



Northern  
Ireland  
Office

# ANNUAL REPORT AND ACCOUNTS 2017-18

# **Northern Ireland Office**

# **Annual Report and Accounts 2017-18**

**(For the year ended 31 March 2018)**

Accounts presented to the House of Commons pursuant to Section 6(4)  
of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons  
by Command of Her Majesty

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## STATEMENT FROM THE SECRETARY OF STATE FOR NORTHERN IRELAND

### By the Right Honourable Karen Bradley MP

Since taking up the post of Secretary of State for Northern Ireland in January I have been struck by the many positive sides to life here. Northern Ireland has huge potential and one of the roles of the Government is to help to harness that.

Economically, thanks to the balanced approach adopted by the Government since 2010, Northern Ireland continues to share in our national recovery. Growth is solid, exports are up, tourism is booming while unemployment is at historic lows, ensuring that more people in Northern Ireland have the security of a regular pay packet.

I am in no doubt that Northern Ireland continues to benefit significantly from the security and stability that comes from being part of one of the largest economies in the world. Just as in the rest of the United Kingdom we are committed to building an economy that works for everyone and not just the privileged few.

As part of the United Kingdom, Northern Ireland continues to punch above its weight on the world stage. I am certain, however, that Northern Ireland could be doing even better in projecting itself on the world stage as a place for investment. In this respect, ending the political impasse at Stormont remains vital work.

Northern Ireland has now been without a functioning devolved government since January 2017. That is a cause of huge regret particularly at a time when in April we marked the 20<sup>th</sup> anniversary of the Belfast Agreement.

Nobody should be in any doubt as to this Government's enduring and steadfast commitment to that Agreement – the constitutional principles it sets out, the political institutions it establishes and the rights it confers. It has been the bedrock of all that has been achieved in Northern Ireland in recent decades and we will continue to uphold it.

We will remain unstinting, therefore, in our efforts to restore a fully functioning, inclusive, devolved administration at Stormont where locally elected politicians can take local decisions on

behalf of the whole community. In the continuing absence of devolved government, however, we will do all that is necessary to ensure continued good governance and political stability. One area where the lack of an executive has been very keenly felt is in the debates over the UK's departure from the EU. I appreciate the many concerns that exist in Northern Ireland about Brexit. We are determined to leave the EU in a way that maximises opportunities for the whole of the UK. As was very clear in the Joint Report we agreed last December, we will protect the Belfast Agreement in all its parts; ensure that there is no hard border between Northern Ireland and Ireland; and maintain the constitutional and economic integrity of our United Kingdom.

Throughout the past year the security situation in respect of Northern Ireland related terrorism has remained severe – as it has since March 2009 – meaning that an attack from dissident republicans is highly likely. I pay tribute to the Police Service for Northern Ireland (PSNI) and other agencies such as MI5 and our partners in An Garda Síochána for all that they do to keep people safe and secure. The fact that terrorist incidents are not a more regular feature of daily life in Northern Ireland is largely down to their efforts.

For our part the Government will always give the PSNI and other agencies our fullest possible support – such as the £160m additional security funding over the course of the current spending review period. We remain resolute in our determination to ensure that terrorism will never succeed. We are also deeply committed to tackling the scourge of paramilitarism and I look forward to the first report of the Independent Reporting Commission in due course.

Finally, in a period of great challenges I am indebted to the dedication and professionalism of officials in the Northern Ireland Office and also colleagues in the Northern Ireland Civil Service who, in the absence of ministers, bear such difficult responsibilities at the current time.

I would also like to take this opportunity to pay tribute to my predecessor, James Brokenshire, for his hard work, dedication and commitment to the people of Northern Ireland and to express my best wishes for his continuing recovery.

**RT HON KAREN BRADLEY MP**  
**SECRETARY OF STATE FOR NORTHERN IRELAND**

# PERFORMANCE REPORT

## Overview



Sir Jonathan Stephens KCB

Permanent Secretary for the Northern Ireland Office and Principal Accounting Officer

Northern Ireland has been at the centre of attention during 2017-18: the continued absence of a devolved government and efforts to restore the institutions; the need to ensure financial and economic stability in the absence of devolved ministers; and the ongoing preparations for the UK's exit from the EU. The Rt Hon Karen Bradley MP was also appointed as our new Secretary of State in succession to The Rt Hon James Brokenshire MP.

These challenges and changing circumstances have created a demanding backdrop against which the Northern Ireland Office has persevered, working in unison and in close partnership with Whitehall, the Northern Ireland Civil Service and the wider political, business and civic communities.

Reflecting on the department's performance against our strategic objectives:

- **Maintaining political stability** - we facilitated a series of talks that resulted in the two main political parties closing the gap on a range of issues so they could return to form an Executive. But despite the progress, the parties could still not reach agreement;
- **A more secure Northern Ireland** - we have continued to work with security partners to ensure a strategic, effective approach to combating Northern Ireland related terrorism. We have also worked with the Northern Ireland Civil Service to ensure that this approach complements the programme of work on tackling paramilitary activity which emanated from the Fresh Start Agreement;
- **Developing a growing economy** - we have also worked effectively with the Northern Ireland Civil Service in the absence of an Executive to protect public services and put Northern Ireland's finances on a stable footing. This culminated in March with the setting of 2018-19 departmental allocations for Northern Ireland alongside the striking of a regional rate - an important step to give certainty and clarity to Northern Ireland for the year ahead;
- **Building a stronger society** - we achieved further progress to help prepare for the publication of a consultation in addressing the legacy of the past.
- **Supporting UK exit from the EU** - we worked with Whitehall to support UK-EU negotiations and delivered broader work to ensure Northern Ireland's readiness for Exit.

To support the delivery of these objectives, the Northern Ireland Office has had to continue to transform so that we are **fit for the future**. The senior leadership team has been reinforced by the appointment of a third director. We are strengthening our longer-term resourcing. New shared services to deliver finance and HR functions have been embedded and we have modernised our office environment. We have also increased focus on our people by championing diversity, knowledge sharing and wellbeing. The department's success at winning an award for best small employer for diversity and inclusion in Northern Ireland and the increased engagement scores from our 2017 People Survey is a testament to our approach and the impressive work achieved.

None of the achievements or progress in 2017-18 would have been delivered without the professional, committed and dedicated team of public servants who make up the Northern Ireland Office. I pay tribute to all my colleagues and I am confident that they will continue to deliver in the same manner as we proceed through 2018-19.

**Sir Jonathan Stephens KCB**  
**28<sup>th</sup> June 2018**

## What we do and who we are

### What we do

The Northern Ireland Office supports the Secretary of State for Northern Ireland in promoting the best interests of Northern Ireland within a stronger United Kingdom. It ensures Northern Ireland interests are fully and effectively represented at Westminster and the heart of Government, and the Government's responsibilities are fully and effectively represented in Northern Ireland.

Our key purpose is to ensure good political governance by working alongside the Northern Ireland Executive to help improve the effectiveness and delivery of the devolved institutions; to ensure a more secure Northern Ireland; deliver a growing economy including rebalancing the economy; ensure a stronger society by supporting initiatives designed to build better community relations and a genuinely shared future; and ensure that Northern Ireland's interests are represented during the negotiations for withdrawal and in the post-Exit settlement.

### Who we are

The Northern Ireland Office currently employs 157 staff, with offices in Belfast and London.

In addition to the core Department, there are a range of matters that are dealt with through a network of associated bodies which are independent of Government. These differ considerably

from each other in terms of their formal status, intended purpose, statutory or other responsibilities, the degree of independence from Government and size.

Our Non-Departmental Public Bodies (NDPBs) are:

- The Northern Ireland Human Rights Commission
- The Parades Commission for Northern Ireland
- The Independent Reporting Commission<sup>1</sup>

We have one advisory NDPB:

- The Boundary Commission for Northern Ireland

We also sponsor a number of statutory office holders, including:

- The Crown Solicitor for Northern Ireland
- The Chief Electoral Officer for Northern Ireland
- The Civil Service Commissioners for Northern Ireland
- The Sentence Review Commissioners
- The Independent Chairman of the Northern Ireland Committee on Protection (non-statutory)
- The Remission of Sentences Act Commissioners
- The Independent Reviewer of Police and Military Powers under the Justice and Security Act 2007
- The Independent Reviewer of National Security Arrangements in Northern Ireland
- The District Electoral Areas Commissioner (currently in abeyance)

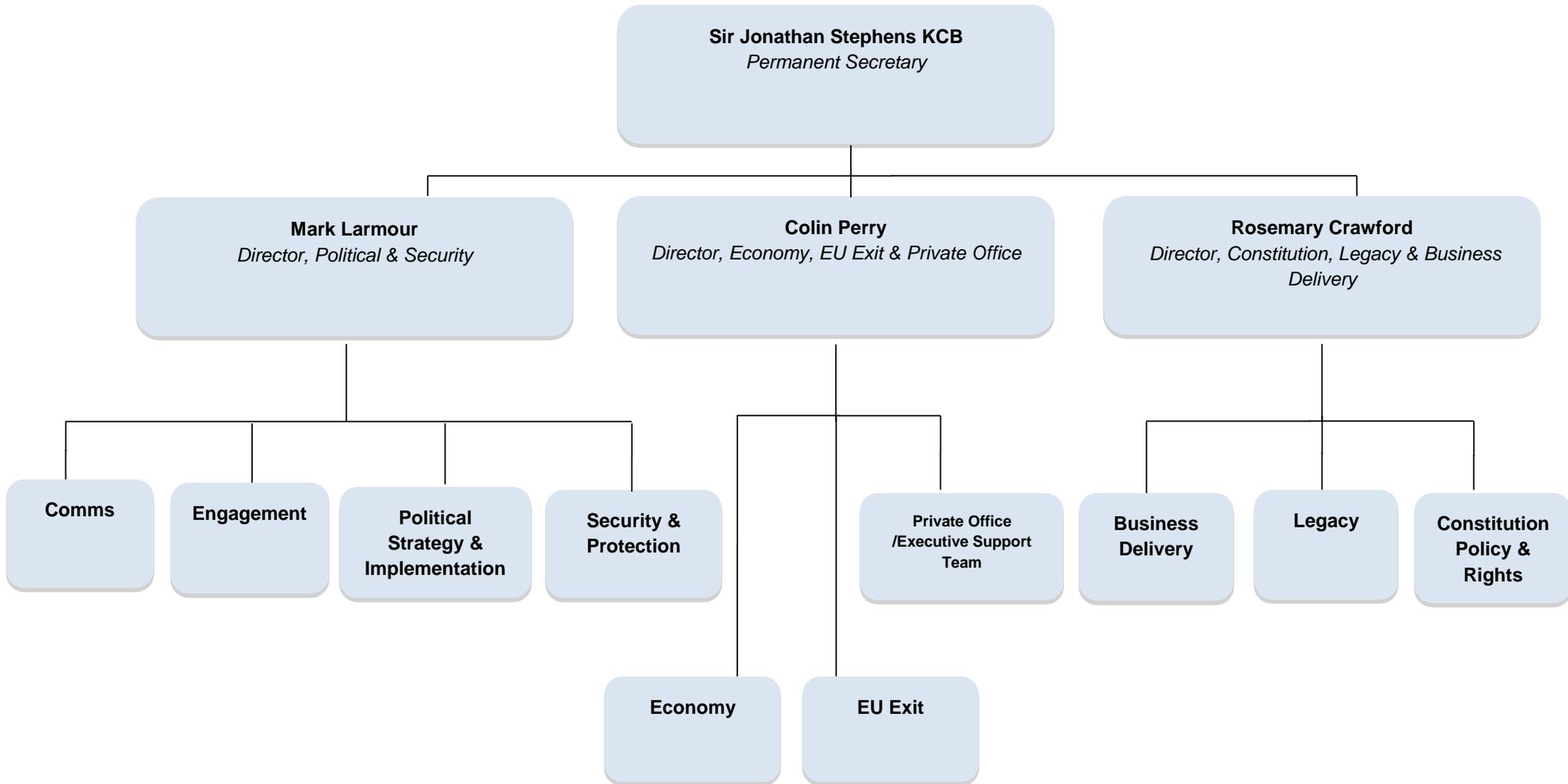
In partnership with the Irish Government we co-sponsor the Independent Commission for the Location of Victims' Remains and provide support for the British-Irish Intergovernmental Secretariat.

In addition, our Ministers are responsible, together with the Irish Government, for appointing the Board of the International Fund for Ireland (IFI). The IFI is governed by a fully independent Board, funded by international donors and administered by the British and Irish Governments.

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<sup>1</sup> This is jointly sponsored by the Irish Government but for accounting purposes the UK joint Secretary has been appointed as an accounting officer with responsibility for reporting to Parliament on monies made available by HM Treasury.

## How we are structured



## Our Ministers

The following Ministers have responsibility for the Northern Ireland Office:



The Rt. Hon. Karen Bradley MP<sup>2</sup>  
Secretary of State for Northern Ireland

Karen Bradley MP was appointed Secretary of State for Northern Ireland on 8 January 2018. She was Secretary of State for Digital, Culture, Media and Sport from July 2016 to January 2018. She was elected Conservative MP for Staffordshire Moorlands in May 2010.

The Secretary of State has overall responsibility for the Northern Ireland Office, advances UK government interests in Northern Ireland and represents Northern Ireland interests in the Cabinet.



Shailesh Vara<sup>3</sup>  
Parliamentary Under Secretary of State for Northern Ireland

Shailesh Vara MP was appointed Parliamentary Under Secretary of State at the Northern Ireland Office on 9 January 2018. He served as at the Ministry of Justice from October 2013 until July 2016. He served as an Assistant Government Whip (HM Treasury) from May 2010 until September 2012. He was elected Conservative MP for North West Cambridgeshire in 2005.

The Parliamentary Under Secretary of State supports the work of the Northern Ireland Office.



Lord Duncan of Springbank<sup>4</sup>  
Parliamentary Under Secretary of State for Northern Ireland

Lord Ian Duncan was appointed as Parliamentary Under Secretary of State in the Scotland Office in June 2017. He was also appointed Parliamentary Under Secretary of State for Northern Ireland in October 2017. He served as Parliamentary Under Secretary of State for Wales between June and October 2017.

Further information on our Ministers can be found on our website: [www.nio.gov.uk](http://www.nio.gov.uk)

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<sup>2</sup> Karen Bradley replaced James Brokenshire who had been the Secretary of State for Northern Ireland from July 2016.

<sup>3</sup> Shailesh Vara replaced Chloe Smith who had been Parliamentary Under Secretary of State for Northern Ireland from 14 June 2017. Prior to Chloe Smith the position was held by Kris Hopkins.

<sup>4</sup> Lord Duncan replaced Lord Bourne who had been Parliamentary Under Secretary of State for Northern Ireland from 14 June 2017. Prior to Lord Bourne the position was held by Lord Dunlop.

## Our leaders and their responsibilities



Sir Jonathan is Permanent Under-Secretary of the Northern Ireland Office. He chairs the Northern Ireland Board and is the Department's Principal Accounting Officer. He was appointed in June 2014.

**Sir Jonathan Stephens KCB**  
Permanent Secretary



Rosemary Crawford was appointed as Director (Constitutional Policy and Rights, Legacy & Business Delivery) on 3 January 2018. Rosemary is also responsible for leading the department's contingency planning work in light of the ongoing absence of a devolved Executive in Northern Ireland. Rosemary is a member of the Board.

**Rosemary Crawford**  
Director



**Mark Larmour**  
Director

Mark was appointed Director (Political and Security) in December 2014. He has oversight of matters relating to political development in Northern Ireland as well as for the delivery of the cross Government Strategy to tackle the threat from Northern Ireland Related Terrorism. He leads on relationships with both the Irish Government and the US Government on matters relating to Northern Ireland. Mark is a member of the Board.



**Colin Perry**  
Director

Colin was appointed Director (Economy, EU Exit and Private Office) in December 2014. He leads on issues relating to the Northern Ireland economy and EU Exit. This includes putting Northern Ireland's finances on a stable footing. He also leads on relationships with the centre of government and with the Scotland Office and the Wales Office on devolution issues. Colin is a member of the Board.

## Our Non-Executive Board Members



**Dawn Johnson**  
**Lead Non-Executive**  
**Director, Chair of the**  
**Audit and Risk**  
**Committee**

Dawn Johnson BSc (Hons) ACII Dip PFS is the lead Non-Executive Director of the Northern Ireland Office, sitting on the Management Board. Dawn also chairs the Audit and Risk Committee.

Born and educated in Northern Ireland, Dawn spent the majority of her career in financial services focussed on sales, marketing and operational management with responsibility for regulatory compliance.

Dawn has held a portfolio of non-executive roles in, and supporting, the public sector for over 10 years. Her current roles include Frimley Health NHS Foundation Trust and Raven Housing Trust.



**David Brooker**  
**Non-Executive**  
**Director**

David Brooker is a retired Senior Civil Servant with experience of working across a wide range of issues in the Northern Ireland Office, Home Office and Department for Culture, Media and Sport. He is an external member of the Appointments Committee of CSSC Sport and Leisure Ltd.

### Independent Non-Executive Membership

The Non-Executive Board Members exercise their role through influence and advice, supporting as well as challenging the Northern Ireland Office executive team. They advise on performance, operational issues and effective management of the Northern Ireland Office. They also provide support, guidance and challenge on the progress and implementation of the operational business plan, in relation to recruiting and ensuring appropriate succession planning of senior executives. To share best practice and to ensure that departments learn from the successes and failures of comparable organisations the lead non-executive regularly meets with other non-executives from the Territorial Offices and across wider government.

No changes were made to our non-executive membership during the reporting period.

## Our Performance

### Northern Ireland Office's priorities

The Northern Ireland Office publishes its objectives and commitments on GOV.UK at: <https://www.gov.uk/government/publications/northern-ireland-office-2015-to-2020>

Progress on our objectives is published in-year. The most recent summary progress report was published in December 2017 and can be found using the above link.

GOV.UK also provides news and updates on progress of work undertaken by the Northern Ireland Office, including details of announcements of achievements. Further information can be found on our website [www.nio.gov.uk](http://www.nio.gov.uk)

### Business plan objectives 2017-18

The section below sets out in detail the range of business plan objectives and provides an analysis of how we delivered these during 2017-18.

#### Objective 1: Making politics work

The Northern Ireland Office's overarching priority for 2017-18 was to work with the political parties and the Irish Government, consistent with the three-stranded approach set out in the Belfast Agreement, to restore the devolved institutions. Following the General Election, which took place on 8 June 2017, political talks recommenced; however, an agreement was not possible at that time. The Secretary of State then brought the parties together in September 2017 for a new phase of talks.

These talks made further progress on a number of key issues but by the beginning of November 2017 it was clear the parties were unable to reach agreement on the formation of a new Executive. Subsequently the Secretary of State introduced a budget for 2017-18 at Westminster in November 2017 which enabled civil servants to take decisions on spending and public services in Northern Ireland.

The Secretary of State paused at the turn of the year to allow time for the parties to reflect on their positions and progress to date.

