,847	
Cash at bank and in hand	17	<u>4,345</u>		<u>2,857</u>	
		37,425		24,704	
Creditors (amounts falling due within one year)	18	<u>(78,038)</u>		<u>(56,013)</u>	
Net current liabilities			<u>(40,613)</u>		<u>(31,309)</u>
Total assets less current liabilities			(38,184)		(30,598)
Provisions for liabilities and charges	19		<u>(228)</u>		<u>(367)</u>
			<u>(38,412)</u>		<u>(30,965)</u>
Taxpayers' equity:					
General fund	20		(38,475)		(30,989)
Revaluation reserve	21		<u>63</u>		<u>24</u>
			<u>(38,412)</u>		<u>(30,965)</u>

Signed: _____



Accounting Officer

Date: 26th October 2005

DEPARTMENT OF EDUCATION

SCHEDULE 4

Cash Flow Statement

for the year ended 31 March 2005

	2004-05	2003-04
	£000	£000
Net cash outflow from operating activities (Note a)	(1,588,718)	(1,537,294)
Capital expenditure and financial investment (Note b)	(2,030)	(379)
Payments of amounts due to the Consolidated Fund	(11,534)	(17,790)
Financing (Note c)	<u>1,603,770</u>	<u>1,554,918</u>
Increase/(decrease) in cash in the period	<u>1,488</u>	<u>(545)</u>

- Notes:**
- a See the table below giving a reconciliation of operating cost to operating cash flows.
 - b See the table below giving an analysis of capital expenditure and financial investment.
 - c See the table below giving an analysis of financing and reconciliation to the net cash requirement.

Reconciliation of operating cost to operating cash flows

	Note	2004-05	2003-04
Net operating cost		1,587,637	1,540,814
Adjustments for non-cash transactions	3	(2,420)	(1,542)
Adjustments for movements in working capital other than cash	15	3,247	(2,048)
Use of provisions	19	<u>254</u>	<u>70</u>
Net cash outflow from operating activities		<u>1,588,718</u>	<u>1,537,294</u>

Analysis of capital expenditure and financial investment

		2004-05	2003-04
Intangible fixed asset additions	13	163	78
Tangible fixed asset additions	12	308	298
Investment additions	14	1,560	-
Proceeds of disposal of fixed assets	6	(1)	-
Repayment of Supply in respect of additional funding from the Strategic Investment Programme		<u>-</u>	<u>3</u>
Net cash outflow from investing activities		<u>2,030</u>	<u>379</u>

SCHEDULE 4 (Continued)**Analysis of financing and reconciliation to the net cash requirement**

		2004-05	2003-04
From the Consolidated Fund (Supply) - current year (Note 1)	20	<u>1,603,770</u>	<u>1,554,918</u>
Net financing		1,603,770	1,554,918
(Increase)/decrease in cash	17	<u>(1,488)</u>	<u>545</u>
Net cash flows other than financing		<u>1,602,282</u>	<u>1,555,463</u>
Adjustments for payments and receipts not related to Supply:			
Amounts due to the Consolidated Fund - received in a prior year and paid over		(3)	(17)
Amounts due to the Consolidated Fund - received and not paid over		1	1
Interest on RRI loans paid by the Consolidated Fund on behalf of the Department		44	-
Net cash requirement (Schedule 1)		<u>1,602,324</u>	<u>1,555,447</u>

Note 1

Amount of grant actually issued to support the net cash requirement = £1,603,770,000.00. In addition, a further amount of £43,665.96 of grant due to the Department has not actually been issued to the Department. Instead this amount has been used by the NI Consolidated Fund to pay for interest on loans made under the Reinvestment and Reform Initiative (RRI). These loans were used to increase the supply monies available to the Department for investment in this year and in prior years.

DEPARTMENT OF EDUCATION

SCHEDULE 5

Resources by Departmental Aim and Objectives

for the year ended 31 March 2005

Aim: To educate and develop the young people of Northern Ireland to the highest possible standards, providing equality of access to all.

	2004-05			2003-04		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Objective 1	1,582,521	(29,698)	1,552,823	1,533,626	(23,160)	1,510,466
Objective 2	34,814	-	34,814	30,348	-	30,348
Net operating costs	1,617,335	(29,698)	1,587,637	1,563,974	(23,160)	1,540,814

The Department's objectives were as follows:

Objective 1

Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement, that will give them a secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society.

Objective 2

Promoting, through the youth service, the personal and social development of children and young people and assisting them to gain knowledge, skills and experience to reach their full potential as valued individuals; and, through community relations measures for young people, encouraging the development of mutual understanding and promoting recognition of and respect for cultural diversity.

See Note 22.

DEPARTMENT OF EDUCATION
ANNUAL REPORT AND ACCOUNTS 2004-05

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2004-05 *Northern Ireland Resource Accounting Manual (NIRAM)* issued by the Department of Finance and Personnel. The accounting policies contained in the *NIRAM* follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the *NIRAM* permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

In accordance with the *NIRAM*, the Department is not able to accrue funding due from the Consolidated Fund in respect of Parliamentary/Assembly Grant to match current liabilities recorded within the balance sheet. Under FRS 18, such a closing balance sheet position which shows a surplus of liabilities over assets requires the Accounting Officer to make an assessment of the viability of the Department as a going concern. However, no material uncertainties affecting the Department's ability to continue as a going concern have been assessed and these accounts have therefore been prepared under the going concern principle.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

1.2 Basis of consolidation

These accounts comprise a consolidation of the Special Educational Needs Tribunal which falls within the Departmental boundary as defined in the *Northern Ireland Resource Accounting Manual* (section 1.5) issued by the Department of Finance and Personnel. Transactions between entities included in the consolidation are eliminated.

A list of all those entities within the Departmental boundary is given at Note 32.

1.3 Tangible fixed assets

Tangible fixed assets are initially recognised at cost, including directly attributable costs in bringing the asset into working condition for its intended use.