In early January 2018, the new Secretary of State, Karen Bradley, announced that a short, intense set of political talks to restore the Executive would commence on 24 January, however despite yet further progress these talks ended on 14 February without agreement between the parties. As a result, and in the continued absence of devolved government, the Secretary of State intervened to set budget allocations for Northern Ireland departments for 2018-19 in order to

protect the delivery of public services. The Secretary of State also introduced legislation to cap payments to the Renewable Heat Incentive (RHI) scheme and to give the power to vary MLA pay. The Secretary of State is committed to power-sharing devolved government as the best means of delivering the political stability, which is the priority of the UK Government and the vast majority of people in Northern Ireland, and is prepared to bring forth legislation that will allow for an Executive to be formed should the parties reach an agreement.

Prior to the dissolution of the Assembly in January 2017, good progress had been made in the implementation of the Fresh Start and Stormont House Agreements. The Government continued to seek to build trust with its work on legacy and to move towards a public phase on legacy reforms. In addition, Welfare reform plans were implemented. Recent political developments have regrettably put implementation on hold and future delivery will depend on the successful formation of a new Executive.

The Northern Ireland Office provided support to the Chief Electoral Officer to deliver Westminster elections in June 2017. As part of the wider programme of modernising electoral services in Northern Ireland, we worked with the Electoral Office to introduce digital electoral registration to Northern Ireland and this was successfully delivered on 18 June 2018.

The Northern Ireland Office has amended the existing anonymous registration regime to make it easier for vulnerable individuals, particularly survivors of domestic violence, to register to vote and play their full part in the democratic process without putting their safety at risk. We also passed legislation to allow for the transparency of political donations and loans in Northern Ireland.

## **Objective 2: A more secure Northern Ireland**

Violent dissident republican terrorist groupings continue to try to attack the state and their own communities. Their support remains limited, despite their attempts to seek legitimacy in a wider society which continues to reject their use of violence. Numerous dissident republican terrorist attacks have been prevented through vital support provided by members of the community.

The Northern Ireland Office worked closely with MI5, the Police Service of Northern Ireland, the military and colleagues in An Garda Síochána, to tackle the enduring threat from Northern Ireland Related Terrorism (NIRT) and to limit the impact on people going about their daily lives.

MI5 keep the level of threat from Northern Ireland related terrorism under constant review. The threat level from Northern Ireland-related terrorism in Northern Ireland has remained at SEVERE since March 2009, meaning an attack is "highly likely". In March 2018, MI5 lowered the threat level in Great Britain from Northern Ireland related terrorism from 'Substantial' to 'Moderate' which means a terrorist attack is possible but not likely.

The UK Government has also actively supported a dedicated programme of activity to tackle paramilitarism as part of 'A Fresh Start - The Stormont Agreement and Implementation Plan. Over the 5 year period of the programme £25 million is being provided, which match funds the Northern

Ireland Executive has committed. The combined resource of £50 million will not only support the law enforcement aspects of the programme which are now fully functioning but, also, crucially, provide communities with the tools and resources they need to reject paramilitaries. This year we have furthered developed our coordination on this programme at strategic and official level to ensure alignment with our strategic approach to tackling terrorism.

The Independent Reporting Commission (IRC), established via an international Treaty between the UK and Irish Governments, was legally constituted in August 2017 following the passage of the Irish legislation. The IRC has undertaken consultation with a broad range of stakeholders and is expected to publish its first report on progress towards ending paramilitary activity in June 2018.

In addition we continue to work to ensure that Northern Ireland has a legislative framework appropriate for the threat, including working with the Home Office to implement the Investigatory Powers Act 2016; working with the Northern Ireland Executive and other partners to ensure faster and more effective outcomes in terrorism cases as set out in the Fresh Start Agreement and that cross border cooperation remains strong as we leave the European Union.

### **Objective 3: A growing economy**

The Government has continued to uphold its commitment to deliver a stronger, more secure and stable economy that works for every part of the UK.

The Northern Ireland Office, working alongside Northern Ireland partners and other Government departments, has continued to prioritise strengthening and rebalancing the Northern Ireland economy, which grew by 1.8% over the year. At the end of 2017, the employment rate stood at close to a record 70%, while the unemployment rate was 3.9% (down from 5.3% in the previous year). There were more than 13,840 additional jobs in the private sector, while the number of people claiming unemployment-related benefits fell for twelve consecutive months.

We also continued to help support the delivery of a stable and sustainable budget. In March 2017 the Spring Budget further boosted a new Northern Ireland Executive's resource budget by £90m through to 2019-20 and its capital budget by £30m through to 2020-21. In autumn 2017, there was a further £660m injection into the budget, delivering an increase in the block grant in real terms over the Spending Review period. We have also worked to deliver the release of funding agreed by the Government in the financial annex to the Confidence and Supply Agreement with £20 million released in 2017-18 and commitment given to provide a further £410m in additional resource and capital to Northern Ireland in 2018-19. And the department has continued to deliver on its commitments from the Fresh Start and Stormont House Agreements.

We have also ensured that the UK Government upholds its responsibility to ensure good governance and protect public services through several interventions to safeguard public finances during the year, including the Northern Ireland Budget Act 2017 and Northern Ireland Budget

(Anticipation and Adjustments) Act 2018. Both have provided an important, and secure, foundation for spending and planning into the new financial year.

Further certainty has been provided through additional legislation progressed in tandem during the year to enable the collection of rates, which provides the basis for collecting much-needed revenues for the Northern Ireland administration and cost-capping measures on the Renewable Heat Incentive scheme. These measures have built on the Budget clarity and certainty provided for 2017-18 and 2018-19 to ensure sustainable public finances and protect delivery of public services in Northern Ireland.

In addition to taking steps to ensure good governance in Northern Ireland in the absence of an Executive, the Northern Ireland Office has also continued to deliver on its objective of supporting the growth of the Northern Ireland economy. In line with the Government's commitment to taking forward a comprehensive and ambitious set of City Deals for Northern Ireland, the Autumn Budget announced the opening of negotiations for a City Deal for the Belfast City region. We have since worked closely with colleagues in the Northern Ireland Administration, wider stakeholders and other department in the UK Government to take the process forward and to encourage the development of proposals from other regions right across Northern Ireland, including in Derry/Londonderry.

We have also continued to ensure the Northern Ireland voice is heard across the UK Government, engaging with departments to help ensure that people and businesses in Northern Ireland will benefit from the opportunities arising from the Government's Industrial Strategy announced in November 2017. This has included ensuring that the offer to Northern Ireland benefits its businesses and innovators, specifically recognising Northern Ireland's key strengths in New Sector Deals in Artificial Intelligence, Health and Life Sciences, and Creative Industries, as well as access to the £115m Strength in Places Fund and the £4.7bn Industrial Strategy Challenge Fund. We have also supported delivering boosts to NI's digital infrastructure through funding for full fibre networks at Autumn Budget - with £11.2m for Belfast and £2.4m for Armagh, Banbridge and Craigavon - and Belfast being named as a key regional Tech Nation hub.

In order to address public concern about the ongoing payment of full salaries to MLAs in the absence of an Executive and sitting Assembly, the Secretary of State brought forward the Northern Ireland Assembly Members (Pay) Act 2018, which also gained Royal Assent in March 2018. This provides the power to vary MLAs' pay and allowance during the current period when there is no Executive using a Determination - the mechanism normally used by the Independent Financial Review Panel. The power was used to stop a £500 inflationary increase in MLAs' pay that would otherwise have applied from 1 April.

The Government also remains committed to devolving corporation tax rate setting powers to Northern Ireland. Practical technical work to enable those powers to be devolved has continued, with good progress made between HM Revenue and Customs and the Northern Ireland Department of Finance. Further progress must await the formation of a new Executive.

Further, we have worked with partners across Whitehall to ensure that devolved considerations and the views of a restored Executive, as well as the key sectoral and trade priorities of economic stakeholders in Northern Ireland are taken in to account in developing future UK trade policy, including in the development of the Trade and Customs Bills. Our Ministers have also been key participants in the Government's new Board of Trade and where Northern Ireland's interests have been at stake, as in the Bombardier trade dispute which concluded successfully in January 2018, the Northern Ireland Office has been at the centre of cross-Whitehall work to do everything possible to safeguard jobs and livelihoods.

#### **Objective 4: A stronger society**

Throughout 2017 and early 2018 the Northern Ireland Office worked closely with political leaders with the aim of returning stable and effective government to Northern Ireland. This work involved extensive discussions about legacy issues. Whilst agreement could not be reached to restore the devolved administration, progress was made in relation to legacy. The Northern Ireland Office continued its ongoing engagement with victims and survivors and others affected by the legacy of the past, throughout this period.

The Government demonstrated its commitment to trying to find the best way to meet the needs of victims and survivors and to help people address the impact of the Troubles by launching a consultation on 'Addressing the Legacy of Northern Ireland's Past' in May 2018. The consultation will enable all those with an interest to express their views on the details of how new institutions will work in practice. The consultation will close in September 2018.

During the year the Northern Ireland Office continued to deliver structured external engagement, at both Ministerial and official level, with political, business, civil society and community representatives, including in 'hard to reach' communities'. While this has covered a wide range of issues, much of the focus in the current period has been on understanding the impact of EU Exit on those living and working in Northern Ireland, particularly in border areas.

The 2017 parading season was one of the most peaceful in recent years. Ongoing engagement between parade organisers and local residents' groups has reduced community tensions in areas such as North Belfast, demonstrating that dialogue offers the best means of securing long term resolution to parading disputes. The UK Government remains of the view that securing alternative, locally agreed arrangements for regulating parades in Northern Ireland is the best option for sustainable long term reform of the system.

The Northern Ireland Office has continued to fulfil its statutory role as sponsor of the Parades Commission for Northern Ireland. The Secretary of State appointed a new Commission member in May 2018. This, coupled with the re-appointment of an existing member from April 2018, will allow for the staggering of future appointments to the Commission and ensure there is a measure of continuity over the coming years.

This year also saw a continuation of the excellent collaboration between the Northern Ireland Office and Irish Government counterparts to help ensure that important centenary commemoration events were delivered in a respectful, inclusive manner, promoting reconciliation and a peaceful shared future. Most notably, the UK and Irish Governments jointly delivered a significant and high profile event at the Island of Ireland Peace Park in Belgium, to commemorate the 100th anniversary of the 1917 Battle of Messines Ridge. The Battle had considerable historic and symbolic significance for the UK and Ireland as it was the first time that the 36th (Ulster) and 16th (Irish) Divisions fought alongside each other during the First World War.

In close consultation with the Royal Households, the Northern Ireland Office delivered a total of thirteen VVIP visits to Northern Ireland, including visits by the Duke of Edinburgh, the Prince of Wales and Duchess of Cornwall, the Duke of Cambridge and the Princess Royal. Prince Harry made his first official visit to Northern Ireland to be guest of honour at the Secretary of State's Garden Party at Hillsborough Castle in September 2017 and the new Duke and Duchess of Sussex made a first joint visit in March 2018.

The 2017-18 tranche of Shared Future funding (£12 million of £60 million over five years) was made available as set out in the Fresh Start Agreement, to be allocated by Northern Ireland Civil Service Departments to support delivery of confidence and relationship building measures within and between communities. The Northern Ireland Office remains committed to securing a restoration of the Northern Ireland Executive which will allow for further progress on important shared future initiatives.

### **Objective 5: Northern Ireland Office fit for the future**

Over the course of the last financial year the Department continued to explore options for increasing efficiencies and modernise its approach to business through the use of new technology and different ways of working. The Department now operates on a fully flexible IT system, enabling staff to work more effectively between our offices, and away from the office. We have also continued to invest in video conferencing facilities, enabling staff to connect across both sites, and externally, reducing the need to physically travel,

Towards the end of the last reporting period we transferred our transactional financial services to AccountNI and introduced new on-line systems for HR. Each new system has presented its own challenges in-year and there remain some minor issues to resolve in the next reporting period. However, the introduction of the new systems has already delivered a number of benefits and reduced the administrative burden on our staff. Ensuring that the new systems are fully bedded in will be a priority in 2018-19.

There was a particular focus on our people in this reporting period through measures we have introduced to promote positive attitudes toward diversity and encourage participation by disabled people in public life. In November 2017 we were certified as a disability confident leader and in March 2018 we were awarded the Legal Island award for best small employer for diversity and inclusion in Northern Ireland. We also achieved excellent People Survey scores, including the

highest score in Whitehall for diversity and fair treatment. In the next reporting period we will continue to champion diversity and inclusion in how we work through our People Plan and transform our accommodation to remove barriers to access for disability people.

We also improved our resilience by increasing the proportion of staff permanently employed by the Department.

As part of our commitment to our people and to remove barriers we have commenced a major refurbishment of accommodation, including the installation of a lift in Stormont House, to meet access requirements and ensure that office space supports a diverse range of needs. Works were carried out at both of our office locations and this will continue into the next period.

Over the last year we made preparations for the introduction of the General Data Protection Regulation and worked closely with our sponsored bodies and office holders to ensure compliance with the new data protection requirements.

Despite the challenging environment and our ongoing programme of work to modernise how we deliver our business we operated within the agreed annual baseline budget.

## Spending summary highlights for 2017-18

	2017-18	2016-17	Variance
<b>Spend By Budget Type</b>	<b>£millions</b>	<b>£millions</b>	<b>£millions</b>
Resource DEL (Voted) (Departmental operations including depreciation)	20.9	20.3	0.6
Resource DEL (Non-Voted) (Election Funding*)	4.0*	10.1*	(6.1)
AME (Non-Cash accounting provisions for legal liabilities)	-	(0.8)	0.8
Capital DEL (Expenditure on Departmental non-current assets)	1.5	0.5	1.0
Non Budget (NI Executive funding)	14,487	14,156	231

\* This represents funding of the UK General Elections in 2017-18 and funding of two Assembly elections in 2016-17

This spending data corresponds to the more detailed information within the [Financial Review](#) on page 21.

## Sustainable Development

### Introduction

The Northern Ireland Office is exempt from complying with HM Treasury guidance on sustainability reporting as to collate the figures would be disproportionately expensive relative to the size of the Department. However, the Northern Ireland Office fully supports 'Greening Government' commitments to reducing waste, domestic flights, paper and water across its estate.

### Sustainability

In the last reporting period the Northern Ireland Office took steps to reduce the impact of its business on the environment, with a priority to reduce carbon dioxide emissions. These steps included:

- Broadening the range of video conferencing facilities to enable staff to connect remotely to meeting; and
- Investment in new energy efficient boilers

These changes have helped to reduce the Department's energy 'footprint' by cutting down the requirement for staff to travel to meetings. The use modern technology, including cloud service for data storage, has also decreased the energy consumption across the Northern Ireland Office's estate.

The Northern Ireland Office investment in energy efficient boilers will further reduce the carbon footprint and there is a planned programme of work to transfer to low energy lighting.

### People

The Civil Service has a long tradition of supporting staff to volunteer and the Northern Ireland Office is committed to making a positive impact on the community in which it operates. The Northern Ireland Office offers up to five days' special leave for each member of staff to undertake volunteering. Staff can organise their own volunteering activity or can visit [www.do-it.org.uk](http://www.do-it.org.uk) for ideas and information on volunteering.

## Financial Review

### Funding

The Department's activities are financed by Supply voted by Parliament. Each year the NIO is given Parliamentary approval for its expenditure when Parliament votes the Main Supply Estimates. Subject to Parliament's agreement, the estimates may be amended during the year at the Supplementary Estimate stage. The estimates are published by Her Majesty's Stationery Office (HMSO) and contain details of voted monies for all government departments. The 2017-18 Supplementary Estimates are available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/679738/PU2137\\_Supplementary\\_estimates\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/679738/PU2137_Supplementary_estimates_web.pdf)

### **Departmental Expenditure Limit (DEL): £27,555,000 (including non-voted expenditure of £4,561,000)**

Expenditure arising from:

- overseeing the effective operation of the devolution settlement in Northern Ireland and representing the interests of Northern Ireland within the UK Government;
- expenditure on administrative services;
- expenditure arising from the Stormont House Agreement and the Fresh Start Agreement;
- Head of State related costs and VIP visits to Northern Ireland;
- Northern Ireland Human Rights Commission and other Reviews and Commissions arising from the Belfast Agreement, the Northern Ireland Act 1998, the Northern Ireland Act 2000, the Northern Ireland Act 2009, political development and inquiries;
- parading;
- the Chief Electoral Officer for Northern Ireland, elections and boundary reviews;
- Civil Service Commissioners for Northern Ireland;
- legal services, security, victims of the Troubles including the work of the Independent Commission for the Location of Victims Remains and arms decommissioning;
- compensation schemes under the Justice and Security (Northern Ireland) Act 2007 and Terrorism Act 2000; and

- the running of Hillsborough Castle and certain other grants.
- the Independent Reporting Commission

This includes associated depreciation and any other non-cash costs falling in DEL.

Income arising from:

Recoupment of electoral expenses; receipts from the use of video conferencing facilities; fees and costs recovered or received for work done for other departments; freedom of information receipts; data protection act receipts; recovery of compensation paid; recoupment of grant funding; costs and fees awarded in favour of the crown; receipts arising from arms decommissioning; fees and costs recovered or received for the use of the NIO estate; contributions from third parties to fund grant programmes and monies from other departments to fund projects in Northern Ireland.

#### **Annually Managed Expenditure (AME): (£500,000)**

Expenditure arising from change in provisions.

#### **Non-Budget Expenditure: £15,287,400,000**

Expenditure arising from:

- providing appropriate funding to the Northern Ireland Consolidated Fund for the delivery of transferred public services as defined by the Northern Ireland Act 1998, Northern Ireland Act 2000 and the Northern Ireland Act 2009; and
- grants to the Northern Ireland Consolidated Fund and transfers of EU funds.

The Department's final resource Estimate for 2017-18 was £15,314m (2016-17: £14,704m) and the Department's final capital Estimate for 2017-18 was £1.655m (2016-17: £0.561m).

#### **Comparison of estimate and outturn**

##### **Resource**

The total outturn shown in the Statement of Parliamentary Supply of these Accounts reflects achievement of the Department's financial objectives and an effective financial management performance for the year. The net resource outturn for 2017-18 was £14,512m (2016-17: £14,186m) compared with the Estimate of £15,314m (2016-17: £14,704m). This is a variance of £802m (2016-17: £518m).

The main reasons for this variance are:

- £800m funds anticipated to be required by the Northern Ireland Executive were not drawn down from the Consolidated Fund;
- a variance of £0.5m against the AME Estimate which resulted from lower than anticipated expenditure related to accounting provisions for legacy legal cases;
- a variance of £0.52m in respect of lower than anticipated costs for the Parliamentary Election held in June 2017; and
- other small variances across the remainder of the Department and its ALBs resulting largely from lower than anticipated staff costs, and programme costs where planned expenditure could not be completed due to a change in circumstances in the final quarter of the year.