At each annual reporting date, tangible fixed assets are stated at valuation, determined as follows:

- ◆ Land and Buildings Excluding Dwellings

Title to land and buildings excluding dwellings shown in the accounts is held by the Department of Education. Land and buildings are restated to current value using a professional valuation, which is provided every five years and appropriate indices in intervening years.

- ◆ Other Tangible Fixed Assets

Transport equipment and information technology have been stated at current cost using appropriate indices. The minimum level for capitalisation is £1,000. PCs (including laptops) and network equipment are grouped for all assets utilised in connection with the Departmental Local Area Network.

1.4 Depreciation

Depreciation of tangible fixed assets is provided on a straight-line basis by reference to current values and to the remaining economic useful lives of assets and their estimated residual value. Freehold land is not depreciated.

Asset lives are reviewed annually and are normally within the following ranges:

Buildings excluding dwellings	25 years
Information Technology	3 to 10 years
Transport Equipment	4 years

Tangible fixed assets, other than land and buildings excluding dwellings are re-valued annually on the basis of the latest available indices. Revaluations below historic cost which are not temporary fluctuations in market value are treated as an impairment as per FRS 11 and charged in full to the Operating Cost Statement.

Impairment reviews of fixed assets are performed annually and additionally where there is an indication of an impairment as defined by FRS 11.

1.5 Intangible fixed assets

Purchased computer software licenses are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred on the purchase of an individual or grouped fixed asset. Except where reliable evidence of current value cannot be readily ascertained, these are restated to current value each year. Software licences are amortised over the shorter of the term of the licence and their useful economic life.

1.6 Investments

In the year the Department invested in the “Middletown Centre for Autism (Holdings) Limited”, which is a company registered in Northern Ireland and limited by guarantee. The Company is a joint venture between the Department of Education in Northern Ireland and the Department of Education and Science in the Republic of Ireland and is funded equally by each department.

The primary object of the company is the establishment, development and management of a centre located at Middletown, Co Armagh, Northern Ireland for the purpose of supporting the promotion of excellence throughout Northern Ireland and Ireland in the development and harmonisation of education and allied services to children and young people with autistic spectrum disorders.

An Oversight Committee of four members monitors the effectiveness and management of the company. The Department of Education in Northern Ireland and the Department of Education and Science in the Republic of Ireland each appoint two members to the Committee.

Although categorised as a joint venture in line with FRS 9, the company is deemed by the Department in agreement with the Department of Finance and Personnel to fall outside the Departmental boundary and has therefore been treated as an investment in the Departmental Resource Accounts. In agreement with the Department of Finance and Personnel the investment has been valued at cost within the balance sheet of the Department at 31 March 2005.

1.7 Stocks

The accounting policy in respect to recognition of stocks is that it is not deemed to be material, and is expensed to the Operating Cost Statement as purchased.

1.8 Operating income

Operating income is income which relates directly to the operating activities of the Department. It principally comprises, contributions from the European Union but also includes other income such as that from the sale of tangible fixed assets. It includes both

operating Accruing Resources and income to the Consolidated Fund which in accordance with the *NIRAM* is treated as operating income. Operating income is stated net of VAT.

1.9 Administration and programme expenditure

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost-control regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by the Department of Finance and Personnel.

1.10 Capital charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities except for liabilities for amounts to be surrendered to the Consolidated Fund, where the charge is nil. Supply monies have been made available through the Strategic Investment Programme (part of the Reinvestment and Reform Initiative). In this case, the interest which would have been charged had the supply monies been made available by loan rather than through supply is added to the cost of capital charge on the basis the interest charge exceeds what would otherwise have been charged under the standard cost of capital calculation.

1.11 Foreign exchange

Transactions which are denominated in a foreign currency and which are covered by a related forward contract are translated into sterling at the exchange rate specified in the contract. Transactions which are not covered by a related forward contract are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the Operating Cost Statement.

1.12 Pensions

The Department is covered by 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 scheme is essentially non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS(NI). The Department meets the cost of pension cover provided for staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS(NI) as a whole.

1.13 Early departure costs

DE Employees

The Department meets the additional cost of benefits beyond the normal PCSPS(NI) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS(NI) over the period between early departure and normal retirement date. The Department provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in current or previous years. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance and Personnel Superannuation Vote. The amount provided is shown net of any such payments.

Teachers

The Teachers' Premature Retirement Scheme for Northern Ireland recovers compensation costs via increased employer contributions. Compensation costs are borne by the scheme and are therefore not included as a cost within the Departmental Resource Accounts.

1.14 Leases

All leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

1.15 Grants payable

In line with the *NIRAM*, the Department recognises grant on the basis of the underlying activity of the recipient as follows:

- ◆ The extent of the grant liability in relation to the Education and Library Boards (ELB) and other Non-Departmental Public Bodies (NDPB) for both recurrent and capital expenditure is equal to their expenditure to the extent that the latter has been properly incurred. Expenditure in this context is when the ELB/NDPB

make the payments which are due to be funded by the Department. This is equivalent to grant issued by the Department.

- ◆ Grant issued to Voluntary Grammar and Grant Maintained Integrated Schools in respect of recurrent funding as at 31 March each year reflects the totality of the schools' entitlement under the Local Management of Schools' arrangements.
- ◆ Grant issued to Voluntary Grammar and Grant Maintained Integrated Schools in respect of capital project funding is recognised based on the payments actually made plus accruals for valid grant claims in the possession of the Department.
- ◆ Other grant payments are recognised on an accruals basis where such information is available or on the basis of the extent of the grant issued or approved for payment as at 31 March each year.

1.16 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 3.5 per cent).

1.17 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, the Department discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

- ◆ items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by Departmental minute prior to the Department entering into the arrangement;
- ◆ all items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the *Northern Ireland Resource Accounting Manual* to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12 are stated at discounted amounts and the amount reported to

Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to Parliament.