### Capital

The net capital outturn for 2017-18 was £1.5m (2016-17: £0.47m) compared with the Estimate of £1.66m (2016-17: £0.56m). This is a variance of £0.16m (2016-17: (£0.09m)).

This variance resulted from lower than anticipated capital expenditure in a number of projects across the Department and its ALBs

### Net Cash Requirement

The net cash requirement (note SOPS3) outturn was £14,523m (2016-17 £14,172m) compared with the Estimate of £15,308m (2016-17: £14,692m). This is a variance of £785m (2016-17: (£520m)). This variance resulted from lower than anticipated payments made by the Northern Ireland Executive during the financial year.

Decisions on how funding to the Executive is spent are managed by the devolved administration and funding is allocated to the Northern Ireland departments by the Department of Finance (DoF). Each of the Northern Ireland departments, including DoF, publishes their own financial statements. Additional information regarding the budgets of the Executive and the grants paid by the NIO to the Northern Ireland Consolidated Fund are included in an annex at the end of this document.

### Statement of Financial Position

The net assets at 31 March 2018 of £76m (2016-17: £71m) principally comprise property, plant and equipment of which Hillsborough Castle and its surrounding estate is £70.8m (2016-17: £72.1m) as the remainder of the other assets and liabilities largely offset.

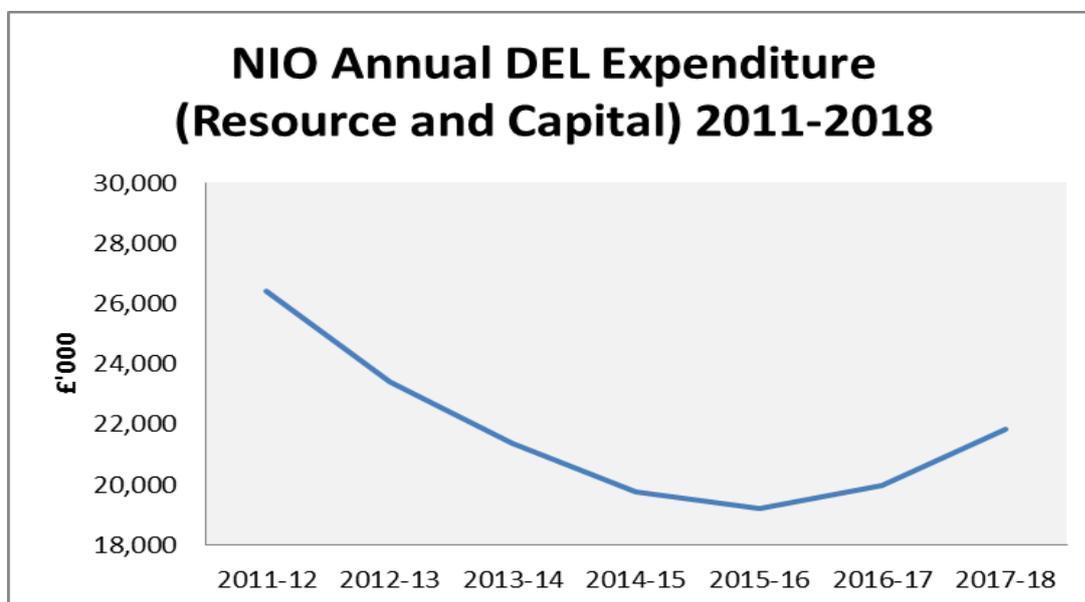
The financial assets include loans issued to DoF under the National Loans Fund, but these are balanced by corresponding amounts in current and non-current liabilities.

## External Auditor

These accounts are audited by the Comptroller and Auditor General (C&AG) who is appointed by statute and reports to Parliament on the audit examination. His certificate is produced in the Parliamentary accountability and audit report. The audit of the financial statements for 2017-18 resulted in a group audit fee of £142,500 (cash audit fee £34,500, non-cash audit fee £108,000) (2016-17 £136,500; cash fee £30,000, non-cash fee £106,500).

The C&AG may also undertake other statutory activities that are not related to the audit of the Department's accounts such as value for money reports. No such reports were published during the year.

## Long Term Expenditure Trend



The outturn figures have been adjusted to exclude the impact of significant one-off additional areas of expenditure when additional funding was provided e.g. the electoral canvass in 2013-14, European Elections and Assembly Elections in 2014-15 and 2016-17, as well as General Elections in 2015-16 and 2017-18. The increase in 2017-18 represents additional funding for new areas of expenditure e.g. a boundary review as well as increased capital expenditure on IT and infrastructure projects

**Sir Jonathan Stephens KCB**  
**Accounting Officer**  
**28<sup>th</sup> June 2018**

## **THE ACCOUNTABILITY REPORT**

## Report by Dawn Johnson, the Northern Ireland Office Lead Non-Executive Board Member



### Introduction

This is the fifth annual report that I have been involved with as the Northern Ireland Office's lead non-executive director and Chair of the Northern Ireland Office's Audit and Risk Committee. My report looks back at the progress made over the last twelve months and reflects on the work of the Audit and Risk Committee. It has been prepared in line with HM Treasury guidance.

Last year's report outlined the numerous challenges faced by the department including transferring its financial management arrangements to the AccountNI platform and dealing with frequent periods of significant political uncertainty. Over the last twelve months the new payment processing arrangements have taken time to bed in across the departmental family and post implementation issues impacted on the prompt payment target. An action plan was agreed towards the end of the reporting period and I expect to see significant progress towards meeting the target in the coming months.

The Board's focus in-year continued to be on the politics and the complex work emerging in respect of EU Exit. The non-executive directors used their experience and skills to contribute to discussions and challenge the senior management team on the adequacy of resources, achievement of objectives and management of risk. Despite the challenges, the Board, supported by the Executive Management Committee and Audit and Risk Committee continued to deliver its operational deliverables and improve governance arrangements. I have seen real improvements in the identification and management of financial risk.

During the year the non-executive directors played an active role in a number of Senior Civil Service and public appointment recruitment panels. This allowed the non-executive directors to scrutinise and provide an independent perspective to the process. I am satisfied that all senior level recruitment complied with relevant guidance and all appointments were made on merit.

The non-executive directors also attended a number of cross-government events and engaged with their counterparts in other Whitehall departments.

### Audit and Risk Committee

The Audit and Risk Committee operates under delegated authority from the Board. The Committee's primary purpose is to provide constructive challenge, support and advice to the

Northern Ireland Office's Accounting Officer in the effective discharge of his responsibilities for governance, risk and internal control. It also oversees the work of internal and external audit including audit plans, reports and departmental responses. The Committee acts in an advisory capacity and has no executive responsibilities.

### Terms of Reference

The Committee's Terms of Reference broadly follow the guidance provided in the HM Treasury's Audit and Risk Assurance Handbook that was reissued in March 2016. The key messages and minutes from each Committee meeting are presented to the Board and made available to all Deputy Directors.

The Terms of Reference were updated in February 2017 and revised again in June 2018.

### Audit and Risk Committee Membership

The Audit and Risk Committee's membership is currently composed as follows:

- Dawn Johnson: Lead Non-Executive member of the Northern Ireland Office Board and Chair of the Audit and Risk Committee
- Rosanna Wong<sup>5</sup>: External Member, Deputy Director – Head of Civil Service HR (CSHR) Programme Management Office and Communications.
- Ian Summers: Independent Member with public sector finance and audit background and experience of working with both Whitehall departments and devolved government.

Regular attendees at the Audit and Risk Committee meetings included:

- Directors, Northern Ireland Office
- Deputy Director, Business Delivery Group, Northern Ireland Office
- Head of Finance, Northern Ireland Office
- National Audit Office
- Government Internal Audit Agency

In addition to the regular attendees, the Departmental Accounting Officer normally attends at least one meeting a year. In 2017-18 the Accounting Officer attended the June meeting of the Committee.

### Relationships with other Audit Committees

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<sup>5</sup> Rosanna Wong was co-opted to replace Ben Connah (Deputy Director, Department of Education) who stood down in January 2018 after serving a full term of three years on the Committee.

The Northern Ireland Office sponsors two Non-Departmental Public Bodies (NDPBs): the Northern Ireland Human Rights Commission and the Parades Commission for Northern Ireland. During the year the Independent Reporting Commission was established under an international treaty with the Irish Government; however, it was agreed with HM Treasury that for accounting purposes this new body should be treated as an NDPB.

Each of these bodies has its own Accounting Officer and the Northern Ireland Human Rights Commission and the Parades Commission for Northern Ireland operate independent Audit Committees. Due to the limited budget and responsibilities the Independent Reporting Commission has decided that it would not be proportionate to establish its own Audit Committee and oversight of governance and financial matters will be provided by this Committee.

The Committee kept a watching brief on key issues affecting the NDPBs and the other sponsored bodies through regular updates from sponsors and the stewardship statement process. The Committee also took assurance from the updates provided by the National Audit Office on the preparation of NDPB audited accounts.

During the year, I met with the Chairs of the Audit Committees for the Human Rights Commission and Parades Commission. I am satisfied on the basis of the assurances received that both committees are operating effectively.

### **Audit and Risk Committee activity**

The Committee met in April, June, and September 2017 and in February 2018. The September meeting was held in Belfast to enable Committee members to carry out visits to sponsored bodies.

At each meeting the Committee continued to exercise a robust challenge function and to demand the highest levels of performance and accountability from those reporting to it.

Standing agenda items reviewed at each meeting included Risk Management, Finance, ALB management, Internal Audit and National Audit Office (external audit) and updates from the Board and other committees and projects. In-year the Committee also monitored good progress on implementing outstanding audit recommendations. I can confirm that action was taken on all recommendations from 2016-17 and an action plan is in place for recommendations from the 2017-18 reporting period.

During the quarterly meetings, the Committee members were regularly apprised of the priorities and objectives of the Northern Ireland Office or matters of specific interest or relevance to the discharge of the Committee's functions.

Towards the end of 2017 the Committee completed a review of effectiveness as recommended in the Corporate Governance in Central Government Departments Code of Good Practice. Annual reviews of this nature allow the Committee to monitor how it is performing and to make any

changes that it may feel are necessary or that will add value to the role which the Committee plays.

Committee members were asked to complete a self- assessment checklist designed to ascertain how they thought the Committee had performed during the last 12 months and to give their views on which aspects of the role of the Committee might be changed or improved. I also asked regular attendees at Committee meetings to provide comments from an observational perspective.

The resultant responses confirmed that the Committee currently has the right balance of skills and experience and is operating effectively. The Committee commended the support provided by the Corporate Governance Team and noted that the quality of reports and papers had improved in recent years. However, the Committee agreed that it would welcome the attendance of Deputy Directors to provide an assurance on key risks. The Committee plan to invite selected Deputy Directors to future meetings.

To further ensure the Committee's ongoing effectiveness I carried out annual performance appraisals of the members. I can confirm that all appraisals have been completed.

### **Main matters arising**

The main matters arising during the reporting period are summarised below.

#### *2016-17 Accounts*

The Committee scrutinised and questioned officials on the 2016-17 accounts. As part of this process, the Committee specifically reviewed the handling of an accrual relating to a legal case that concluded towards the year end and some minor issues raised by external auditors. The Committee noted that there had been improved collaboration across the department and with auditors.

The Northern Ireland Office's Annual Report and Accounts were subsequently presented to Parliament on 20 July 2017.

On other departmental group accounts, the Committee monitored progress on the preparation of the National Loan Fund accounts that were submitted to HM Treasury in July 2017. Unfortunately, the Returning Officers' Expenses (Northern Ireland) for 2016-17 were not presented to Parliament until February 2018 due to issues preparing the accounts in a new format. The Committee is satisfied that lessons have been learned by the Department; however, the Committee intends to take closer scrutiny of the planning of all annual reports and accounts in the next financial year.

The preparation and sign off of the Annual Report and Accounts for the Parades Commission for Northern Ireland and the Northern Ireland Human Rights Commission are matters for their designated accounting officers and audit committees. However, the Committee monitored progress and noted the assurances provided by the National Audit Office. The Parades

Commission for Northern Ireland presented their 2016-17 report to Parliament on 19 July 2017 and the Northern Ireland Human Rights Commission also laid their report on the same day.

#### *Information Assurance and Data Protection*

The Committee received updates on progress to review and refresh Information Assurance policies, including preparations for the implementation of the General Data Protection Regulations that took effect in May 2018.

The Committee took assurance from the completion of the annual Security Health Check that was submitted to Cabinet Office in July 2017.

The Committee acknowledges that there were no information assurance incidents that required escalation to the Information Commissioner's Office.

#### *Control and Risk Issues*

During the year, the Committee received updates on the oversight and accountability arrangements between the department and its sponsored bodies. These reports included a risk assessment of key governance arrangements for each sponsored body.

The arrangements for managing risk have been regularly reported to the Committee. The Committee acknowledges that the challenges of the political situation have created a fluid climate that makes the identification and management of risk particularly difficult. However, the Committee is satisfied that the department has a robust risk management policy in place and all staff understand their responsibilities.

The Committee took assurance from the reports and verbal updates provided by officials at meetings and through direct meetings with representatives from a number of sponsored bodies. The Committee is satisfied that appropriate and effective governance arrangements are in place.

#### *Internal Audit*

The Committee reviewed and endorsed internal audit strategies and plans that covered a range of areas that presented the greatest risk. In-year, internal audits were commissioned from the Government Internal Audit Agency for: Security Health Check Return; Financial Business Management and Partnering and the governance of the Independent Reporting Commission.

The Committee received regular reports on the outcome of the audit work and recommendations made, including updates on the implementation of outstanding recommendations. The Committee acknowledges that the overall internal audit opinion reported a moderate level of assurance for 2017-18. Further information on the definition of the assurance rating can be found in the Governance Statement.

Towards the end of the reporting period the Committee engaged in the preparation of the audit plan for 2018-19 which will focus on the preparedness of the department for the implementation

of the General Data Protection Regulations, legal financial risk assessment and transactional processing.

### *External Audit*

Representatives from the National Audit Office attended all of the Committee's meetings. During this reporting period the Committee had a positive engagement with auditors in respect of the completion report for the 2016-17 accounts and reviewed the audit strategy and timetable for the Northern Ireland Office's 2017-18 accounts, Returning Officers' Expenses and NDPB accounts.

The Committee gained an assurance that appropriate action has been taken on external audit management letters for the previous years.

### **Audit and Risk Committee Assurance**

The Committee provides the assurance that, during the period of this report, it discharged its primary responsibilities in accordance with its terms of reference. The Committee is also satisfied that it is able to provide the Accounting Officer assurance on:

- all accounts it has reviewed;
- the high level system of internal controls; and
- the quality of both Internal and External Audit, with their approach to the discharge of their respective responsibilities, and the reliance that can be placed on this work.

Priorities for the Committee's attention over the next reporting period include:

- gaining assurance on the effectiveness of information assurance policies, including the implementation of the new General Data Protection Regulations;
- continuing to monitor financial management and reporting to ensure the delivery of future accounts are accurate, complete and meet agreed timescales;
- monitoring progress and sign off for all audit reports and recommendations;
- ensuring that appropriate governance policies are in place and regularly updated;
- monitoring the effectiveness of the Northern Ireland Office's approach to risk management;
- succession planning; and
- scrutinising sponsorship arrangements for the Northern Ireland Office's associated bodies.

### **Acknowledgements**

As Chair, I would like to thank Ben Connah for the valuable contribution he made to the work of the Committee during his term of appointment and welcome Rosanna Wong. I also would like to thank the auditors, senior officials within the Northern Ireland Office including the Head of Finance, the Directors, Deputy Directors and members of the Corporate Governance Team for supporting the ongoing work of the Committee.

**Dawn Johnson**

**Lead Non-Executive Director and Chair, Audit and Risk Committee**

## Directors' Report

### Ministers

Details of the ministerial titles and names of all ministers who had responsibility for the Northern Ireland Office during the year can be found on page 9.

### Permanent Secretary

The Permanent Secretary and Accounting Officer for the Northern Ireland Office is Sir Jonathan Stephens KCB. Further information can be found on page 10.

### Other Reporting Entities

The names of the chairman and chief executive, or equivalent, of the Northern Ireland Office's other reporting entities are:

- **Northern Ireland Human Rights Commission**

Chief Commissioner: Les Allamby  
Director/Chief Executive: Dr David Russell

- **Parades Commission for Northern Ireland**

Chief Commissioner: Anne Henderson  
Secretary: Lee Hegarty from January 2018<sup>6</sup>

- **Independent Reporting Commission**

Chief Commissioner: Not Applicable<sup>7</sup>  
UK Joint Secretary: Jenny Bell

## Corporate Information/Our People

### *Recruitment Practice*

All Civil Service recruitment in the Northern Ireland Office is carried out in accordance with relevant employment legislation and the Recruitment Principles issued by the Civil Service Commission.

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<sup>6</sup> Rene Murray stood down as Secretary in December 2017

<sup>7</sup> The IRC has been established jointly by the UK Government and the Government of Ireland. There are four Commissioners: John McBurney and Monica McWilliams, who were nominated by the Northern Ireland Executive, Tim O'Connor, who was nominated by the Government of Ireland, and Mitchell Reiss, who was nominated by the UK Government.

In 2017-18, the number of recruitment competitions was 58. In recognition of our dual role of representing Northern Ireland interests at UK Government level and UK Government interests in Northern Ireland, the Northern Ireland Office can only carry out its core functions and deliver its strategic priorities by having direct access to individuals who have a detailed knowledge and understanding of UK Government and Northern Ireland related issues. This includes a knowledge and understanding of the devolved administration and the machinery of government including Northern Ireland departmental functions and structures. For these reasons, a Memorandum of Understanding (MOU) was agreed formally between the Northern Ireland Office and Northern Ireland Civil Service (NICS) in October 2012, in recognition of the unique relationship between the two organisations and to provide an appropriate structure and a degree of flexibility around our secondment arrangements. This MOU continued to work effectively for the Northern Ireland Office during 2017-18 and we will continue to work closely with the NICS to ensure the secondment arrangements deliver maximum flexibility and mutual benefits.

During 2017-18 the Northern Ireland Office also offered young people the opportunity to enhance their employability through the Apprenticeships programme and three new Apprentices took up roles in Private Office and Communication.

### *Public Appointments*

As at 31 March 2018, the Northern Ireland Office sponsored three executive non-departmental public bodies, an advisory non-departmental public body and a range of smaller arm's length bodies and office holders. Further information about the range of associated bodies sponsored by the Northern Ireland Office can be found in the Performance Report. In addition, the Northern Ireland Office has responsibility for making appointments to the Equality Commission for Northern Ireland.

Between 1 April 2017 and 31 March 2018, six new regulated appointments were made to the Northern Ireland Human Rights Commission. The appointment of the Chair of the Civil Service Commissioners for Northern Ireland was renewed for a term of one year and one Commissioner was reappointed for a period of up to five years. The appointment of the Chair of the Sentence Review Commissioners was also renewed for a further period of five years along with two Commissioners.

### *Employee Consultation*

The Northern Ireland Office recognises the importance of sustaining good employee relations to achieve its objectives, and consultation with employees and their representative is central to that work.

Regular communication and consultation takes place with staff through a variety of channels, including the intranet, weekly heads up meetings, staff bulletins, working groups and other briefings. More formal consultation exercises also take place with staff and unions on matters such as organisational change and changes to staff terms and conditions when necessary.

There are also staff networks which represent particular groups of employees that our staff can access through our relationship with the Ministry of Justice and the wider civil service.

The Northern Ireland Office runs an annual People Survey which captures employees' views on a number of issues. The results from this year's People Survey saw encouraging increases in the scores across a number of areas and the Department achieved some of the highest scores across Whitehall, including the highest score for Leadership and Managing Change and Inclusivity and Fair Treatment.

During the year the Department introduced interim 'pulse' surveys at quarterly intervals as a means of assessing what is being done well, what the Department should be doing more of, or what could be done better. The results of the interim and annual surveys are also used to measure levels of engagement at the local and corporate level.

### *Managing Attendance*

Throughout 2017-18 the Northern Ireland Office continued to take a robust approach to managing attendance. The sickness absence figures for the reporting year are included in the Remuneration Report and show better attendance than the Civil Service average.

### *Diversity and inclusion policy*

The Northern Ireland Office recognises the importance of embedding diversity in everything we do. Sir Jonathan Stephens is our overall Diversity Champion on the Board. Our Directors each champion various categories, including: Black, Asian and Minority Ethnic; Lesbian, Gay, Bi-sexual and Transgender; Disability and other characteristics and we have an active and enthusiastic Diversity & Inclusion network supported by advocates for various protected characteristics.

The Northern Ireland Office is committed to:

- eliminating discrimination, harassment, victimisation and other conduct that is prohibited by or under equality legislation;
- advancing equality of opportunity between persons who share a protected characteristic and persons who do not share it; and
- fostering good relations between persons who share a protected characteristic and person who do not share it.

The Northern Ireland Office aims to be an organisation where everyone is:

- treated with fairness and respect;

- able to contribute and develop; and
- confident about how to ensure that the work they do supports equality of outcomes for everyone in society.

The Northern Ireland Office's people management policies and practices reflect the Civil Service Code and build on the legal obligations under Northern Ireland, National and European law.

The Northern Ireland Office took steps in 2017-18 to increase awareness of diversity issues through the continued publication and signposting of information on the Departmental intranet. The Department also participated in the Black, Asian and Minority Ethnic (BAME) Senior Civil Service work shadowing scheme and encouraged staff to avail of the 'Future Leaders and Senior Leaders Scheme' which provides target development and support to participants and ensures that those with potential reach the highest levels of the civil service irrespective of their social or personal backgrounds. A number of staff also participated in 'Crossing Thresholds' which is a year-long career mentoring programme for women.

During the year we published a revised People Plan and continued to communicate a clear message to all staff that we do not tolerate any form of unfair discriminatory behaviour, harassment, bullying or victimisation, and will do all that we can to ensure that any such allegations are dealt with sensitively and fairly.

The Northern Ireland Office was accredited as a Disability Confident Employer on 27 October 2016 and a Disability Confident Leader in 2017. In March 2018, the Department won the Best Employer for Diversity & Equality in Northern Ireland (small company) Award. These Equality & Diversity awards were organised by Legal-Island, a local independent multi-award-winning workplace compliance company.

#### *Employment, training and advancement of disabled persons*

The Northern Ireland Office has adopted Ministry of Justice policies for staff-related matters, including making reasonable adjustments where necessary for staff with disabilities and the Guaranteed Interview Scheme. During the year we continued to monitor and report progress against our published Disability Action Plan that articulates our vision, our priorities and sets out our measures to promote positive attitudes towards disabled people and encourage participation by disabled people in public life. The plan makes a clear statement of our commitment to implementing our equality duties in relation to disability.

Our Diversity & Inclusion Advocates includes a lead on disability issues.

#### *Pensions*

Present and past employees of the Northern Ireland Office Department are covered by the provisions of either the UK or Northern Ireland Principal Civil Service Pension Scheme (PCSPS).

Those organisations within the boundary covered by the scheme meet the costs of the contributions paid by employers for their staff by the payment of charges called Accrued Superannuation Liability Charges. This is charged to the Statement of Comprehensive Net Expenditure on an accrued basis annually.

The Department is also required to meet the additional cost of benefits beyond the normal PCSPS (UK) and PCSPS (NI) benefits in respect of staff who retire early. The Department provides in full for this cost, charged against the Statement of Comprehensive Net Expenditure when the early retirement has been announced.

The pension benefits of Northern Ireland Office Board members are outlined in the Remuneration Report.

### *Capabilities, learning and development*

The Northern Ireland Office is committed to supporting the learning and development of all staff to enable them to do their jobs to the best of their ability and to develop the necessary skills for the present and future. We encourage staff to take up a minimum of five days a year learning and development and maintain a ring-fenced budget for this. Staff at all grades made good use of the Civil Service Learning portal as well as face to face learning.

The Northern Ireland Office monitors the progression of individual learning against agreed personal development plans.

### *Health and Safety*

The Northern Ireland Office recognises its obligations under Health and Safety at Work legislation for ensuring, so far as is reasonably practicable, the development of an effective health and safety regime. During 2017-18, there were no accidents reported to the relevant authorities.

Health and safety guidance is kept under review and made available to all staff on the Department's intranet.

### *Social and community responsibility*

The Northern Ireland Office, as part of its corporate responsibility agenda, actively promotes awareness of social and community issues and is committed to promoting inclusion, social mobility and equality through its human resources and other corporate policies. A major contributor to this is the encouragement of volunteering, whether individually or in groups, including providing special leave for this purpose. Information on volunteering is made easily available to staff through the Department's intranet.

The Northern Ireland Office is also committed to promoting health and well-being. We support staff by promoting flexible working as well as providing mental well-being information on work-life balance options on the Department's intranet.

## Other Reporting Requirements

### *Anti-Fraud and Whistleblowing*

The Northern Ireland Office has robust arrangements in place for the prevention and detection of fraud and is committed to the highest possible standards of openness, honesty and accountability. Our arrangements follow the principles outlined in the Managing Public Money and the Civil Service Employee Model Whistleblowing Policy

There were no reported cases of fraud or whistleblowing during the reporting period.

### *Estates management strategy*

The Northern Ireland Office's accommodation in London and Belfast are maintained under lease arrangements. Some accommodation and a small office for Ministers are also available at Hillsborough Castle, however, responsibility for the management and day to day running of Hillsborough Castle rests with the charity Historic Royal Palaces.

### *Payment of suppliers*

Despite the post-implementation issues following the transfer to AccountNI, which are discussed in more detail in the Lead Non-Executive Board Member's Annual Report, the Northern Ireland Office paid 55.94% of invoices within five working days and 83.50% within 10 working days.

### *Better Regulation*

The Northern Ireland Office is committed to producing less, and better, regulation in line with the Government's general principles of regulation. As such, the Department continually looks for ways to reduce regulation where possible. As part of this process, the Department is committed to actively promote the better regulation agenda across the Northern Ireland Executive, representing the needs of the devolved administration in Whitehall and vice versa.

During the year, the Northern Ireland Office published one consultation. All Northern Ireland Office consultations are available on our website at [www.nio.gov.uk](http://www.nio.gov.uk)

### *Parliamentary Questions*

The Government has committed to providing departmental Parliamentary Question statistics to the Procedure Committee of the House of Commons on a sessional basis. Northern Ireland Office statistics for the 2017-18 parliamentary session are expected to be published on the Committee's website in due course.

### *Complaints to the Parliamentary Ombudsman*

There were no complaints about the Northern Ireland Office which have been investigated by the Parliamentary Ombudsman.

#### *Political and Charitable Donations*

The Northern Ireland Office did not make any political or charitable donations in 2017-18.

#### *Freedom of Information requests*

Statistics on Freedom of Information requests in central government are published quarterly at:

<https://www.gov.uk/government/collections/government-foi-statistics>

#### *Transparency*

The Northern Ireland Office, in line with the Government's Transparency Agenda, regularly publishes information on any significant areas of expenditure at:

<https://www.gov.uk/government/latest?departments%5B%5D=northern-ireland-office>

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Northern Ireland Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department and its sponsored non-departmental and other arm's length public bodies designated by order made under the GRAA by Statutory Instrument 2017 nos.310 and 1256 (together known as the 'departmental group', consisting of the Department and sponsored bodies listed at note 19 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the departmental group and of the net resource outturn, application of resources, changes in taxpayers' equity and cash flows of the departmental group for the financial year.

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other arm's length public bodies;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Head of the department as Accounting Officer of the Northern Ireland Office.

The Accounting Officer of the Department has also appointed the Chief Executives or equivalents of its sponsored non-departmental and other arm's length public bodies as Accounting Officers of those bodies. The Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the

purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department or sponsored body are set out in Managing Public Money published by HM Treasury.

### **Statement on the disclosure of relevant audit information**

I hereby confirm that so far as I am aware, there is no relevant audit information of which the Office's auditors are unaware and that I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that the Office's auditors are aware of that information.

I hereby confirm that the annual report and accounts as a whole are fair, balanced and understandable, and that I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

## **GOVERNANCE REPORT**

## Governance Statement

### Introduction

As Principal Accounting Officer, I have responsibility for maintaining a sound system of internal controls.

The Northern Ireland Office's Governance Statement is in accordance with HM Treasury Guidance and covers the core department. It sets out the governance structures, the internal control and risk management procedures that have operated within the Northern Ireland Office during the financial year 2017-18 and up to the date of approval of the Annual Report and Accounts. Three of the Northern Ireland Office's public bodies produce their own Governance Statements, which are published in their Annual Report and Accounts. The public bodies are: Northern Ireland Human Rights Commission; Parades Commission for Northern Ireland and Independent Reporting Commission. My relationship with their Accounting Officers is set out in their respective Framework Agreements and designator letters.

The systems in place as outlined in this statement are designed to manage risk to a reasonable level rather than to eliminate all risks of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

### Ministerial responsibilities

Ministers lead departments and are responsible and accountable to Parliament for the actions and policies of their departments. Boards, within the strategic framework set by Ministers, support the head of the Department by advising Ministers and taking ownership of the Department's performance. Ministers and board members are responsible for corporate governance, which defines the rights and responsibilities of different stakeholders, determines rules and procedures for making decisions, and includes the process by which the Department's objectives are set and monitored.

However, as the Northern Ireland Office is considerably smaller than most central Government departments, and has a limited budget and responsibilities by comparison, it has been exempted from the Government's model for Enhanced Departmental Boards. As such, our Ministers do not generally sit on the Northern Ireland Office Board, but attend at least one meeting a year. Regular updates on Departmental performance are provided to our Ministers through the Accounting Officer.

## The Northern Ireland Office Board – our members

Members of the Northern Ireland Office Board during the reporting year 2017-18

Chair:

- Sir Jonathan Stephens

Executive Membership:

- Rosemary Crawford (from January 2018)
- Mark Larmour
- Colin Perry

Non-executive membership:

- Dawn Johnson (Lead Non-Executive Director)
- David Brooker

## The Northern Ireland Office Board

The Northern Ireland Office Board is responsible for:

- Planning and Performance – agreeing the Departmental Business Plan, especially the Department's strategic aims and objectives; drawing on advice from the Executive Management Committee on the allocation of human and financial resources to achieve the aims and objectives; monitoring and steering performance against the Plan; overseeing the performance of sponsored bodies and setting the Department's standards and values.
- Strategy and Development – setting the vision and ensuring that all activities contribute towards it; long-term capability and horizon scanning, ensuring that strategic decisions are based on collective understanding of policy issues; using the non-executive directors' expertise and outside perspectives to ensure that the Department is challenged on the outcomes.
- Resources and Change – approving large projects; drawing on advice from the Executive Management Committee and the Audit and Risk Committee (further information on the Committees can be found below), ensuring sound financial and resource management, including the operation of delegations and internal controls; ensuring that the organisational

design support the attainment of strategic objectives; evaluation of the Board's effectiveness, and succession planning.

- Operational Capability – drawing on advice from the Executive Management Committee to ensure that the Department has the capability to deliver current and future needs.
- Risk – evaluating strategic risk; drawing on advice from the Executive Management Committee on the management of operational risk and the Audit and Risk Committee on the approach to risk management; and ensuring that effective and proportionate controls are in place to manage all risk to an acceptable level.

### The Northern Ireland Office Board's performance and effectiveness

The Northern Ireland Office Board forms the collective strategic and operational leadership of the Department, bringing together its executive leaders with non-executives from outside government.

To ensure that the Board's attention is focused on strategic issues it has delegated a number of corporate and operational functions to the Executive Management Committee, which meets monthly and consists of all Directors and Deputy Directors.

During the year, the Board regularly discussed the political situation in Northern Ireland and EU Exit negotiations and considered the risk and impact of this ongoing work on the Department's capability and achievement of objectives. The Board's agenda also included updates from the Chairs of the Committees and progress reports on performance. The Board scrutinised reports on the delivery of projects and analysed the annual staff survey results.

The Board was pleased to note the excellent response rate of 89% in the 2017 Staff Survey results that were published in November 2017. Over 90% of staff indicated that they understood the Department's objectives and how their work directly contributed to the achievement of the objectives and the engagement score increased by 5 points from last year's Survey to 72 per cent; 7 points above the average of other high performing teams in Whitehall. The full results can be found at: <https://www.gov.uk/government/publications/nio-people-survey-results-2017>

The Board reviewed its effectiveness in-year and agreed that its performance and approach to business was generally satisfactory; however, some minor improvements were identified to improve lines of communication used to relay messages to staff. The Board will undertake a review again in the next reporting period.

### Board composition and attendance

During the year a third Director, Rosemary Crawford, was appointed to the Board.

The Board met six times this year and meetings were attended by all members except the following:

Meeting	Apologies
17 May 2017	David Brooker
10 July 2017	David Brooker and Mark Larmour

### Register of Public Interest - Board Members

The Northern Ireland Office maintains a register of Board members' interests, with details of company directorships and other significant interests held by Board members. Copies of the register are available on request.

Senior management remuneration is disclosed within the Remuneration Report.

### Compliance with the Corporate Governance Code

Departments are expected to apply the principles set out in *Corporate Governance in Central Government Departments: Code of good practice 2017*, unless good governance can be achieved by other means. The Code is designed to cover all central Government departments which have Enhanced Departmental Boards. However, given that the Northern Ireland Office is considerably smaller than most central Government departments, and has a limited budget and responsibilities by comparison, it has been exempted from the Government's model for Enhanced Departmental Boards. Whilst we abide by the principles and spirit of the Code, it would be disproportionate to implement many of the detailed provisions. For example, our Ministers do not formally sit on the Board; however, there is an open invite for them to attend all meetings. The Secretary of State attended the Board meetings on 10 July 2017 and 8 March 2018.

### Northern Ireland Office Audit and Risk Committee

The Northern Ireland Office's Audit and Risk Committee supports the Board and Principal Accounting Officer by providing an independent view of the Department's risk control and corporate governance arrangements, and assessing the comprehensiveness, reliability and integrity of those assurances.

The Committee is currently chaired by the Lead Non-Executive Director, Dawn Johnson. The Committee has two other non-executive members: Rosanna Wong and Ian Summers.

### Work of the Audit and Risk Committee

The scope of the Committee's work is defined in its terms of reference, and encompasses all the assurance needs of the Board and Accounting Officer. Within this, the Committee have a particular engagement with the work of internal audit, risk management, the external auditor, and financial management and reporting issues.

In summary, the primary function of the Committee is to test and challenge constructively the assurances which are provided to the Accounting Officer, the way in which these assurances are

developed and the management priorities and approaches on which the assurances are premised. Such assurances come from internal and external audit and are also provided by senior managers across the Department and its Arm's Length Bodies. The Committee acts in an advisory capacity and has no executive responsibilities, nor is it charged with making or endorsing any decision.

During the reporting year regular reports on the Committee's work were provided to Accounting Officer and the Board by the chair of the Committee who is also an independent Board member. Further information on the Committee can be found in the Lead Non-Executive Board Member's report on pages 26-32

### **Risk management and control**

HM Treasury mandate that internal audit must give a year end assurance on the effectiveness of a department's Governance, Risk and Control. The Internal Audit assurance is one of the key sources of evidence underpinning the Accounting Officer's Governance Statement.

#### **Work of Internal Audit**

The Internal Audit assurance is based on internal audit work performed over the course of the year, combined with knowledge of the governance, risk and control framework gained through attendance at meetings and discussions with senior management. Internal audit services are provided by the Government Internal Audit Agency, which works in accordance with Public Sector Internal Audit Standards. Its work is informed by its analysis of the risks to which the Department is exposed and the annual audit plan is based on that analysis. The plan is discussed and endorsed by the Audit and Risk Committee and then agreed with the Accounting Officer.

The 2017-18 internal audit plan included: independent review on the annual Cabinet Office Health Check return; Financial Business Management and Partnering and the governance arrangements of the Independent Reporting Commission.

The status of internal audit recommendations was reported to the Audit and Risk Committee at every meeting.

In addition, the Head of Internal Audit annually provides an independent opinion on the adequacy and effectiveness of the Department's governance, risk and control arrangements. The Internal Audit reviews contribute to that opinion.

The Internal Audit opinion for 2017-18 reported a good level of control and found no significant control issues. It is in this context that the Head of Internal Audit was able to give a moderate<sup>8</sup>

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<sup>8</sup> Definition of *moderate*: Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

level of assurance that the Northern Ireland Office's overall risk, control and governance framework is adequate to enable the achievement of its objectives and that the key risks are being effectively managed.

### Capacity to handle risk

During the year, the Board reviewed risks associated with major projects and the delivery of strategic objectives at each of its meetings. The Board also regularly reviewed its approach to risk management to ensure that key risks had been identified and appropriate and proportionate measures were in place to manage the level of risk to an acceptable level. The Board took assurance from the Executive Management Committee on the effectiveness of the controls to manage operational risk and the Audit and Risk Committee on the effectiveness of the risk management framework.

Over the year, the Northern Ireland Office's top level risk register remained aligned with the published Departmental Business Plan, which sets out a set of strategic risks that are distributed among the five main business objectives outlined in the Performance Report.

Information and tools for effective risk management were available to all staff on the Department's intranet. The Department's Risk Management Policy includes advice on maintaining risk registers, risk escalation, mitigation and communication processes. In addition, online training for staff is provided. At regular intervals, assurance is sought from each business area that risk management requirements are being complied with. The Department's approach to managing risk is supported by a risk champion at Board level.

The effectiveness of the risk management system in place was demonstrated throughout the year by the Department's ability to deliver its objectives despite an extremely challenging political environment and the pressures emerging from EU Exit work.

### Information Assurance

During the year information assurance and information security updates were provided to the Board, the Audit and Risk Committee and the Executive Management Committee.