1.18 Value Added Tax

Most of the activities of the Department are outside the scope of VAT and in general output tax does not apply, however input tax on purchases is recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19 Third party assets

The Department holds as custodian or trustee certain assets belonging to third parties. These are not recognised in the accounts since neither the Department nor Government more generally has a direct beneficial interest in them.

2. Staff numbers and related costs

2.1 Staff Costs

Staff costs consist of:

	2004-05					2003-04
	£000	£000	£000	£000	£000	£000
	Total	Permanently Employed Staff	Others	Ministers	Special Advisers	Total
Wages and salaries	16,687	15,218	1,469	-	-	15,304
Social security costs	1,152	1,150	2	-	-	1,077
Other pension costs	1,996	1,993	3	-	-	1,841
Sub total	19,835	18,361	1,474	-	-	18,222
Less recoveries in respect of outward secondments	109	109	-	-	-	72
Total net costs	19,726	18,252	1,474	-	-	18,150
These costs are shown in Schedule 2 as:						
Administration Costs	19,132	17,696	1,436	-	-	17,667
Programme Costs	594	556	38	-	-	483
Total net costs	19,726	18,252	1,474	-	-	18,150

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) is an unfunded defined benefit scheme which produces its own resource accounts, but the Department of Education 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 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2004-05, employers' contributions of £1,995,751.56 were payable to the PCSPS(NI) (2003-04: £1,841,249.84) at one of four rates in the range of 12 to 18 per cent 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. Employers' contributions which are age-related and range from 3 to 12.5 per cent of pensionable pay will be paid to one or more of a panel of four appointed stakeholder pension providers. The employer will also match

employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of 0.8 per cent of pensionable pay, will be 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 these employees.

Contributions due to partnership pension providers at the balance sheet date were £63.40 (2003-04: 'nil'). Contributions prepaid at that date were 'nil' (2003-04: 'nil').

4 persons (2003-04: 3 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £5,021.07 (2003-04: £4,365.65).

2.2 Average number of persons employed

The average number of whole-time equivalent persons employed during the year is shown in the table below.

Objective	2004-05					2003-04
	Number					Number
	Total	Permanently Employed Staff	Others	Ministers	Special Advisers	Total
1	680	648	32	-	-	623
2	29	29	-	-	-	28
Staff engaged on capital projects	-	-	-	-	-	-
TOTAL	709	677	32	-	-	651

2.3 Salary and pension entitlements

The salary, pension entitlements and the value of any taxable benefits in kind of the Minister and the most senior officials of the Department of Education were as follows:

	Salary	Benefits in kind (rounded to nearest £100)	Real increase in pension at age 65	Total accrued pension at age 65 at 31 March 2005
	£000	£	£000	£000
2004-05 Minister Mr Barry Gardiner MP	-	-	-	-
2003-04 Minister Ms Jane Kennedy MP	-	-	-	-

NOTE

From 1 April 2004 the Department of Education was under the direction and control of Mr Barry Gardiner MP. His salary and allowances were paid by the NI Office or the Cabinet Office rather than the NI Assembly. Details of Mr Barry Gardiner's salary and allowances, will be provided in the 2004-05 NI Office resource accounts.

	Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2005 and related lump sum	Column 5 CETV at 31 March 2004 (nearest £000)	Column 6 CETV at 31 March 2005 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	£000	£	£000	£000	£000	£000	£000	£
2004-05 Officials								
Mr Gerry McGinn Permanent Secretary			Consent to disclosure withheld					
Dr Eddie Rooney Deputy Secretary	70-75	-	0-2.5 plus 2.5-5 lump sum	20-25 plus 60-65 lump sum	277	307	15	-
Dr Mark Browne Finance and Strategic Planning			Consent to disclosure withheld					
Mrs June Ingram Equality, Inclusion and Pupil Support			Consent to disclosure withheld					
Mrs Christine Jendoubi Teachers and School Improvement Division			Consent to disclosure withheld					
Mr Eugene Rooney Development and Infrastructure			Consent to disclosure withheld					

	Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2005 and related lump sum	Column 5 CETV at 31 March 2004 (nearest £000)	Column 6 CETV at 31 March 2005 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	£000	£	£000	£000	£000	£000	£000	£
2004-05 Officials								
Mr Terry Smyth Equality, Rights and Youth Services Retired on 30 June 2004								
Mrs Louise Warde Hunter * Policy Research and Youth From 4 October 2004	25-30 (50-55 full year equivalent)	-	0-2.5 plus 0-2.5 lump sum	0-5 -	-	5	5	-
Mr David Woods Curriculum and Post-Primary Review					Consent to disclosure withheld			
Mrs Maura McCusker Corporate Services					Consent to disclosure withheld			
Mrs Katrina Godfrey Resource Allocation	45-50	-	0-2.5 plus 0-2.5 lump sum	10-15 plus 30-35 lump sum	105	118	5	-

* Member started Premium Scheme on 27 September 2004. No lump sum is payable.

	Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2004 and related lump sum	Column 5 CETV at 31 March 2003 (nearest £000)	Column 6 CETV at 31 March 2004 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	£000	£	£000	£000	£000	£000	£000	£
2003-04 Officials								
Mr Gerry McGinn Permanent Secretary			Consent to disclosure withheld					
Dr Eddie Rooney Deputy Secretary From 2 June 2003	60-65 (70-75 full year equivalent)	-	5-7.5 plus 15-17.5 lump sum	15-20 plus 55-60 lump sum	190	277	76	-
Ms Marion Matchett Chief Inspector Education and Training Inspectorate			Consent to disclosure withheld					
Dr Mark Browne Finance and Strategic Planning			Consent to disclosure withheld					
Mrs June Ingram Schools and Pupil Services			Consent to disclosure withheld					
Mrs Christine Jendoubi School Improvement and Teacher Development			Consent to disclosure withheld					

Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2004 and related lump sum	Column 5 CETV at 31 March 2003 (nearest £000)	Column 6 CETV at 31 March 2004 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
£000	£	£000	£000	£000	£000	£000	£
2003-04 Officials							
Mr Nigel McCormick Development and Infrastructure To 28 July 2003			Consent to disclosure withheld	Consent to disclosure withheld			
Mr Eugene Rooney Development and Infrastructure From 3 November 2003			Consent to disclosure withheld	Consent to disclosure withheld			
Mr Terry Smyth Equality, Rights and Youth Services			Consent to disclosure withheld	Consent to disclosure withheld			
Mr David Woods Curriculum and Post-Primary Review			Consent to disclosure withheld	Consent to disclosure withheld			
Mr Vivian Melver Education and Training Inspectorate			Consent to disclosure withheld	Consent to disclosure withheld			

	Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2004 and related lump sum	Column 5 CETV at 31 March 2003 (nearest £000)	Column 6 CETV at 31 March 2004 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	£000	£	£000	£000	£000	£000	£000	£
2003-04 Officials								
Mrs Loretto Watson Education and Training Inspectorate				Consent to disclosure withheld				
Mr Stanley Goudie Education and Training Inspectorate				Consent to disclosure withheld				
Mr Paul McAlister Education and Training Inspectorate				Consent to disclosure withheld				
Mrs Maura McCusker Corporate Services				Consent to disclosure withheld				
Mr John Caldwell Resource Allocation Temporary promotion to 7 March 2004				Consent to disclosure withheld				
Mrs Katrina Godfrey Resource Allocation From 8 March 2004	0-5 (50-55 full year equivalent)	-	0-2.5 plus 5-7.5 lump sum	5-10 plus 25-30 lump sum	75	105	26	-

NOTES

Salary

“Salary” includes gross salary; performance pay or bonuses; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

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

Pension

Pension benefits are provided through the Civil Service Pension (CSP) 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 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 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.

Columns 5 and 6 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 7 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS 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.

3. Non-staff administration costs

	2004-05		2003-04	
	£000	£000	£000	£000
Rentals under operating leases:				
Hire of plant and machines		19		23
Other operating leases		44		29
Non-cash items: (Note a)				
Depreciation and amortisation of fixed assets				
tangible fixed assets	233		221	
intangible fixed assets	79		102	
(Profit)/loss on disposal of fixed assets [where netted off expenditure in Schedule 2]	(1)		(1)	
Loss on revaluation of fixed assets	41		76	
Cost of capital charge	(328)		(637)	
Auditors' remuneration and expenses	93		110	
Accommodation and other notional charges	2,188		2,395	
Provisions:				
provided in year	115	2,420	(724)	1,542
Other expenditure (Note b)		2,888		3,646
		5,371		5,240

Note a - the total of non-cash transactions included in the reconciliation of resources to net cash requirement in Schedule 1 and in the reconciliation of operating costs to operating cashflows in Schedule 4 comprises:

	2004-05	2003-04
	£000	£000
Other administration costs - non-cash items (as above)	2,420	1,542
Total non-cash transactions (per Schedule 4)	2,420	1,542
Less interest paid to the NI Consolidated Fund for RRI loans	(44)	-
Total non-cash transactions (per Schedule 1)	2,376	1,542

Note b - "Other expenditure" comprises:

	2004-05	2003-04
	£000	£000
Travel and Subsistence	424	443
DRC - Telephone, Printing and Stationery	711	968
DRC - Accounting and Information Technology	565	676
DRC - Other General	1,188	1,559
Total - other expenditure	2,888	3,646

4. Net programme costs

	2004-05	2003-04
	£000	£000
Current grants and other current expenditure	1,592,238	1,540,583
Staff costs	594	483
	1,592,832	1,541,066
Less: Programme income (Note 6)	(29,696)	(23,133)
	1,563,136	1,517,933

5. Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund:

	Note	Forecast 2004-05		Outturn 2004-05	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Operating income and receipts - excess ARs	6	-	195	-	195
Other operating income and receipts not classified as ARs	6	8,214	8,764	24,084	11,338
Total		8,214	8,959	24,084	11,533

6. Income and accruing resource

6.1 Operating income

Operating income not Accruing Resource (i.e. surrenderable to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see note 7). In 2004-05, all operating income not classified as Accruing Resource was within public expenditure.

	2004-05			2003-04		
	Resource Outturn	Operating Cost Statement		Resource Outturn	Operating Cost Statement	
	Accruing Resource	Payable to Consolidated Fund	Total	Accruing Resource	Payable to Consolidated Fund	Total
	£000	£000	£000	£000	£000	£000
Administration income:						
Administration fees	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>25</u>	<u>26</u>
	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>25</u>	<u>26</u>
Programme income:						
Contribution from European Union - DE acting as principal for EU	-	23,912	23,912	-	19,744	19,744
Sale of land and buildings (NDPBs)	5,613	-	5,613	3,093	295	3,388
Other income	<u>-</u>	<u>171</u>	<u>171</u>	<u>-</u>	<u>2</u>	<u>2</u>
	<u>5,613</u>	<u>24,083</u>	<u>29,696</u>	<u>3,093</u>	<u>20,041</u>	<u>23,134</u>
Total operating income	<u>5,614</u>	<u>24,084</u>	<u>29,698</u>	<u>3,094</u>	<u>20,066</u>	<u>23,160</u>

6.2 Non-operating Accruing Resource

	2004-05	2003-04
	£000	£000
Disposals of fixed assets	<u>1</u>	<u>-</u>

7. Administration cost limits

The outturn within the administration costs control regime shown against individual administration cost limits is as follows:

	2004-05		2003-04	
	Outturn	Limits	Outturn	Limits
	£000	£000	£000	£000
Request for Resources A (Gross Limit)	21,235	22,018	20,744	20,988
Request for Resources B (Gross Limit)	841	844	840	903
Total within administration cost control	22,076	22,862	21,584	21,891
Administration expenditure excluded from administration cost limit	2,281		1,869	
Total administration outturn	24,357		23,453	

8. Reconciliation of net operating cost and net resource outturn

	2004-05	2003-04
	£000	£000
Net operating cost (Note a)	1,587,637	1,540,814
Remove non-supply expenditure (-) and income (+), including income scored as Consolidated Fund extra receipts (CFERs):		
Operating income not classified as Accruing Resource	24,084	20,066
Net resource outturn (Note a)	1,611,721	1,560,880

Note a - Net operating cost is the total of expenditure and income appearing in the Operating Cost Statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the Department's Supply Estimate. The outturn against the Estimate is shown in the Summary of Resource Outturn (Schedule 1).