In the early part of the reporting period the Department completed the annual Security Health Check through which it assesses its ability and effectiveness to meet a number of information assurance and security outcomes. As a part of the process an independent peer review was completed by colleagues from the Government Internal Audit Agency before the final report was submitted to Cabinet Office in July 2017. The implementation of recommendations resulting from the independent review was monitored in-year by the Audit and Risk Committee.

Although the Department does not handle large quantities of personal data the key focus this year has been preparing for the introduction of the European General Data Protection Regulation (GDPR). We liaised with colleagues in the Northern Ireland Civil Service and across Whitehall to ensure that appropriate technical and organisation measures were put in place for all data

processing activities. We reviewed our internal policies and procedures on how data is captured, handled and stored; this included a review of the use of Privacy Notices. We also appointed a Data Protection Officer who is responsible for compliance with data protection legislation.

We worked closely with our Arm's Length Bodies to ensure that they were fully prepared for the changes under GDPR. An audit of the Department and its key stakeholder's preparedness was completed in April 2018 and plans were put in place to ensure that the necessary recommendations were implemented in advance of GDPR go-live.

Information on the new requirements has been made available to staff through intranet publications and workshops. In addition, staff can access training on data protection through Civil Service Learning.

There were no significant breaches of information security in 2017-18.

### Stewardship Statements

Each Deputy Director in the core Department and a senior official in each sponsored body, signs a stewardship statement bi-annually, providing assurance to the Accounting Officer on governance, risk management and the operation of internal controls within their business areas. These stewardship statements clearly set out the controls in place and the steps taken to monitor the effectiveness of the controls. These are reviewed mid-year and an assessment of the effectiveness of these controls is carried out at the end of the reporting year, which is reported to the Audit and Risk Committee.

No significant concerns were identified as part of the end of year stewardship statement process.

### Arm's Length Bodies (ALBs)

During 2017-18, regular meetings between the senior management team and the Department's sponsored bodies were held; these were supported by the Corporate Governance Team and Finance Team as necessary. The Corporate Governance Team also continued to keep under review the framework documents that set out the arm's length relationships with the Northern Ireland Office to ensure robust governance arrangements were in place.

Assurances were sought that each sponsored body operated sound governance arrangements as part of the stewardship statement arrangements. In addition to reviewing these assurances, the Audit and Risk Committee received quarterly updates on general governance matters and engaged directly with a number of arm's length bodies.

I took assurance from the Audit and Risk Committee, senior sponsors and the Governance Statements produced by the Department's public bodies, which are subject to the Department's normal financial control procedures and practices as well as scrutiny by both internal and external audit.

### Summary of effectiveness

For the period 2017-18, I am able to report that there were no significant weaknesses in the Department's system of internal controls which affected the achievement of the Department's key policies, aims and objectives.

In respect of both of the Department's public bodies that are required to publish separate audited accounts, the interim accounts presented no material issues and I anticipate timely publication of the 2017-18 accounts.

**Sir Jonathan Stephens KCB**

**Accounting Officer**

**28<sup>th</sup> June 2018**

## REMUNERATION AND STAFF REPORT

## Remuneration Report

In accordance with the requirement of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, only certain sections of the Remuneration Report have been subject to full external audit. These comprise the sections on salary, pension entitlements and pay multiples.

### Remuneration policy

The salary of the Permanent Secretary of the Northern Ireland Office is considered by a Cabinet Office moderating committee.

The remuneration of Senior Civil Servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

In reaching its recommendations, the Review Body considers the following:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

### Performance appraisal

The performance of senior managers was assessed, as directed by Cabinet Office, in the same manner as all other staff. A performance group recommendation was made by the line manager and passed to the relevant remuneration committee, which determined the consolidated and nonconsolidated pay for all senior staff.

### Service contracts

The Constitutional Reform and Governance Act 2010 require Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published

by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Further information about the work of the Civil Service Commission can be found here:

<http://civilservicecommission.org.uk>

The Department has two non-executive directors details of which can be found in the Performance Report.

### **Remuneration (including salary) and pension entitlements**

The following sections provide details of the remuneration and pension interests of the ministers and most senior management (i.e. Board members) of the department.

## Remuneration (salary and payments in kind)

[Audited]

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>1</sup>		Total (to nearest £1,000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>Minister 1</b> The Rt Hon Karen Bradley MP – Secretary Of State for Northern Ireland (from 8 January 2018)	11,251 (67,505 FTE)	-	-	-	5,000	-	16,000	-
<b>Minister 2</b> Shailesh Vara Parliamentary Under Secretary of State for Northern Ireland (from 9 January 2018)	5,052 (22,375 FTE)	-	-	-	2,000	-	7,000	-
<b>Minister 3</b> Lord Duncan <sup>2</sup> Parliamentary Under Secretary of State for Northern Ireland (from 27 October 2017)	-	-	-	-	-	-	-	-
<b>Minister 4</b> The Rt Hon James Brokenshire MP – Secretary Of State (from 14 July 2016 to 8 January 2018)	68,957 <sup>3</sup> (67,505 FTE)	48,270 (67,505 FTE)	-	-	12,000	13,000	81,000	61,000
<b>Minister 5</b> Kris Hopkins MP - Parliamentary Under- Secretary of State (from 16 July 2016 to 9 June 2017)	9,883 <sup>4</sup> (22,375 FTE)	15,879 (22,375 FTE)	-	-	1,000	4,000	11,000	20,000
<b>Minister 6</b> Lord Dunlop <sup>5</sup> - Parliamentary	-	-	-	-	-	-	-	-

Under - Secretary of State for Scotland and Northern Ireland (from 18 July 2016 to 9 June 2017) <sup>2</sup>								
<b>Minister 7</b> Chloe Smith <sup>6</sup> MP - Parliamentary Under-Secretary of State (from 14 June 2017 to 9 January 2018)	-	-	-	-	-	-	-	-
<b>Minister 8</b> Lord Bourne <sup>7</sup> Parliamentary Under-Secretary of State for Northern Ireland (from 14 June 2017 to 27 October 2017)	-	-	-	-	-	-	-	-
<b>Minister 9</b> The Rt Hon Theresa Villiers MP – Secretary Of State (to 14 July 2016)	-	36,112 <sup>8</sup> (67,505 FTE)	-	-	-	5,000	-	41,000
<b>Minister 10</b> Ben Wallace MP – Parliamentary Under-Secretary of State (from 12 May 2015 to 15 July 2016)	-	7,458 (22,375 FTE)	-	-	-	1,000	-	8,000

<sup>1</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

<sup>2</sup> Lord Duncan is paid by the Scotland Office.

<sup>3</sup> Includes severance pay of £16,876 which was due to James Brokenshire on his departure.

<sup>4</sup> Includes severance pay of £5,594 which was due to Kris Hopkins on his departure after the General Election.

<sup>5</sup> Lord Dunlop was paid by the Scotland Office during his time in the Department.

<sup>6</sup> Chloe Smith was paid by the Cabinet Office during her time in the Department.

<sup>7</sup> Lord Bourne was paid by the Department for Communities and Local Government during his time in the Department.

<sup>8</sup> Includes severance pay of £16,877 which was due to Theresa Villiers on her departure.

[Audited]

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus Payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) <sup>9</sup>		Total (£'000)	
	17-18	16-17	17-18	16-17	17-18	16-17	17-18	16-17	17-18	16-17
<b>Permanent Secretary</b> Sir Jonathan Stephens	155-160 <sup>10</sup>	160-165	-	-	37,000 <sup>11</sup>	20,300	-	-	195-200	180-185
<b>Director</b> Colin Perry	85-90	85-90	10-15	-	-	-	4,000	20,000	100-105	105-110
<b>Director</b> Mark Larmour	85-90	85-90	10-15	-	-	-	25,000	34,000	125-130	120-125
<b>Director</b> Rosemary Crawford ( from 3 January 2018)	20-25 (FTE 85-90)	-	-	-	-	-	43,000	-	65-70	-
<b>Non-Executive Director</b> Dawn Johnson	10-15	10-15	-	-	-	-	-	-	10-15	10-15
<b>Non-Executive Director</b> David Brooker (from 4 January 2016)	5-10	5-10	-	-	-	-	-	-	5-10	5-10

<sup>9</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual).

<sup>10</sup> The salary for Sir Jonathan Stephens included a small non-consolidated pay award which temporarily placed him into a higher pay bracket in 2016-17.

<sup>11</sup> The increase in the Benefit-In-Kind is due entirely to the increased requirement to travel to Belfast for political talks during the 2017-18 financial year.

## Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£76,011 from 1 April 2017) and various allowances to which they are entitled are borne centrally. However the arrangements for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot

be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. The Permanent Secretary (and Director Generals before him) received living accommodation in Belfast provided at public expense and chargeable to tax under S163 of the Income and Corporation Taxes Act 1988. Travel costs to and from Belfast incurred by the Permanent Secretary and paid by the Department are also considered a taxable benefit in kind.

### Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2017-18 relate to performance in 2016-17 and the comparative bonuses reported for 2016-17 relate to the performance in 2015-16.

### Pay Multiples [Audited]

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

The banded remuneration of the highest-paid official in the Northern Ireland Office in the financial year 2017-18 was £195,000 - £200,000 (2016-17, £180,000 - £185,000). This was 5.42 times (2016-17, 5.61) the median remuneration of the workforce, which was £36,448 (2016-17, £32,553).

In 2017-18, no (2016-17 was nil) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £11,000 to £200,000 (2016-17, £12,000 to £185,000).

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

The decrease in pay multiples is due entirely to an increase in the median remuneration of the workforce which reflects the change in structure within the Department to deal with new challenges.

## Pension Benefits

[Audited]

Minister	Accrued pension at age 65 as at 31/3/18	Real increase in pension at age 65	CETV at 31/3/18	CETV at 31/3/17	Real increase in CETV
	£000	£000	£000	£000	£000
The Rt Hon Karen Bradley MP – Secretary Of State (from 8 January 2018)	0-5	0-2.5	52	46	2
Shailesh Vara Parliamentary Under Secretary of State (from 9 January 2018)	0-5	0-2.5	51	49	1
The Rt Hon James Brokenshire – Secretary Of State (to 8 January 2018)	5-10	0-2.5	87	73	5
Kris Hopkins MP – Parliamentary Under-Secretary of State	0-5	0-2.5	26	24	0

Lord Dunlop has opted out of the Parliamentary Contributory Pension Fund.

### Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available here: <http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

Those ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was

introduced from May 2015, although members who were aged 55 or older on 1st April 2013 have transitional protection to remain in the previous final salary pension scheme.

Benefits for ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

### The Cash Equivalent Transfer Value (CETV)

This 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 pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

[Audited]

Officials*	Accrued pension at pension age at 31/03/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/18	CETV at 31/03/17	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Mark Larmour Director	30-35	0-2.5	401	365	10	-
Colin Perry Director	35-40 plus a lump sum of 105-110	0-2.5 plus a lump sum of 0-2.5	757	706	3	-
Rosemary Crawford (from 3 January 2018)	30-35 plus a lump sum of 85-90	0-2.5 plus a lump sum of 2.5-5	587	548	34	-

\*Sir Jonathan Stephens has opted out of the government pension scheme.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced - the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a

stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha –as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages

Further details about the Civil Service pension arrangements can be found at <http://www.civilservicepensionscheme.org.uk>

### Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Compensation for loss of office

One person left under voluntary redundancy terms during the year. The cost to the Department of buying out the actuarial valuation on their pension was £90-95,000. They did not receive any additional compensation.

## Ministers

Two Ministers left under severance terms during the year. They received compensation payments totalling £20-£25,000.

## Staff Report

### Staff costs

	2017-18					2016-17
	£000					£000
	Total	Permanently Employed and inward seconded Staff	Others	Ministers	Special Advisors	Total
Wages and salaries	11,367	8,925	2,177	101	164	10,795
Social security costs	1,164	1,065	73	9	17	1,028
Other pension costs	2,063	1,958	76	-	29	1,972
<b>Sub Total</b>	<b>14,594</b>	<b>11,948</b>	<b>2,326</b>	<b>110</b>	<b>210</b>	<b>13,795</b>
Less recoveries in respect of outward secondments	(122)	(122)	-	-	-	(261)
<b>Total net costs*</b>	<b>14,472</b>	<b>11,826</b>	<b>2,326</b>	<b>110</b>	<b>210</b>	<b>13,534</b>

## Pensions

The Principal Civil Service Pension Scheme (PCSPS), PCSPS (NI) and the Civil Servant and other Pension Scheme (CSOPS), CSOPSNI are unfunded multi-employer defined benefit schemes in which the Northern Ireland Office is unable to identify its share of the underlying assets and liabilities. Full actuarial valuations of both the PCSPS and PCSPS (NI) were carried out as at 31 March 2012. No actuarial valuations have yet been carried out for CSOPS and CSOPSNI. Details of the PCSPS and CSOPS can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)). Details of the PCSPS (NI) are available in the PCSPS (NI) resource accounts.

For 2017-18, total employers' contributions of £1,872,757 (2016-17: £1,803,954) were payable at rates in the range 20.0 to 24.5 per cent of pensionable pay for CSP and 20.8 to 26.3 per cent of pensionable pay for CSP (NI), based on salary bands. The difference between this amount and the amount disclosed above relates to pension costs recouped on seconded staff. The schemes' actuaries review employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £2,466 (2016-17: £nil) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3 to 12.5 per cent (2016-17: 3 to 12.5 per cent) of pensionable earnings up to 30 September 2015 and from 8 to 14.75 per cent of pensionable earnings from 1 October 2014. Employers also match employee contributions up to 3 per cent of pensionable earnings. In addition, employer contributions of £53 (2016-17: £nil), 0.8 per cent of pensionable earnings up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, were payable to CSP and to the CSP (NI) (2016-17: 0.8 per cent) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting date were £319. Contributions prepaid at that date were £nil.

No person (2016-17: Nil persons) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £nil (2016-17 £nil).

## Staff Numbers

The average number of full-time equivalent persons employed during the year was as follows.

							2017-18 Number	2016-17 Number
	Total	Permanent Staff	Inward Secondments	Others	Ministers	Special Advisors	Total	
NIO Core Department	162	104	42	10	3	3	136	
NIO sponsored NDPBs	35	19	8	8	-	-	32	
Other NIO sponsored ALBs*	116	3	113	-	-	-	121	
<b>Total</b>	<b>313</b>	<b>126</b>	<b>163</b>	<b>18</b>	<b>3</b>	<b>3</b>	<b>289</b>	

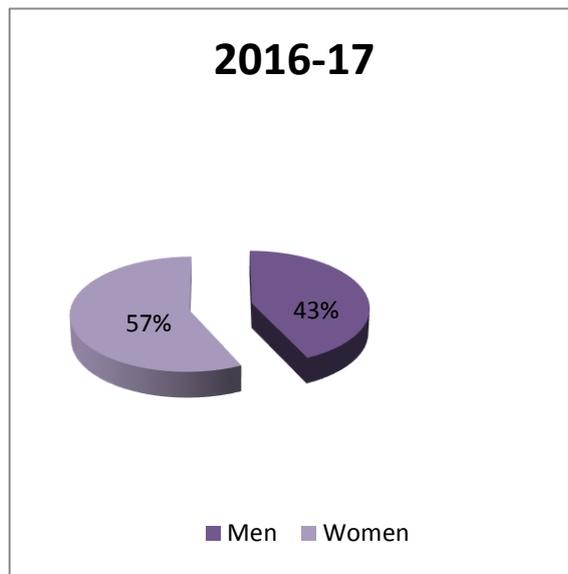
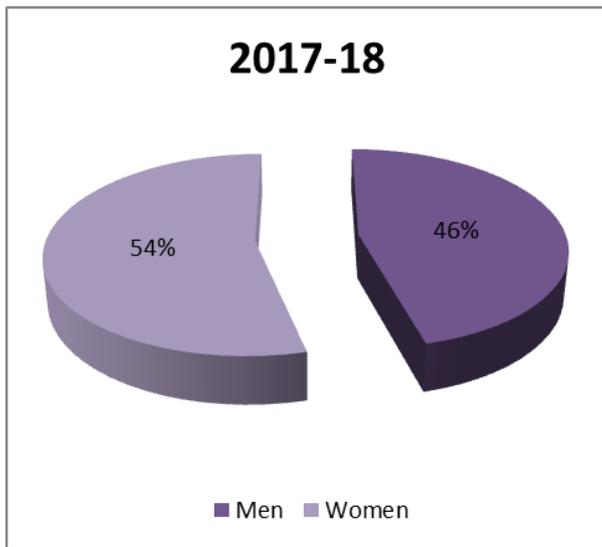
\* These figures include staff employed in the Crown Solicitor's Office, by the Chief Electoral Officer for Northern Ireland and other sponsored bodies.

## Staff Composition

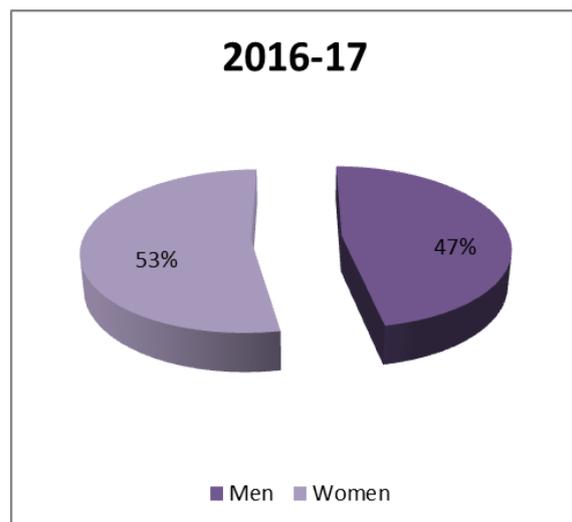
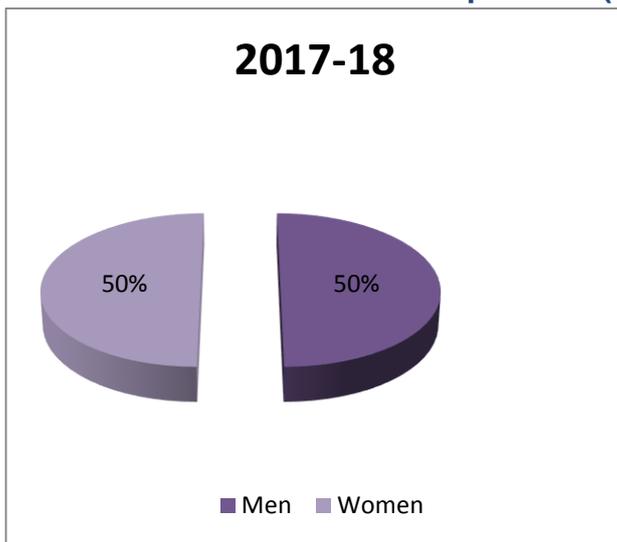
**Senior Civil Service by Grade**

	2017-18	2016-17
Permanent Secretary	1	1
Director	3	2
Deputy Director	12	12
<b>Total</b>	<b>16</b>	<b>15</b>

**Staff Composition (Gender Analysis)**



**Senior Civil Service Staff Composition (Gender Analysis)**



## Sickness Absence

Throughout 2017-18, the Department has continued to take a robust approach to managing attendance. There are a range of policies and procedures to support line managers to address this key area of their responsibilities. These policies are aimed at ensuring staff are afforded every opportunity of returning to the workplace as soon as possible. Data from the latest 12 month rolling period ending December 2017 shows that the Northern Ireland Office had an average working days lost figure of 3.6 (Sept. 2016 6.4), below the 5.9 (Sept. 2016 7.1) Civil Service wide average. 68% (Sept. 2016 85%) of NIO absence relates to a very small number of long term absences.