9. Analysis of net operating cost by spending body

	2004-05		2003-04
	Budget £000	Outturn £000	Outturn £000
Spending body:			
Core Department	1,711,238	1,587,519	1,540,715
Other bodies	135	118	99
	<u>1,711,373</u>	<u>1,587,637</u>	<u>1,540,814</u>

10. Analysis of net resource outturn by Estimate subhead and reconciliation to Operating Cost Statement

	2004-05								2003-04
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	NET TOTAL	Estimate	Net total outturn compared with Estimate	Prior-year outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources A									
Departmental Expenditure in DEL:									
Section 1 Education and Library Boards - Departmental overheads	12,992	308	-	13,300	(1)	13,299	14,434	1,135	12,602
Section 2 Non-Departmental Public Bodies - Departmental overheads	653	15	-	668	-	668	750	82	729
Section 3 Voluntary and Grant Maintained Integrated Schools	6,192	170	298,538	304,900	(1,133)	303,767	329,710	25,943	291,809
Section 4 Miscellaneous Educational Services	939	1,117	4,818	6,874	-	6,874	7,589	715	6,742
Section 5 EU Programme for Peace and Reconciliation	398	9	2,472	2,879	-	2,879	2,546	(333)	11,597
Section 6 Executive Programme Funds	61	297	331	689	-	689	3,143	2,454	6,747
Section 7 Repayment of Loan Interest	-	66	-	66	-	66	606	540	-
Annually Managed Expenditure (AME):									
Section 8 Education Maintenance Allowance Scheme - School Support	-	-	500	500	-	500	500	-	-
Non-Budget:									
Section 9 Notional Charges - Department of Education	2,194	-	-	2,194	-	2,194	2,127	(67)	1,796
Section 10 Education and Library Boards	-	-	1,215,892	1,215,892	(4,480)	1,211,412	1,270,672	59,260	1,166,227
Section 11 Council for the Curriculum, Examinations and Assessment (CCEA)	-	-	12,430	12,430	-	12,430	14,833	2,403	11,701
Section 12 Council for Catholic Maintained Schools (CCMS)	-	-	3,238	3,238	-	3,238	3,503	265	2,895
Section 13 Staff Commission for Education and Library Boards	-	-	309	309	-	309	315	6	319

	2004-05								2003-04
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	NET TOTAL	Estimate	Net total outturn compared with Estimate	Prior-year outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Section 14 Executive Programme Funds	-	-	18,568	18,568	-	18,568	22,178	3,610	17,330
Total	23,429	1,982	1,557,096	1,582,507	(5,614)	1,576,893	1,672,906	96,013	1,530,494
Request for Resources B									
Departmental Expenditure in DEL:									
Section 1 Education and Library Boards - Departmental overheads	263	6	-	269	-	269	299	30	213
Section 2 Youth Council - Departmental overheads	64	1	-	65	-	65	78	13	65
Section 3 Youth Services	20	9	1,739	1,768	-	1,768	2,897	1,129	883
Section 4 Voluntary Bodies and Other Services supporting Community relations	143	3	1,638	1,784	-	1,784	1,783	(1)	1,523
Section 5 EU Programme for Peace and Reconciliation	283	7	3,959	4,249	-	4,249	3,734	(515)	1,673
Section 6 Executive Programme Funds	68	2	959	1,029	-	1,029	1,815	786	1,800
Non-Budget:									
Section 7 Notional Charges - Department of Education	87	-	-	87	-	87	82	(5)	73
Section 8 Education and Library Boards	-	-	21,089	21,089	-	21,089	22,776	1,687	19,697
Section 9 Youth Council	-	-	3,485	3,485	-	3,485	3,429	(56)	3,288
Section 10 Executive Programme Funds	-	-	1,003	1,003	-	1,003	1,574	571	1,171
Total	928	28	33,872	34,828	-	34,828	38,467	3,639	30,386
Resource Outturn	24,357	2,010	1,590,968	1,617,335	(5,614)	1,611,721	1,711,373	99,652	1,560,880
Reconciliation to Operating Cost Statement									
Income payable to the Consolidated Fund					(24,084)	(24,084)			(20,066)
Gross Operating Expenditure				1,617,335					1,563,974
Operating Income					(29,698)				(23,160)
Net Operating Cost						1,587,637			1,540,814

11. Analysis of capital expenditure, financial investment and associated accruing resources

	2004-05				2003-04			
	Capital Expenditure	Loans etc.	Accruing Resources	Net Total	Capital Expenditure	Loans etc.	Accruing Resources	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources A	<u>471</u>	<u>-</u>	<u>-</u>	<u>471</u>	<u>376</u>	<u>-</u>	<u>-</u>	<u>376</u>

12. Tangible fixed assets

	Land & Buildings excluding Dwellings	Transport Equipment	Information Technology	Plant & Machinery	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2004	128	47	1,014	82	1,271
Additions	-	-	306	2	308
Donations	-	-	-	-	-
Disposals	-	-	(67)	(23)	(90)
Revaluations (Note a)	18	-	(127)	3	(106)
At 31 March 2005	<u>146</u>	<u>47</u>	<u>1,126</u>	<u>64</u>	<u>1,383</u>
Depreciation					
At 1 April 2004	15	27	575	64	681
Charged in year	3	8	214	8	233
Disposals	-	-	(67)	(23)	(90)
Revaluations (Note a)	(17)	-	(86)	2	(101)
At 31 March 2005	<u>1</u>	<u>35</u>	<u>636</u>	<u>51</u>	<u>723</u>
Net book value at 31 March 2005	<u>145</u>	<u>12</u>	<u>490</u>	<u>13</u>	<u>660</u>
Net book value at 31 March 2004	<u>113</u>	<u>20</u>	<u>439</u>	<u>18</u>	<u>590</u>
Asset financing:					
Owned	145	12	490	13	660
Finance leased	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-
Net book value at 31 March 2005	<u>145</u>	<u>12</u>	<u>490</u>	<u>13</u>	<u>660</u>

Note a - Land and Buildings excluding Dwellings are usually revalued on a quinquennial basis by the Valuation and Lands Agency for Northern Ireland (VLA). During intervening years, they are revalued on the basis of the latest available indices. For the purpose of the 2004-05 resource accounts land and buildings were both revalued at 31 December 2004, land was revalued on the basis of existing use value and buildings on the basis of depreciated replacement cost by the VLA. Other tangible assets were revalued on the basis of the latest available indices.