## Employment of People with Disabilities

Employment training and advancement of disabled persons is reported on in the **Directors' Report** on pages 33-39.

## Consultancy Expenditure

The Department incurred £79.6k of consultancy expenditure in 2017-18. (£nil 2016-17).

## Off-Payroll Arrangements

The Department does not have any off-payroll arrangements in place which fall under the scope of the guidance on off-payroll appointments.

## Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Core Department		Total number of exit packages by cost band
	Number of compulsory redundancies	Number of other departures agreed	
<£10,000	nil (nil)	nil (3)	nil (3)
£10,000-£25,000	nil (nil)	nil (7)	nil (7)
£25,000-£50,000	nil (nil)	nil (3)	nil (3)
£50,000-£100,000	nil (nil)	1 (1)	1 (1)
£100,000-£150,000	nil (nil)	nil (nil)	nil (nil)
£150,000-£200,000	nil (nil)	nil (nil)	nil (nil)
<b>Total number of exit packages</b>	<b>nil (nil)</b>	<b>1 (14)</b>	<b>1 (14)</b>
<b>Total resource cost /£</b>	<b>nil (nil)</b>	<b>78,095 (291,000)</b>	<b>78,095 (291,000)</b>

## Departmental Group

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	nil (nil)	nil (3)	nil (3)
£10,000-£25,000	nil (nil)	nil (7)	nil (7)
£25,000-£50,000	nil (nil)	nil (3)	nil (3)
£50,000-£100,000	nil (nil)	2 (1)	2 (1)
£100,000-£150,000	nil (nil)	nil (nil)	nil (nil)
£150,000-£200,000	nil (nil)	nil (nil)	nil (nil)
<b>Total number of exit packages</b>	<b>nil (nil)</b>	<b>2 (14)</b>	<b>2 (14)</b>
<b>Total resource cost /£</b>	<b>nil (nil)</b>	<b>169,680 (291,000)</b>	<b>169,680 (291,000)</b>

Figures in brackets relate to 2016-17.

# PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

## STATEMENT OF PARLIAMENTARY SUPPLY (AUDITED)

### Summary of Resource and Capital Outturn 2017-18

SoPS Note	Estimate			Outturn			2017-18 £000	2016-17 £000
	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted Outturn compared with Estimate: saving	Total Outturn
<b>Departmental Expenditure Limit</b>								
Resource 1.1	21,339	4,561	25,900	20,924	4,039	24,963	415	30,363
Capital 1.2	1,655	-	1,655	1,496	-	1,496	159	474
<b>Annually Managed Expenditure Resource</b>								
Resource 1.1	500	-	500	-	-	-	500	(750)
<b>Total Budget Non-Budget Resource</b>	<b>23,494</b>	<b>4,561</b>	<b>28,055</b>	<b>22,420</b>	<b>4,039</b>	<b>26,459</b>	<b>1,074</b>	<b>30,087</b>
Resource 1.1	15,287,400		15,287,400	14,487,000	-	14,487,000	800,400	14,156,000
<b>Total</b>	<b>15,310,894</b>	<b>4,561</b>	<b>15,315,455</b>	<b>14,509,420</b>	<b>4,039</b>	<b>14,513,459</b>	<b>801,474</b>	<b>14,186,087</b>
Total Resource	15,309,239	4,561	15,313,800	14,507,924	4,039	14,511,963	801,315	14,185,613
Total Capital	1,655		1,655	1,496	-	1,496	159	474
<b>Total</b>	<b>15,310,894</b>	<b>4,561</b>	<b>15,315,455</b>	<b>14,509,420</b>	<b>4,039</b>	<b>14,513,459</b>	<b>801,474</b>	<b>14,186,087</b>

## Net cash requirement 2017-18

SoPS Note	2017-18 £'000 Estimate	2017-18 £'000 Outturn	2017-18 £'000 Outturn compared with Estimate: saving/(excess)	2016-17 £'000 Outturn
3	<b>15,308,408</b>	<b>14,522,730</b>	785,678	14,171,795

## Administration Costs 2017-18

2017-18 £'000 Estimate	2017-18 £'000 Outturn	2016-17 £'000 Outturn
<b>14,567</b>	<b>14,243</b>	<b>12,611</b>

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control.

## NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS (STATEMENT OF PARLIAMENTARY SUPPLY - AUDITED)

### SOPS1. Net Outturn

#### SOPS1.1 Analysis of net resource outturn by section

											2017-18 £000	2016-17 £000
Outturn							Estimate				Outturn	
Administration			Programme									
Gross	Income	Net	Gross	Income	Net	Net Total	Total	Net total compared to Estimate	Net total compared to Estimate, adjusted for virements	Total		
<b>Spending in Departmental Expenditure Limits (DEL)</b>												
Voted:												
A - Northern Ireland Office	18,544	(4,301)	14,243	5,124	(324)	4,800	19,043	19,401	358	356	18,430	
B - Northern Ireland Human Rights Commission	-	-	-	1,146	-	1,146	1,146	1,144	(2)	-	1,104	
C - Parades Commission	-	-	-	735	-	735	735	794	59	59	722	
Non-voted:												
D - Funding of elections	-	-	-	4,039	-	4,039	4,039	4,561	522	522	10,107	
	18,544	(4,301)	14,243	11,044	(324)	10,720	24,963	25,900	937	937	30,363	
<b>Annually Managed Expenditure (AME)</b>												
Voted												
E - Northern Ireland Office	-	-	-					500	500	500	(750)	
								500	500	500	(750)	
<b>Non-budget</b>												
F - Grant Payable to the Northern Ireland Consolidated Fund			14,487,000	-	14,487,000	14,487,000	15,287,400	800,400	800,400	800,400	14,156,000	
<b>Total</b>	<b>18544</b>	<b>(4,301)</b>	<b>14,243</b>	<b>14,498,044</b>	<b>(324)</b>	<b>14,497,720</b>	<b>14,511,963</b>	<b>15,313,800</b>	<b>801,837</b>	<b>801,837</b>	<b>14,185,613</b>	

**SOPS1.2 Analysis of net capital outturn by section**

				2017-18 £000			2016-17 £000
Outturn			Estimate				Outturn
Gross	Income	Net	Net	Net Total Outturn Compared with estimate	Net total compared to Estimate, adjusted for virements		Net
<b>Spending in Departmental Expenditure Limits (DEL)</b>							
Voted:							
A - Northern Ireland Office	1,468	-	1,468	1,618	150	150	439
B - Northern Ireland Human Rights Commission	14	-	14	15	1	1	28
C - Parades Commission	14	-	14	22	8	8	7
Non-voted:							
D - Funding of elections	-	-	-	-	-	-	-
	1,496	-	1,496	1,655	159	159	474
<b>Total</b>	<b>1,496</b>	<b>-</b>	<b>1,496</b>	<b>1,655</b>	<b>159</b>	<b>159</b>	<b>474</b>

**SOPS2. Reconciliation of outturn to net operating cost****SOPS2.1 Reconciliation of net resource outturn to net operating cost**

		2017-18 £000	2016-17 £000
Note		Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply			
Budget	1.1	24,963	29,613
Non-budget	1.1	14,487,000	14,156,000
		14,511,963	14,185,613
Capital Grant		378	-
Excess Income surrenderable to the consolidated fund		-	(466)
<b>Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>14,512,341</b>	<b>14,185,147</b>

**SOPS3. Reconciliation of Net Resource Outturn to Net Cash Requirement**

	Note	Estimate £000	Outturn £000	Net total outturn Compared with Estimate: saving/(exc ess) £000
<b>Resource Outturn</b>	SOPS 1.1	15,313,800	14,511,963	801,837
<b>Capital Outturn</b>	SOPS 1.2	1,655	1,496	159
<b>Accruals to cash adjustments:</b>				
<i>Adjustment to remove non-cash items:</i>				
Depreciation/Amortisation		(1,846)	(1,823)	(23)
New Provisions and adjustments to previous provisions		(500)	-	(500)
Other non-cash items	4,5	(102)	(115)	13
<i>Adjustments for NDPBs:</i>				
Remove voted resource and capital		(1,975)	(1,905)	(70)
Add Cash grant-in-aid		1,937	1,813	124
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables	13	-	652	(652)
(Increase)/decrease in payables	14	-	14,765	(14,765)
Use of provisions	15	-	-	-
		<b>15,312,969</b>	<b>14,526,846</b>	<b>786,123</b>
<b>Removal of non-voted budget items:</b>				
Consolidated Fund Standing Services		(4,561)	(4,598)	37
Cfer Income Payable		-	16	(16)
Cfer Paid in Year		-	466	(466)
<b>Net cash requirement</b>		<b>15,308,408</b>	<b>14,522,730</b>	<b>785,678</b>

**SOPS4. Income payable to the Consolidated Fund****SOPS4.1 Analysis of income payable to the Consolidated Fund**

In addition to income retained by the department, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Outturn 2017-18		Outturn 2016-17	
	Income	£000 <i>Receipts</i>	Income	£000 <i>Receipts</i>
Operating income outside the ambit of the estimate	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	-	-	466	-
<b>Total income payable to the Consolidated Fund</b>	-	-	<b>466</b>	-

## SOPS4.2 Consolidated Fund Income

Consolidated Fund income shown in note 4.1 above does not include any amounts collected by the department where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

	2017-18	2016-17
	£000	£000
Income from Election Office activities funded by the Consolidated Fund	16	16
Amount payable to the Consolidated Fund	16	16
Balance held at the start of the year	466	109
Payments into the Consolidated Fund	(482)	(109)
Balance held in trust at the end of the year	-	16

All income shown above had been received at 31 March 2018.

## Parliamentary Accountability Disclosures (Audited)

### Losses and special payments

There are no losses or special payments, individually or in aggregate in excess of £300,000, which would require separate disclosure during the year to 31 March 2018 (2016-17: nil), or that have been recognised since that date.

### Fees and charges

An analysis of income from services provided to external and public sector customers is as follows:

	2017-18 £000			2016-17 £000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Revised Surplus/ (deficit)
Crown Solicitor's Office	4,252	(4,303)	(51)	4,528	(4,142)	386
<b>Total</b>	<b>4,252</b>	<b>(4,303)</b>	<b>(51)</b>	<b>4,528</b>	<b>(4,142)</b>	<b>386</b>

In accordance with Managing Public Money, the Department is required to disclose results for the areas of its activities where fees and charges are made. The foregoing analysis is not intended to meet the requirements of IFRS 8 Segmental Reporting. The Northern Ireland Office has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector information guidance.

The Crown Solicitor's Office (CSO) generates income for legal work undertaken for all clients other than the Northern Ireland Office, for which no charges are made. The financial objective is

to recover all costs associated with delivering these services. A schedule of fees is determined at the beginning of each financial year based on estimated costs and forecast activity levels.

**Accounting Officer Confirmation**

I can confirm that the Annual Report and Accounts are fair, balanced and understandable and I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

**Sir Jonathan Stephens KCB**

**Accounting Officer**

**28<sup>th</sup> June 2018**

## THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

### Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Office and of its Departmental Group for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The Department comprises the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2016. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that is described in those reports and disclosures as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2018 and of the Department's and Departmental Group's net operating costs for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2018 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Northern Ireland Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

**Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Northern Ireland Office's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Northern Ireland Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure

(Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures that are described in those reports and disclosures as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

Sir Amyas C E Morse  
Comptroller and Auditor General

Date 29 June 2018

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

### For the Year Ended 31 March 2018

		2017-18		2016-17		
		£000	£000	£000	£000	
Note		Core Dept	Departmental Group	Core Dept	Departmental Group	
	Income	6	(114,965)	(115,022)	(116,667)	(116,780)
	<b>Total operating income</b>		<b>(114,965)</b>	<b>(115,022)</b>	<b>(116,667)</b>	<b>(116,780)</b>
	Staff costs	3	13,179	14,472	12,173	13,534
	Other costs	4,5	14,612,245	14,612,891	14,287,814	14,288,393
	Grant in aid to NDPBs		1,782	-	1,898	-
	<b>Total operating expenditure</b>		<b>14,627,206</b>	<b>14,627,363</b>	<b>14,301,885</b>	<b>14,301,927</b>
	<b>Net Operating expenditure for the year ended 31 March 2018</b>		<b>14,512,241</b>	<b>14,512,341</b>	<b>14,185,218</b>	<b>14,185,147</b>
<b>Other Comprehensive Net Expenditure</b>						
<b>Items that will not be reclassified to net operating costs:</b>						
Net (gain)/loss on:						
	Revaluation of property, plant and equipment	7	(69)	(69)	(933)	(936)
	Revaluation of Intangibles	8	-	-	-	-
	<b>Total comprehensive net expenditure for the year ended 31 March 2018</b>		<b>14,512,172</b>	<b>14,512,272</b>	<b>14,184,285</b>	<b>14,184,211</b>

The notes on pages 84 to 107 form part of these accounts.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2018

		31 March 2018		31 March 2017	
Note	£000		£000		
	Core Department	Departmental Group	Core Department	Departmental Group	
<b>Non-current assets</b>					
	7	73,546	73,597	74,183	74,245
	8	46	100	70	135
	11	1,846,910	1,846,910	1,962,416	1,962,416
		<b>1,920,502</b>	<b>1,920,607</b>	<b>2,036,669</b>	<b>2,036,796</b>
<b>Current assets</b>					
	13	5,526	5,609	4,873	5,069
	11	149,635	149,635	153,524	153,524
	12	249,065	249,352	189,597	189,846
		<b>404,226</b>	<b>404,596</b>	<b>347,994</b>	<b>348,439</b>
		<b>2,324,728</b>	<b>2,325,203</b>	<b>2,384,663</b>	<b>2,385,235</b>
<b>Current Liabilities</b>					
	14	402,133	402,332	351,770	351,998
	15	8	68	8	68
		<b>402,141</b>	<b>402,400</b>	<b>351,778</b>	<b>352,066</b>
		<b>1,922,587</b>	<b>1,922,803</b>	<b>2,032,885</b>	<b>2,033,169</b>
<b>Non-current liabilities</b>					
	15	-	-	-	-
	14	1,846,910	1,846,910	1,962,416	1,962,416
		<b>1,846,910</b>	<b>1,846,910</b>	<b>1,962,416</b>	<b>1,962,416</b>
		<b>75,677</b>	<b>75,893</b>	<b>70,469</b>	<b>70,753</b>
<b>Taxpayers' equity</b>					
		47,004	47,216	41,880	42,159
		28,673	28,677	28,589	28,594
		<b>75,677</b>	<b>75,893</b>	<b>70,469</b>	<b>70,753</b>

Signed:

Accounting Officer: Sir Jonathan Stephens KCB

Date: 28<sup>th</sup> June 2018

The notes on pages 84 to 107 form part of these accounts.

**CONSOLIDATED STATEMENT OF CASH FLOWS****For the Year Ended 31 March 2018**

	Note	2017-18		2016-17	
		Core Dept	Departmental Group	Core Dept	Departmental Group
		£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Net operating cost		(14,512,241)	(14,512,309)	(14,185,218)	(14,185,147)
Adjustment for non-cash transactions	4,5	2,031	2,082	1,399	1,503
(Increase)/decrease in trade and other receivables	13	(652)	(540)	1,911	1,873
Increase/(decrease) in trade payables	14	(65,143)	(65,171)	100,144	100,093
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	14	50,383	50,380	(99,700)	(99,700)
Use of provisions	15	-	-	-	-
Other adjusting item for NDPB's		31	29	4	6
<b>Net cash outflow from operating activities</b>		<b>(14,525,591)</b>	<b>(14,525,529)</b>	<b>(14,181,460)</b>	<b>(14,181,372)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	7	(1,255)	(1,266)	(364)	(388)
Purchase of intangible assets	8	-	(13)	-	(11)
Loans to other bodies	11	(33,534)	(33,534)	(213,710)	(213,710)
Repayment from other bodies	11	152,929	152,929	147,713	147,713
<b>Net cash outflow from investing activities</b>		<b>118,140</b>	<b>118,116</b>	<b>(66,361)</b>	<b>(66,396)</b>
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (Supply) – current year		14,582,198	14,582,198	14,205,222	14,205,222
From the Consolidated Fund (Supply) – prior year		-	-	-	-
From the Consolidated Fund (non-supply)		4,598	4,598	9,938	9,938
Loans received from the National Loans Fund	11	33,534	33,534	213,710	213,710
Repayments of loans from the National Loans Fund	11	(152,929)	(152,929)	(147,713)	(147,713)
<b>Net financing</b>		<b>14,467,401</b>	<b>14,467,401</b>	<b>14,281,157</b>	<b>14,281,157</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>					
		<b>59,950</b>	<b>59,988</b>	<b>33,336</b>	<b>33,389</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		(16)	(16)	(16)	(16)
Payments of amounts due to the Consolidated Fund		(466)	(466)	(109)	(109)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>59,468</b>	<b>59,506</b>	<b>33,211</b>	<b>33,264</b>
<b>Cash and cash equivalents at the beginning of the period</b>	12	189,597	189,846	156,386	156,582
<b>Cash and cash equivalents at the end of the period</b>	12	249,065	249,352	189,597	189,846

The notes on pages 84 to 107 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

## For year ended 31 March 2018– Core Department

	General Fund	Revaluation Reserve	Taxpayers equity
Note	£000	£000	£000
<b>Balance at 31 March 2016</b>	<b>45,508</b>	<b>29,522</b>	<b>75,030</b>
	<b>45,508</b>	<b>29,522</b>	<b>75,030</b>
Net Parliamentary Funding - drawn down	14,205,222	-	14,205,222
Net Parliamentary Funding - deemed	156,169	-	156,169
Consolidated Fund Standing Services	5 9,938	-	9,938
Unspent Supply payable to the Consolidated Fund	14 (189,380)	-	(189,380)
Excess Cash payable to General Fund	(466)	-	(466)
	<b>14,181,483</b>	<b>-</b>	<b>14,181,483</b>
<b>Changes in taxpayers equity for 2016-17</b>			
Net gain on revaluation of property, plant and equipment	-	(922)	(922)
Net gain on revaluation of intangible assets	-	(11)	(11)
Non-cash charges - auditor's remuneration	4,5 107	-	107
Non-cash charges - other notional	4,5 -	-	-
Machinery of Government transfers	-	-	-
Net operating cost for the year	(14,185,218)	-	(14,185,218)
<b>Total recognised income and expense for 2016-17</b>	<b>(14,185,111)</b>	<b>(933)</b>	<b>(14,186,044)</b>
<b>Balance at 31 March 2017</b>	<b>41,880</b>	<b>28,589</b>	<b>70,469</b>
Net Parliamentary Funding - drawn down	14,582,198	-	14,582,198
Net Parliamentary Funding - deemed	179,527	-	179,527
Consolidated Fund Standing Services	5 4,598	-	4,598
Unspent Supply payable to the Consolidated Fund	14 (249,065)	-	(249,065)
Excess Cash payable to General Fund	-	-	-
	<b>14,517,258</b>	<b>-</b>	<b>14,517,258</b>
<b>Changes in taxpayers equity for 2017-18</b>			
Net loss on revaluation of property, plant and equipment	-	583	583
Net gain on revaluation of intangible assets	-	(570)	(570)
Non-cash charges - auditor's remuneration	4,5 107	-	107
Non-cash charges - other notional	4,5 -	71	71
Machinery of Government transfers	-	-	-
Net operating cost for the year	(14,512,241)	-	(14,512,241)
<b>Total recognised income and expense for 2017-18</b>	<b>(14,512,134)</b>	<b>84</b>	<b>(14,512,050)</b>
<b>Balance at 31 March 2018</b>	<b>47,004</b>	<b>28,673</b>	<b>75,677</b>