Note b - During the year the Department benefited from additional supply monies of £1,997,000 which were made available through the Strategic Investment Programme (part of the Reinvestment and Reform Initiative). These monies were not used to fund any grants to bodies to support infrastructure additions etc.

13. Intangible fixed assets

The Department's intangible fixed assets comprise purchased software licences.

	Purchased software licences
	£000
Cost or valuation	
At 1 April 2004	467
Additions	163
Donations	-
Disposals	-
Revaluation	<u>16</u>
At 31 March 2005	<u>646</u>
Amortisation	
At 1 April 2004	346
Charged in year	79
Disposals	-
Revaluation	<u>12</u>
At 31 March 2005	<u>437</u>
Net book value at 31 March 2005	<u>209</u>
Net book value at 31 March 2004	<u>121</u>

14. Investments

	Middletown Centre for Autism (Holdings) Limited
	£000
Balance at 1 April 2004	-
Additions	1,560
Disposals	-
Revaluations	-
Balance at 31 March 2005	<u>1,560</u>

In the year the Department invested in the “Middletown Centre for Autism (Holdings) Limited” as a joint venture with the Department of Education and Science in the Republic of Ireland. Both parties fund the company equally.

Although categorised as a joint venture in line with FRS 9, the company is deemed by the Department, in agreement with the Department of Finance and Personnel, to fall outside the departmental boundary and therefore has been treated as an investment in the Departmental Resource Accounts. In agreement with the Department of Finance and Personnel the investment has been valued at cost within the balance sheet of the Department at 31 March 2005.

The first accounts of the company are to be prepared for the period ended 30 June 2005. We have been advised by the Department of Finance and Personnel that the requirement of the NIRAM 3.10.8 for the Department to indicate its share of the results of the joint venture originates in the Companies Act 1985 schedule 9 (5), where it states that "the amounts to be disclosed are ascertained from the financial statements for the last year ended before the Department's year end". As the first year-end of the company is 30 June 2005, then in line with guidance from the Department of Finance and Personnel, the results of the company will be disclosed in the Departmental Resource Accounts for the year 2005-06.

15. Movements in working capital other than cash

The movements in working capital used in the reconciliation of resources to cash requirement comprise:

	2004-05	2003-04
	£000	£000
Increase (+) / decrease (-) in debtors	11,233	6,428
Increase (-) / decrease (+) in creditors falling due within one year	<u>(22,025)</u>	<u>(10,224)</u>
	<u>(10,792)</u>	<u>(3,796)</u>
Adjustment: movement in working capital not related to net operating costs		
- Amounts due to the Consolidated Fund	14,039	1,734
- Other movements through General Fund	-	1
- Amounts receivable that will be due to the Consolidated Fund when received	<u>(12,552)</u>	<u>(2,279)</u>
Net increase / (decrease) in working capital other than cash (Schedule 1)	<u>(9,305)</u>	<u>(4,340)</u>

The movements in working capital other than cash used in the Cash Flow Statement comprise:

	2004-05	2003-04
	£000	£000
Increase (+) / decrease (-) in debtors	11,233	6,428
Increase (-) / decrease (+) in creditors falling due within one year	<u>(22,025)</u>	<u>(10,224)</u>
	<u>(10,792)</u>	<u>(3,796)</u>
Adjustment: movement in working capital not related to voted resource consumption		
- Amounts due to the Consolidated Fund	14,039	1,734
- Other movements through General Fund	-	1
- Short surrender of previous years CFER	-	13
Net increase / (decrease) in working capital other than cash	<u>3,247</u>	<u>(2,048)</u>

16. Debtors

	2004-05	2003-04
	£000	£000
Amounts falling due within one year:		
Trade debtors (Note a)	32,910	19,466
TSS debtor	-	2,178
Other debtors	53	35
Prepayments and accrued income	117	168
	<u>33,080</u>	<u>21,847</u>

Note a - Included within trade debtors is £29,728,523.74 (2003-04: £17,177,944.79) that will be due to the Consolidated Fund once the debts are collected.

17. Cash at bank and in hand

	2004-05	2003-04
	£000	£000
Balance as at 1 April	2,857	3,402
Net change in cash balances	<u>1,488</u>	<u>(545)</u>
Balance at 31 March	<u>4,345</u>	<u>2,857</u>
The following balance at 31 March is held at:		
Commercial banks and cash in hand	<u>4,345</u>	<u>2,857</u>
Balance at 31 March	<u>4,345</u>	<u>2,857</u>
The balance at 31 March comprises:		
Cash due to be paid to the Consolidated Fund		
Amounts issued from the Consolidated Fund for supply but not spent at year end	4,344	2,855
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	<u>1</u>	<u>2</u>
	<u>4,345</u>	<u>2,857</u>

18. Creditors

	2004-05		2003-04	
	£000	£000	£000	£000
Amounts falling due within one year:				
Other taxation and social security		16,460		14,702
Trade creditors		24,729		19,914
Other creditors		369		250
Accruals and deferred income		2,406		1,112
Amounts issued from the Consolidated Fund for supply but not spent at year end		4,344		2,855
Consolidated Fund extra receipts due to be paid to the Consolidated Fund				
		received		
		receivable		
	1		2,764	
	<u>29,729</u>		<u>14,416</u>	
		<u>29,730</u>		<u>17,180</u>
		<u>78,038</u>		<u>56,013</u>

19. Provisions for liabilities and charges

	Early departure costs	Legal claims	Total
	£000	£000	£000
Balance at 1 April 2004	57	310	367
Provided in the year	21	172	193
Provisions not required written back	-	(78)	(78)
Provisions utilised in the year	<u>(53)</u>	<u>(201)</u>	<u>(254)</u>
Balance at 31 March 2005	<u>25</u>	<u>203</u>	<u>228</u>

Early departure costs

The Department is required to meet the costs of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age, and must provide in full for the cost of meeting pensions resulting from such early retirement schemes.