The General Fund serves as the chief operating fund and is used to account for all financial resources except those required to be accounted for in the Revaluation Reserve. The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on pages 84 to 107 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

### For year ended 31 March 2018– Departmental Group

	General Fund	Revaluation Reserve	Total Reserves
Note	£000	£000	£000
<b>Balance at 31 March 2016</b>	<b>45,713</b>	<b>29,522</b>	<b>75,235</b>
	<b>45,713</b>	<b>29,522</b>	<b>75,235</b>
Net Parliamentary Funding - drawn down	14,205,222	-	14,205,222
Net Parliamentary Funding - deemed	156,169	-	156,169
Consolidated Fund Standing Services	9,938	-	9,938
Unspent Supply payable to the Consolidated Fund	(189,380)	-	(189,380)
Excess Cash Payable to the General Fund	(466)	-	(466)
	<b>14,181,483</b>	<b>-</b>	<b>14,181,483</b>
<b>Changes in taxpayers equity for 2016-17</b>			
Net gain on revaluation of property, plant and equipment	-	(921)	(921)
Net gain on revaluation of intangible assets	-	(7)	(7)
Non-cash charges - auditor's remuneration	107	-	107
Non-cash charges - other notional	-	-	-
Net operating cost for the year	(14,185,147)	-	(14,185,147)
Adjustment for NDPB's	3	-	3
<b>Total recognised income and expense for 2016-2017</b>	<b>(14,185,037)</b>	<b>(928)</b>	<b>(14,185,965)</b>
<b>Balance at 31 March 2017</b>	<b>42,159</b>	<b>28,594</b>	<b>70,753</b>
Net Parliamentary Funding - drawn down	14,582,198	-	14,582,198
Net Parliamentary Funding - deemed	179,527	-	179,527
Consolidated Fund Standing Services	4,598	-	4,598
Unspent Supply payable to the Consolidated Fund	(249,065)	-	(249,065)
Excess Cash Payable to the General Fund	-	-	-
	<b>14,517,258</b>	<b>-</b>	<b>14,517,258</b>
<b>Changes in taxpayers equity for 2017-18</b>			
Net gain on revaluation of property, plant and equipment	-	(570)	(570)
Net loss on revaluation of intangible assets	-	583	583
Non-cash charges - auditor's remuneration	107	-	107
Non-cash charges - other notional	-	71	71
Net operating cost for the year	(14,512,307)	(2)	(14,512,309)
Adjustment for NDPB's	(1)	1	-
<b>Total recognised income and expense for 2017-18</b>	<b>(14,512,201)</b>	<b>83</b>	<b>(14,512,118)</b>
<b>Balance at 31 March 2018</b>	<b>47,216</b>	<b>28,677</b>	<b>75,893</b>

The General Fund serves as the chief operating fund and is used to account for all financial resources except those required to be accounted for in the Revaluation Reserve. The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on pages 84 to 107 form part of these accounts.

## NOTES TO THE DEPARTMENTAL ACCOUNTS

### 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2017-18 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Northern Ireland Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts have been prepared under the House of Commons Pursuant to Section 6(4) of the Government Resources and Accounts Act 2000.

The accounts are stated in sterling, which is the Department's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£000).

#### 1.1 Accounting convention

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

#### 1.2 Basis of consolidation

The accounts comprise a consolidation of the core Department and its two main designated NDPBs, the Parades Commission and the Northern Ireland Human Rights Commission, on a line by line basis. Counterparty transactions have been eliminated on consolidation in accordance with relevant accounting standards.

#### 1.3 Property, plant and equipment

Property, plant and equipment comprise heritage assets, art and antiques, leasehold improvements, fixtures and fittings, vehicles, plant and machinery, computer equipment, office equipment, security equipment and assets under construction.

The Department's heritage assets comprise Hillsborough Castle and its surrounding estate.

In addition, the Department occupies a number of properties within the Northern Ireland Executive Estate and the Civil Estate in Great Britain for which rent is paid. Terms of occupancy of these buildings are outlined in agreements known as the Memoranda of Terms of Occupancy (MOTOs).

### *Consolidation of asset categories*

The property, plant and equipment note requires the amalgamation of asset categories under the Plant and Machinery heading. The asset categories represented by this heading include:

- Plant and machinery
- Motor vehicles
- Furniture and fittings
- Office equipment
- Security equipment

#### **1.3.1 Valuation of property, plant and equipment**

Property, plant and equipment are stated at fair value, which is deemed to be the lower of replacement cost and recoverable amount. All non-heritage property, plant and equipment are restated to fair value each year by reference to indices compiled by the Office for National Statistics (ONS).

Assets under construction are shown at cost, and relate to assets which are incomplete but for which the Department has incurred a liability.

Expenditure on property, plant and equipment of over £1,000 is capitalised. Within the core Department the grouping of a range of property, plant and equipment has also been undertaken in respect of some personal computers, printers, office furniture and equipment.

In compliance with IAS 16, subsequent expenditure on an asset which does not meet the criteria of enhancement or improvement is expensed through the Consolidated Statement of Comprehensive Net Expenditure.

Upward revaluations are credited to the revaluation reserve and permanent reductions in the value of property, plant and equipment are charged to the Consolidated Statement of Comprehensive Net Expenditure. Any subsequent revaluation of assets is credited to the Consolidated Statement of Comprehensive Net Expenditure to the extent that it reverses previous revaluation decreases recognised as an expense in the Consolidated Statement of Comprehensive Net Expenditure.

#### **1.4 Heritage assets**

In accordance with the Financial Reporting Manual (FReM) as issued by HM Treasury, heritage assets are capitalised and recognised in the Statement of Financial Position at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Hillsborough Castle is depreciated as set out in Note 1.6 and subject to quinquennial professional valuations, with indices supplied by Land and Property Services used in the intervening years.

Arts and antiques are not depreciated and are subject to quinquennial professional valuations.

### 1.5 Intangible assets

Expenditure on computer software licenses lasting more than one year and costing more than £1,000 is capitalised and classified as intangible assets. Software licences are amortised over the shorter of the term of the licence and the useful economic life. Software licences are revalued annually using indices provided by the ONS.

### 1.6 Depreciation/Amortisation

Property, plant and equipment and intangible assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point at which the asset is brought into use.

Estimated useful lives, which are reviewed regularly, are:

<b>Asset category</b>	<b>Useful Life</b>
Heritage assets	50 years
Art and Antiques	No Depreciation
Leasehold improvements	10 years (or the life of the lease, whichever is least)
Plant and machinery	3 - 25 years
Information Technology	2 - 16 years
Assets under construction	No depreciation
Intangible assets (software licences)	2 - 10 years

### 1.7 Realised Element of Depreciation from Revaluation Reserve

Depreciation and amortisation are charged to expenditure on the re-valued amount of property, plant and equipment and intangibles. An element of depreciation or amortisation therefore arises due to the increase in valuation and is in excess of the depreciation or amortisation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on disposal and is transferred from the Revaluation Reserve to the General Fund.

### 1.8 Employee Benefits

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the PCSPS (NI), the Civil Service and Others Pension Scheme (CSOPS) and CSOPS (NI). These defined benefit schemes are unfunded. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the schemes of the amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the pension schemes.

Further details regarding the above schemes are contained in the [Remuneration Report](#).

### 1.9 Early departure costs

The Department is required to meet the additional cost of benefits beyond the normal PCSPS, PCSPS (NI), CSOPS and CSOPS (NI) benefits in respect of employees who retire early, from the date of their retirement until they reach normal pensionable age. The Department provides in full for this cost when the early retirement programme has been announced and this is binding on the Department.

## 1.10 Financing and Operating income

### *Financing*

The Department is primarily financed by funds approved by Parliament through the annual Supply process. Resources are drawn down each month to meet expenditure requirements.

### *Operating Income*

Operating income is income which relates directly to the operating activities of the Department. It principally comprises monies received in respect of EU grants and National Loans Fund interest.

Operating income also includes charges provided on a full-cost basis to external customers, as well as public repayment work, i.e. professional services provided by the CSO.

Operating income includes not only accruing resources but also income to the Consolidated Fund which in accordance with the FReM is treated as operating income. Operating income is stated net of VAT.

Operating income is split under the following headings depending on its classification:

- Administration income
- Programme income

It excludes funding from Parliamentary Vote, loans from the National Loans Fund and advances from the Contingencies Fund.

## 1.11 Administration and Programme expenditure

The classification of expenditure as administration or as programme follows the definitions set out in HM Treasury's *Consolidated Budgeting Guidance*. Broadly, administrative expenditure reflects the costs of running the Department while programme costs relate directly to service delivery activities.

## 1.12 Grants payable and paid

The Core Department recognises the grants due to its executive Non-Departmental Public Bodies, (the Northern Ireland Human Rights Commission and the Parades Commission), in the period in which they are paid.

The Core Department processes receipts and payments on behalf of the Parades Commission. Grant-in-aid paid during the year, is calculated by recording the details of payments processed and cash that has been paid out.

The Department also makes a small number of grants to a variety of public sector, private sector and voluntary bodies and these are recognised in the period in which there is reasonable assurance that they will be paid and that the conditions attaching them will be complied with.

### 1.13 Leases

#### *Operating leases*

Leases where substantially all of the risks and rewards are held by the lessor are classified as operating leases. Rentals are charged to the Consolidated Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease.

### 1.14 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation.

### 1.15 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

### 1.16 Value Added Tax

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

### 1.17 Insurance

Only insurance costs in respect of motor vehicles are charged to the Consolidated Statement of Comprehensive Net Expenditure.

Departments do not generally insure. No insurance is affected against the following: fire, explosion, common law, third party and similar risks. Notional insurance premiums are not charged to the Consolidated Statement of Comprehensive Net Expenditure. Instead, expenditure in connection with uninsured risks is charged as incurred.

### 1.18 Notional charges

Notional charges, in respect of services received from other government departments/agencies, are included to reflect the full economic cost of services.

### 1.19 Staff Costs

Under IAS19 *Employee Benefits*, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the year end. The cost of untaken leave has been determined using data from staff leave records.

### 1.20 Financial Instruments

#### Recognition and de-recognition of financial assets and financial liabilities

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when, and only when, the Department becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Department no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

#### Financial assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term (held for trading) or if so designated by management. Financial assets held in this category are initially recognised and subsequently measured at fair value, with changes in value recognised in the Consolidated Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

#### Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, with changes in carrying value recognised in the Consolidated Statement of Comprehensive Net Expenditure in a manner which most appropriately reflects the nature of the item or transaction.

#### Trade and other receivables

Financial assets within trade and other receivables are recognised at fair value, which is usually the original invoiced amount. Provisions for bad debt are made specifically where there is objective evidence of a dispute or inability to pay. NIO and CSO only write off debts after all attempts to recover monies have been exhausted.

### *Prepayments*

Prepayments include any expenditure exceeding £500 that has been made in advance of receipt of goods or services and as such are treated as a financial asset to the Department.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

### *Impairment of financial assets*

The Department assesses at each reporting date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the Consolidated Statement of Comprehensive Net Expenditure. The impairment loss is measured as the difference between that asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is only reversed if it can be related objectively to an event after the impairment was recognised and is reversed to the extent that carrying value of the asset does not exceed its amortised cost at the date of reversal.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Consolidated Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. If a financial asset is deemed unrecoverable, the amount of the asset is reduced directly and the impairment loss recognised in the Consolidated Statement of Comprehensive Net Expenditure to the extent a provision was not previously recognised.

## **Financial Liabilities**

### *Trade and other payables*

Financial liabilities within trade and other payables are recognised at fair value, which is usually the original invoiced amount.

### *Loans and other borrowings*

Loans and other borrowings are initially recognised at fair value plus directly attributable transaction costs. Where loans and other borrowings contain a separable embedded derivative, the fair value of the embedded derivative is the difference between the fair value of the hybrid instrument and the fair value of the loan or borrowing. The fair value of the embedded derivative and the loan or borrowing is recorded separately on initial recognition.

#### **1.21 Critical accounting estimates and key judgements**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Department's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts are discussed below.

##### *(i) – Provisions for compensation*

Provisions have been made for compensation which will be payable at a future date. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

##### *(ii) – Work in Progress*

The Crown Solicitor's Office recognises the income relating to the cost of solicitor activity in relation to cases that have not completed at the reporting date. This is an estimate of the fees earned as a result of work undertaken up to the reporting date using an estimate of cost based on actual bills issued and an assessment of the progress on the case to date. Account has been taken of the recoverability of the receivable in the calculation. Any differences between the amount charged to the client upon the completion of the case and the value recognised as work in progress will be accounted for in the accounting period when the client invoice is raised.

#### **1.22 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2018**

The Department has reviewed all standards that were effective at the start of the year, and those which became effective during the year, and considered whether these affect the presentation, disclosure and measurement of balances within the financial statements. These changes had no impact on the financial statements.

#### **1.23 Accounting standards, interpretations and amendments to published standards not yet effective**

The following new standards, interpretations and amendments, which have been adopted by the EU but are not yet effective, may have an impact on the future Northern Ireland Office accounts:

IFRS 9 - Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and has an effective date of 1st January 2018. The FReM applies the EU adopted IFRS which is consistent with the Government Resource Accounts Act 2000. The new standard is to be applied in central government from 2018-19. IFRS 9 provides a more principles-based approach to the accounting for financial instruments, including their classification and measurement. The Department does not expect this standard to have a significant impact on future accounts as financial assets are limited to trade receivables and bank deposits that are clearly held to collect contractual cash flows.

IFRS 15 - Revenue from Contracts with Customers replaces IAS 18 Revenue Recognition and is to be applied in central government from 2018-19. The core principle of this standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Department does not consider that the recognition requirements of IFRS15 will significantly impact on revenue recognition in future financial statements.

IFRS 16 - Leases replaces IAS 17 Leases and related interpretations and has an effective date of 1st January 2019. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The new standard is expected to be applied in central government from 1st April 2019.

The Department expects IFRS 16 to have a material impact on future accounts current operating leases are brought onto the Statement of Financial Position.

## 2. Statement of Operating Costs by Operating Segment

The Department organises itself by group and reports income and expenditure by group to the Board each month. The current groups are

- Business Delivery Group (BDG);
- Engagement Group (EnG);
- Political Strategy and Implementation Group (PSIG);
- Economic and Domestic Policy Group (EDP);
- Constitutional and Rights Policy Group (CRP);
- Negotiations, Borders and Exit Strategy Group (NBES);
- Legacy Policy Group;
- Legacy Casework Group;
- Communications Group;
- Private Office;
- Permanent Secretary and Directors' Office;

- Security and Protection Group (SPG); and
- Crown Solicitor's Office (CSO).

Core staff costs and depreciation are managed centrally.

Each group is reported on separately to the Board however for presentational reasons several groups have been amalgamated for the analysis below:

- Central management (CM) includes centrally managed budgets, BDG, Communications Group, Private Office and the Permanent Secretary and Directors' Office;
- Economic and Constitutional Group (ECG) includes EDP, CRP and NBES; and
- Legacy Group (LG) includes Legacy Policy and Legacy Casework;

Information on amounts paid to the Northern Ireland Consolidated Fund (NICF) is separately reported to the Board on a monthly basis and is therefore included as a separate operating segment below.

The Board received management information containing summary of spend on a monthly basis throughout the year. Information on the same basis is reproduced in the table below.

The Department does not consider that assets and liabilities can be meaningfully allocated to segments, and manages and reports on assets and liabilities in total. Therefore, no breakdown of assets and liabilities is given.

	£000 NICF	£000 CM	£000 EnG	£000 PSIG	£000 ECG	£000 LG	£000 SPG	£000 CSO	2017-18 £000 Total
<u>Administration</u>									
Gross administration costs	-	4,026	263	135	93	29	78	4,266	<b>8,890</b>
Receipts	-	(46)	-	-	-	-	-	(4,252)	<b>(4,298)</b>
Net Administration Costs	-	3,980	263	135	93	29	78	14	<b>4,592</b>
<u>Programme</u>									
Gross programme costs	14,487,000	259	1,763	-	3,298	258	719	-	<b>14,493,297</b>
Receipts	-	-	-	-	(119)	(132)	(15)	-	<b>(266)</b>
Net programme costs	14,487,000	259	1,763	-	3,179	126	704	-	<b>14,493,031</b>
Centrally Managed Costs	-	10,237	-	-	-	-	-	-	<b>10,237</b>
<b>Overall Costs</b>	<b>14,487,000</b>	<b>14,476</b>	<b>2,026</b>	<b>135</b>	<b>3,272</b>	<b>155</b>	<b>782</b>	<b>14</b>	<b>14,507,860</b>

2016-17

	£000 NICF	£000 BDG	£000 EnG	£000 PSIG	£000 EPG	£000 LG	£000 SPG	£000 CSO	£000 Total
<u>Administration</u>									
Gross administration costs	-	3,862	227	31	104	148	85	4,085	<b>8,542</b>
Receipts	-	(57)	-	-	-	-	(2)	(4,174)	<b>(4,233)</b>
Net Administration Costs	-	3,805	227	31	104	148	83	(89)	<b>4,309</b>
<u>Programme</u>									
Gross programme costs	14,156,000	276	1,339	-	3,773	175	1,074	-	<b>14,162,637</b>
Receipts	-	-	-	-	(111)	-	-	-	<b>(111)</b>
Net programme costs	14,156,000	276	1,339	-	3,662	175	1,074	-	<b>14,162,526</b>
Centrally Managed Costs	-	9,504	-	-	-	-	-	-	<b>9,504</b>
Overall Costs	<b>14,156,000</b>	<b>13,585</b>	<b>1,566</b>	<b>31</b>	<b>3,766</b>	<b>323</b>	<b>1,157</b>	<b>(89)</b>	<b>14,176,339</b>

## Note 2.1 Reconciliation between Operating Segments and Consolidated Statement of Comprehensive Net Expenditure

	2017-18 £000 Total	2016-17 £000 Total
Total net expenditure by operating segment	<b>14,507,860</b>	<b>14,176,339</b>
Reconciling items:		
AME and non-voted expenditure not included in analysis	4,039	9,357
Excess cash surrenderable to the consolidated fund	-	(466)
Accounting adjustments	342	(83)
Total net expenditure per statement of comprehensive net expenditure	<b>14,512,241</b>	<b>14,185,147</b>

### 3. Staff costs

Staff numbers and related costs (and relevant disclosures) are relocated to the Remuneration and Staff Report.