The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance and Personnel Superannuation Vote.

Legal claims

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated.

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 26.

20. Reconciliation of net operating cost to changes in general fund

	2004-05		2003-04	
	£000	£000	£000	£000
Net operating cost for the year (Schedule 2)	(1,587,637)		(1,540,814)	
Income not appropriated in aid payable to Consolidated Fund	(24,084)		(20,066)	
		(1,611,721)		(1,560,880)
Parliamentary funding				
Drawn down		1,603,770		1,554,918
Transferred to general fund of realised element of revaluation reserve (Note 21)		1		7
Consolidated Fund creditor for cash unspent		(4,344)		(2,855)
Settlement of previous year creditor for cash unspent		2,855		3,383
Non-cash charges:				
Cost of capital charge	(328)		(637)	
Accommodation and other charges	2,188		2,395	
Auditors' remuneration	93		110	
		1,953		1,868
Repayment of supply in respect of additional funding from the Strategic Investment Programme (see note below)		-		(3)
In year charges through general fund		-		(1)
Net increase/(decrease) in general fund		(7,486)		(3,563)
General fund at 1 April		(30,989)		(27,426)
General fund at 31 March (Schedule 3)		(38,475)		(30,989)

Under the Reinvestment and Reform Initiative, loans were made available to the Northern Ireland Block. These loans were paid to Departments as increased supply via the NI Consolidated Fund. In order to make interest repayments on these loans the NI Consolidated Fund must annually retain an amount of supply that would otherwise be issued to Departments.

For 2004-05 a further £43,665.96 (2003-04: £2,700.00) was due to the Department but was not actually issued in order to pay for the interest on loans applicable to this Department. This interest charge has been included in the net cash requirement of the Department.

21. Reserves

	2004-05	2003-04
	Revaluation Reserve	Revaluation Reserve
	£000	£000
Balance at 1 April	24	31
Arising on revaluation during the year (net)	40	-
Transferred to General Fund in respect of realised element of Revaluation Reserve	(1)	(7)
Balance at 31 March	63	24

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

The Department does not have any Donated Assets.

22. Notes to Schedule 5

Programme grants and other current expenditures have been allocated as follows:

	2004-05	2003-04
	£000	£000
Objective 1	1,558,358	1,511,126
Objective 2	33,880	29,457
	1,592,238	1,540,583

The Department of Education's capital is deemed to be employed exclusively for the achievement of Objective 1, on the basis of materiality.

Administration costs are apportioned between the two objectives based on the respective percentages of Departmental personnel employed working on each objective.

Notional costs are apportioned between the two objectives based on the respective percentages of Departmental personnel employed working on each objective.

The Cost of Capital charge is apportioned between the two objectives based on the respective percentages of Departmental personnel employed working on each objective.

23. Capital commitments

	2004-05	2003-04
	£000	£000
Contracted capital commitments at 31 March 2005 for which no provision has been made	-	-

24. Commitments under leases

Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2004-05	2003-04
	£000	£000
Obligations under operating leases comprise:		
Land and Buildings		
Expiry within 1 year	-	12
Expiry after 1 year but not more than 5 years	55	-
	<u>55</u>	<u>12</u>
Other		
Expiry within 1 year	2	16
Expiry after 1 year but not more than 5 years	3	4
	<u>5</u>	<u>20</u>

Finance leases

The Department has a finance lease which has not been capitalised, as such capitalisation would not have a material effect on these accounts. Such treatment is permissible under SSAP 21. Rental obligations for the lease have been included in the table above.

25. Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts), for the maintenance of IT equipment and software licence costs, and the provision of security and cleaning services.

The payments to which the Department is committed during 2005-06, analysed by the period during which the commitment expires are as follows.

	2004-05	2003-04
	£000	£000
Expiry within 1 year	205	24
Expiry within 2 to 5 years	191	185
	396	209

26. Contingent liabilities disclosed under FRS 12 and contingent assets

Contingent liabilities

The following contingent liabilities at 31 March 2005 have not been accrued.

Nature	No of cases	Value £000
Personal injury claims	1	Unable to quantify
Personal injury claims	1	4
Cases relating to equal pay	2	18
Comhairle na Gaelscolaíochta (CnaG) - Membership of NILGOSC Pension Scheme	1	60

Contingent assets

The following contingent assets at 31 March 2005 have not been accrued.

Nature	No of cases	Value £000
Probable recoupment of monies from insurance companies in respect of staff injured in road traffic accidents	6	5
Probable recoupment of monies from school trustees following closure	15	4,075

27. Contingent liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability

The Department has issued a letter of assurance to the Trustees of St. Genevieve's High School, Belfast confirming that funds will be available to enable the Trustees to meet the cost commitments arising from a Public Finance Initiative contract to procure a school and associated services. In May 2000 the Department presented a Minute to Parliament advising of the need to undertake this contingent liability which amounts to approximately £15 million.

28. Losses and special payments

	2004-05
	£000
Special Payments	
Total [16 cases]	362
Details of cases over £100,000	
During the year, an employers' liability claim was settled for £211,919 including costs.	

Losses incurred by managing agents

The Department of Education uses managing agents to distribute funds of public monies to final recipients. Had these funds been distributed directly by the Department no additional losses would have been recognised.

Other notes

Details of any losses and special payments made by the Education and Library Boards, the Northern Ireland Council for the Curriculum, Examinations and Assessment, the Youth Council for Northern Ireland, the Council for Catholic Maintained Schools and the Staff Commission for Education and Library Boards will be reported in the Accounts of those bodies.

29. Related party transactions

The Department of Education has had a small number of transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the Department of Finance and Personnel.

No minister, other key manager or other related parties has undertaken any material transactions with the Department of Education during the year.

30. Financial instruments

FRS 13, *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Department of Education is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Department has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Department in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

Liquidity risk

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

Interest rate risk

One hundred per cent of the Department's financial assets and liabilities carry nil or fixed rates of interest and the Department of Education is not therefore exposed to interest rate risk.

Interest rate profile

The following two tables show the interest rate and currency profiles of the Department's financial liabilities and assets.

Financial liabilities

Currency	Total	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non-Interest Bearing Financial Liabilities	Fixed Rate Financial Liabilities		Non-Interest Bearing Financial Liabilities
					Weighted Average Interest Rate	Weighted Average Period for Which Rate is Fixed	Weighted Average Period Until Maturity
					%	Years	Years
	£000	£000	£000	£000			
At 31 March 2005							
Sterling	8	-	-	8	-	-	1.3
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross financial liabilities	8	-	-	8	-	-	1.3
At 31 March 2004							
Sterling	26	-	-	26	-	-	1.8
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross financial liabilities	26	-	-	26	-	-	1.8

Financial assets

Currency	Total	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-Interest Bearing Financial Assets (Note a)	Fixed Rate Financial Assets		Non-Interest Bearing Financial Assets
					Weighted Average Interest Rate	Weighted Average Period for Which Rate is Fixed	Weighted Average Term
					%	Years	Years
At 31 March 2005							
Sterling	4,345	-	-	4,345	-	-	Note a
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross financial assets	4,345	-	-	4,345	-	-	-
At 31 March 2004							
Sterling	2,857	-	-	2,857	-	-	-
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross financial assets	2,857	-	-	2,857	-	-	-

Note a - The Department's non-interest bearing financial assets comprise cash at bank and in hand (£4,345,177.58). Cash at bank and in hand is available on demand.

Foreign currency risk

The Department's exposure to foreign currency risk is not significant. There is no foreign currency income and foreign currency expenditure at less than 1 per cent of total expenditure is not significant.

Fair values

Set out below is a comparison by category of book values and fair values of the Department's financial assets and liabilities as at 31 March 2005.

	Book Value	Fair Value	Basis of Fair Valuation
	£000	£000	
Primary financial instruments			
Financial assets			
Cash at bank	4,345	4,345	Note a
Financial liabilities			
Provisions	8	8	Note b

Note a - Will be cleared as cash is drawn from the Consolidated Fund on an ongoing basis, and fair value is not different to book value.

Note b - Likely to be paid within 1 - 2 years so fair value is not significantly different.

31. Third party assets

The Department administers Endowment and Miscellaneous Trust Funds on behalf of a number of Royal Schools. These are not Departmental assets and are not included in the accounts. The assets held at the balance sheet date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and listed securities. They are set out in the table immediately below.

	31 March 2004	Gross Inflows (Note a)	Gross outflows (Note a)	31 March 2005
	£000	£000	£000	£000
Monetary assets such as bank balances	2	22	22	2
Listed securities	464	-	-	514

Note a - The inflow and outflow figures do not equal the change in the value of listed securities over the year, because movements caused by revaluation to 31 March prices are not reflected in the inflows and outflows figures.

The Department also holds legal title to a number of Turbary rights (the right to extract peat) and associated land which is held in Trust.

In accordance with *FRS 5 Reporting the substance of transactions*, these assets are not included within the Departmental accounts on the grounds that the legal basis of the trusts involved ensures that the Department cannot obtain economic benefit from these assets.

32. Entities within the departmental boundary

The entities within the boundary during 2004-05 were as follows:

Supply-financed agencies:	None
Non-executive NDPBs:	Special Education Needs Tribunal
Other entities:	None

33. Intra-government balances

	Debtors: amounts falling due within one year	Creditors: amounts falling due within one year
	£000	£000
Balances with other central government bodies	345	51,065
Balances with local authorities	-	5
Balances with bodies external to government	<u>32,735</u>	<u>26,968</u>
At 31 March 2005	<u>33,080</u>	<u>78,038</u>
Balances with other central government bodies	2,631	35,059
Balances with local authorities	3	-
Balances with bodies external to government	<u>19,213</u>	<u>20,954</u>
At 31 March 2004	<u>21,847</u>	<u>56,013</u>

34. Post balance sheet events

There were no post balance sheet events relating to the financial year 2004-05.

35. Premature retirement compensation

The Teachers' Premature Retirement Scheme for Northern Ireland recovers compensation costs via increased employer contributions. Compensation costs are borne by the scheme and are therefore not included as a cost within the Departmental resource accounts.

The Department is responsible as compensating authority for Voluntary Grammar Schools, Grant Maintained Schools and a number of smaller bodies.

The number of compensation cases, for which the Department is compensating authority, for the current year and in total broken down by employer group, are:-

Total number of teachers retiring on grounds of premature retirement in the year to 31 March 2005

	Efficient Discharge	Redundancy
Voluntary Grammar Schools	1	30
Other Grant Maintained Schools	2	2
Other Bodies	1	1
Total	4	33

Total number of teachers retired on grounds of premature retirement as at 31 March 2005

	Efficient Discharge	Redundancy
Voluntary Grammar Schools	162	375
Other Grant Maintained Schools	5	4
Other Bodies	31	73
Total	198	452

The Combined Financial Statements of the Teachers' Pension Scheme for Northern Ireland and the Teachers' Premature Retirement Scheme for Northern Ireland provides complete information on premature retirement compensation. The statements are available on request from the Department.

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