Staff costs	2017-18					2016-17
	£000					£000
	Total	Permanently Employed and inward seconded Staff	Others	Ministers	Special Advisors	Total
Wages and salaries	11,367	8,925	2,177	101	164	10,795
Social security costs	1,164	1,065	73	9	17	1,028
Other pension costs	2,063	1,958	76	-	29	1,972
<b>Sub Total</b>	<b>14,594</b>	<b>11,948</b>	<b>2,326</b>	<b>110</b>	<b>210</b>	<b>13,795</b>
Less recoveries in respect of outward secondments	(122)	(122)	-	-	-	(261)
<b>Total net costs</b>	<b>14,472</b>	<b>11,826</b>	<b>2,326</b>	<b>110</b>	<b>210</b>	<b>13,534</b>

## 4. Other Administration Costs

	2017-18 £000		2016-17 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
<b>Note</b>				
<b>Rentals under operating leases:</b>				
Hire of plant and machinery	19	19	16	16
Other operating leases	-	-	947	947
<b>Non-cash items:</b>				
Depreciation and amortisation of non-current assets:				
Property, plant and equipment	7	1,639	1,701	1,701
Intangible assets	8	-	35	35
(Profit)/Loss on disposal of non-current assets	7,8	-	129	129
Impairments	7,8			
Auditor's remuneration and expenses		98	98	98
Provisions:				
Provided in year	15	-	-	-
<b>Other expenditure:</b>				
All other expenditure		5,762	3,930	3,930
<b>Total</b>	<b>7,518</b>	<b>7,518</b>	<b>6,856</b>	<b>6,856</b>

During the year the department did not purchase any non-audit services from its auditor, the National Audit Office.

## 5. Programme Costs

		2017-18 £000		2016-17 £000	
Note	Core Department	Departmental Group	Core Department	Departmental Group	
<b>Current grants and other expenditure</b>					
	Other expenditure <sup>9</sup>	2,882	3,415	3,456	3,877
	Auditors remuneration and expenses	-	-	-	15
<b>Rentals under operating leases:</b>					
	Hire of plant and machines	-	62	167	205
	Other operating leases	208	208	21	22
<b>Non-cash items:</b>					
	Depreciation	7	184	232	84
	Amortisation	8	-	-	6
	Impairments	7,8	8	11	-
	Revaluation	7,8	-	-	-
	Loss on disposal of non-current assets	7,8	-	-	1
	Provisions:				
	Provided in year	15	-	-	-
	Written back in year	15	-	-	(750)
	Auditor's remuneration and expenses	9	9	9	9
<b>Consolidated Fund Standing Services</b>					
	Election Funding	3,946	3,946	10,021	10,021
	Consolidated Fund Standing Services	93	93	86	86
		7,330	7,976	13,101	13,680
Northern Ireland Consolidated Fund :					
	Grant	14,487,000	14,487,000	14,156,000	14,156,000
	National Loans Fund interest	68,736	68,736	73,362	73,362
	EU grants	41,661	41,661	38,495	38,495
		14,597,397	14,597,397	14,267,857	14,267,857
<b>Total</b>		<b>14,604,727</b>	<b>14,605,373</b>	<b>14,280,958</b>	<b>14,281,537</b>

<sup>9</sup> By statute the remuneration and associated employers' earnings-related National Insurance Contributions of the Chief Electoral Officer (CEO) are met directly from the Consolidated Fund, rather than Parliamentary Supply. These costs are included under Other Programme Costs along with election running costs and are referred to as Consolidated Fund Standing Services. As the cash for the CEO's salary does not pass through the Department's accounts, the expenditure is accounted for as a non-cash item.

Pension benefits for the CEO for Northern Ireland are on a broadly by-analogy to the Civil Service Pension run Alpha Scheme basis. This provides for benefits as explained in the Remuneration report. The actual payments come from the Consolidated Fund under section 14 (8) of the Electoral Law Act (NI) 1962.

## 6. Income

Operating income not within the budget (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. In 2017-18, all operating income was within the budget.

	2017-18 £000		2016-17 £000	
	Core department	Departmental group	Core department	Departmental group
<b>Administration income:</b>				
Professional Fees	4,252	4,252	4,528	4,528
Other administrative income	49	49	105	105
	<b>4,301</b>	<b>4,301</b>	<b>4,633</b>	<b>4,633</b>
<b>Programme income:</b>				
Operating income	-	-	-	-
Other	267	324	177	290
National Loans Fund interest	68,736	68,736	73,362	73,362
Income from EU for NI programmes	41,661	41,661	38,495	38,495
	<b>110,664</b>	<b>110,721</b>	<b>112,034</b>	<b>112,147</b>
<b>Total</b>	<b>114,965</b>	<b>115,022</b>	<b>116,667</b>	<b>116,780</b>

Note:

Other income relates to the following transactions with the Northern Ireland Consolidated Fund;

- Interest receivable on loans made by the Northern Ireland Office to the Northern Ireland Consolidated Fund. The Northern Ireland Office uses this interest to pay interest due to the NLF in respect of the loans made to the Northern Ireland Office, equal to the amount of loan made from the Northern Ireland Office to the Northern Ireland Consolidated Fund.
- Income from the EU, which is received by the Northern Ireland Office to be paid over directly to the Northern Ireland Consolidated Fund.

Both amounts are offset by an equal and opposite expense as shown in note 5.

## 7. Property, plant and equipment – Departmental Group

	Heritage Assets £000	Antiques £000	Leasehold improvements £000	Plant & Machinery £000	Information Technology £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2017	73,131	1,704	1,181	1,017	2,632	330	<b>79,995</b>
Additions	-	-	-	-	554	551	<b>1,105</b>
Disposals	-	-	-	-	(7)	-	<b>(7)</b>
Transfers	-	-	-	-	-	-	<b>-</b>
Indexation	-	-	75	12	40	-	<b>127</b>
Revaluations	-	14	(2)	-	(8)	-	<b>4</b>
Reclassification	-	-	-	-	-	(4)	<b>(4)</b>
<b>At 31 March 2018</b>	<b>73,131</b>	<b>1,718</b>	<b>1,254</b>	<b>1,029</b>	<b>3,211</b>	<b>877</b>	<b>81,220</b>
<b>Depreciation</b>							
At 1 April 2017	2,698	-	557	732	1,763	-	<b>5,750</b>
Charged in year	1,302	-	95	61	353	-	<b>1,811</b>
Disposals	-	-	-	1	10	-	<b>11</b>
Transfers	-	-	-	-	(6)	-	<b>(6)</b>
Indexation	-	-	36	-	22	-	<b>58</b>
Revaluations	-	-	-	-	(1)	-	<b>(1)</b>
Reclassifications	-	-	-	-	-	-	<b>-</b>
<b>At 31 March 2018</b>	<b>4,000</b>	<b>-</b>	<b>688</b>	<b>794</b>	<b>2,141</b>	<b>-</b>	<b>7,623</b>
<b>Carrying Amount</b>							
<b>At 31 March 2018</b>	<b>69,131</b>	<b>1,718</b>	<b>566</b>	<b>235</b>	<b>1,070</b>	<b>877</b>	<b>73,597</b>
<b>Carrying Amount</b>							
<b>At 31 March 2017</b>	<b>70,433</b>	<b>1,704</b>	<b>624</b>	<b>285</b>	<b>869</b>	<b>330</b>	<b>74,245</b>
Of the total:							
Department	<b>69,131</b>	<b>1,718</b>	<b>558</b>	<b>223</b>	<b>1,048</b>	<b>868</b>	<b>73,546</b>
Other designated bodies	-	-	<b>8</b>	<b>12</b>	<b>22</b>	<b>9</b>	<b>51</b>
<b>Carrying amount at 31 March 2018</b>	<b>69,131</b>	<b>1,718</b>	<b>566</b>	<b>235</b>	<b>1,070</b>	<b>877</b>	<b>73,597</b>

All of the assets above are fully owned; no finance arrangements are in place.

## 7.1 Property, plant and equipment – Departmental group (continued)

	Heritage Assets £000 <sup>10</sup>	Antiques £000 <sup>11</sup>	Leasehold improvements £000	Plant & Machinery £000	Information Technology £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2016	73,684	2,347	1,156	902	2,207	412	<b>80,708</b>
Additions	-	-	-	138	416	209	<b>752</b>
Disposals	-	(143)	-	(14)	(58)	-	<b>(670)</b>
Transfers	-	-	-	-	(9)	-	<b>(4)</b>
Impairment	-	-	-	-	-	-	<b>-</b>
Revaluations	(553)	(500)	25	5	81	-	<b>(942)</b>
Reclassification	-	-	-	(14)	(23)	-	<b>(37)</b>
<b>At 31 March 2017</b>	<b>73,131</b>	<b>1,704</b>	<b>1,181</b>	<b>1,017</b>	<b>2,632</b>	<b>330</b>	<b>79,995</b>
<b>Depreciation</b>							
At 1 April 2016	1,361	-	450	706	1,511	-	<b>4,028</b>
Charged in year	1,337	-	107	53	314	-	<b>1,811</b>
Disposals	-	-	-	(12)	(62)	-	<b>(74)</b>
Transfers	-	-	-	-	(1)	-	<b>(1)</b>
Impairment	-	-	-	-	1	-	<b>1</b>
Revaluations	-	-	-	-	-	-	<b>-</b>
Reclassifications	-	-	-	(15)	(1)	-	<b>(16)</b>
<b>At 31 March 2017</b>	<b>2,698</b>	<b>-</b>	<b>557</b>	<b>732</b>	<b>1,763</b>	<b>-</b>	<b>5,750</b>
<b>Carrying Amount</b>							
<b>At 31 March 2017</b>	<b>70,433</b>	<b>1,704</b>	<b>624</b>	<b>285</b>	<b>869</b>	<b>330</b>	<b>74,245</b>
<b>Carrying Amount</b>							
<b>at 31 March 2016</b>	<b>72,323</b>	<b>2,347</b>	<b>706</b>	<b>196</b>	<b>696</b>	<b>412</b>	<b>76,680</b>
Of the total:							
Department	<b>70,433</b>	<b>1,704</b>	<b>612</b>	<b>270</b>	<b>834</b>	<b>330</b>	<b>74,183</b>
Other designated bodies	-	-	<b>12</b>	<b>15</b>	<b>35</b>	-	<b>62</b>
<b>Carrying amount At</b>							
<b>31 March 2017</b>	<b>70,433</b>	<b>1,704</b>	<b>624</b>	<b>285</b>	<b>869</b>	<b>330</b>	<b>74,245</b>

<sup>10</sup> Hillsborough Castle is valued by Land and Property Services in line with standards published by the Royal Institute of Chartered Surveyors (RICS). The antiques are valued by John Ross and Company. Valuations are carried out every five years. The most recent valuation was at 31 March 2017.

<sup>11</sup> Heritage assets and antiques comprise Hillsborough Castle and its estate. It has historical importance as the principal seat in Ireland of the Marquesses of Downshire for over 200 years. The present building dates from the 1770s with 19th and 20th century additions. It passed into public ownership in the 1920s and was used, until direct rule, as the residence of the Governors of Northern Ireland. Currently, the Castle is the venue for official functions including supporting many Royal and other distinguished visitors and is also open to the public in summer months.

## 8. Intangible assets – Departmental Group

The Department's intangible assets comprise purchased software licences with a finite life.

	Software Licenses	Software Licenses
	2017-18 £000	2016-17 £000
<b>Cost or valuation</b>		
Opening balance	1,198	1,180
Additions	13	11
Transfer from Assets Under Construction	-	-
Disposals	-	(1)
Transfers	-	-
Impairment	8	-
Revaluation	-	17
Reclassification	-	(9)
<b>Closing balance</b>	<b>1,219</b>	<b>1,198</b>
<b>Amortisation</b>		
Opening balance	1,063	1,009
Charged in year	49	65
Disposals	-	(14)
Transfers	-	-
Impairment	3	-
Revaluation	4	4
Reclassification	-	(1)
<b>Closing balance</b>	<b>1,119</b>	<b>1,063</b>
<b>Carrying Amount at 31 March 2018</b>	<b>100</b>	<b>135</b>
<b>Carrying Amount at 31 March 2017</b>		<b>135</b>
Of the total:		
Department	46	70
Other designated bodies	54	65
	<b>100</b>	<b>135</b>

Intangible assets are adjusted to their current value each year by reference to appropriate indices compiled by the Office for National Statistics.

## 9. Capital and Other commitments

### 9.1 Operating leases

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

	2017-18 £000		2016-17 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
<b>Obligations under operating leases for the following periods comprise:</b>				
<b>Buildings:</b>				
Not later than one year	1,189	1,259	1,000	1,054
Later than one year and not later than 5 years	4,193	4,298	3,119	3,206
Later than five years			1,268	1,268
	<b>5,382</b>	<b>5,557</b>	<b>5,387</b>	<b>5,528</b>
<b>Other:</b>				
Not later than one year	7	7	21	21
Later than one year and not later than 5 years	-	-	-	11
Later than five years				
	<b>7</b>	<b>7</b>	<b>21</b>	<b>32</b>
<b>Total</b>	<b>5,389</b>	<b>5,564</b>	<b>5,408</b>	<b>5,560</b>

## 10. Financial Instruments

As the cash requirements of the department are met through the Estimates process, financial instruments play more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the department is therefore exposed to little credit, liquidity or market risk.

## 11. Investments and loans in other public sector bodies

### Department of Finance & Personnel On-lent National Loans Fund Loans

	2017-18 £000	2016-17 £000
Balance at 1 April	2,115,940	2,049,943
Additions	33,534	213,710
Repayments	(152,929)	(147,713)
<b>Balance at 31 March 2018</b>	<b>1,996,545</b>	<b>2,115,940</b>

The balances represent the principal element of National Loans Fund advances on lent by the Secretary of State for Northern Ireland to the Northern Ireland Executive. Interest has been excluded from the disclosure due to the disproportionate amount of work required to calculate an accurate figure, which has as overall nil net impact on the Statement of Financial Position.

The balances above can be further analysed as:

	2017-18 £000	2016-17 £000
Current assets	149,635	153,524
Non-current assets	1,846,910	1,962,416
<b>Balance at 31 March 2018</b>	<b>1,996,545</b>	<b>2,115,940</b>

## 12. Cash and cash equivalents

	2017-18 £000		2016-17 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Balance at 1 April 2017	189,597	189,846	156,386	156,582
Net change in cash balance	59,468	59,506	33,211	33,264
<b>Balance at 31 March 2018</b>	<b>249,065</b>	<b>249,352</b>	<b>189,597</b>	<b>189,846</b>
The following balances at 31 March are held at:				
Government Banking Service	247,720	248,007	173,003	173,252
Commercial banks and cash in hand	1,345	1,345	16,594	16,594
<b>Balance at 31 March 2018</b>	<b>249,065</b>	<b>249,352</b>	<b>189,597</b>	<b>189,846</b>

## 13. Trade receivables, financial and other assets

	2017-18 £000		2016-17 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
<b>Amounts falling due within one year:</b>				
VAT Receivables	-	-	86	86
Trade receivables	3,428	3,451	1,003	1,085
Other receivables	-	2	11	11
Prepayments and accrued income	2,098	2,156	3,773	3,887
	5,526	5,609	4,873	5,069
<b>Amounts falling due after more than one year:</b>	-	-	-	-
<b>Total</b>	<b>5,526</b>	<b>5,609</b>	<b>4,873</b>	<b>5,069</b>

## 14. Trade payables and other liabilities

	2017-18 £000		2016-17 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
<b>Amounts falling due within one year:</b>				
VAT	6	6	-	-
Taxation and social security	251	265	193	223
Trade payables	130	188	1,708	1,761
Other payables	16	19	-	10
Accruals and deferred income	2,734	2,859	5,928	6,063
Property, plant and equipment accruals	296	296	122	122
Current element of repayment of National Loans Fund	149,635	149,635	153,524	153,524
Amounts issued from the Consolidated Fund but not spent at year end	249,065	249,065	189,596	189,596
Non-Voted Supply Payable	-	-	217	217
CFER Payables	-	-	466	466
Amounts received due to be paid to the Consolidated Fund	-	(1)	16	16
	<b>402,133</b>	<b>402,332</b>	<b>351,770</b>	<b>351,998</b>
<b>Amounts falling due after more than one year:</b>				
Repayment of National Loans Fund	1,846,910	1,846,910	1,962,416	1,962,416
<b>Total</b>	<b>2,249,043</b>	<b>2,249,242</b>	<b>2,314,186</b>	<b>2,314,414</b>

## 15. Provisions for liabilities and charges

	2017-18 £000		2016-17 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
<b>Balance at 1 April</b>	8	68	758	758
Provided in the year	-	60	-	60
Provisions not required written back	-	-	(750)	(750)
Provisions utilised in the year	-	(60)	-	-
<b>Balance at 31 March 2018</b>	<b>8</b>	<b>68</b>	<b>8</b>	<b>68</b>

Analysis of expected timing of discounted flows:

	2017-18 £000		2016-17 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Not later than one year	8	68	8	68
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
<b>Balance at 31 March 2018</b>	<b>8</b>	<b>68</b>	<b>8</b>	<b>68</b>

	Compensation Payments	Litigation Claims	Total
Not Later than one year	8	60	68
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
<b>Balance at 31 March 2018</b>	<b>8</b>	<b>60</b>	<b>68</b>

All provisions represent the best estimate of the expenditure required to settle the obligation at the date of approval of the financial statements.

### 15.1 Compensation Payments: £8k (2016-17: £8k)

The Department provides for future obligations arising from all claims for compensation under the Terrorism Act 2000 and the Justice and Security (Northern Ireland) Act 2007 at the reporting date. All such claims will either be allowed or denied (including abandoned/withdrawn claims). The likely ratio of settled claims together with the potential average value of each allowed claim is estimated in arriving at the total expected future liability.

### 15.2 Provision for Litigation Claims: £60k (2016-17: £60k)

The litigation provision relates to claims against the Department by staff and third parties for damages including contractual supply and industrial tribunal cases. The provision reflects all known claims where it is considered that it is probable that the claim will be successful and the amount can be reliably estimated. The timing of the settlement of claims depends on the circumstances of each case.

## **16. Contingent liabilities disclosed under IAS 37**

Listed below are the Department's contingent liabilities that have not been recognised as provisions because their existence will only be confirmed by the occurrence of one or more uncertain future events, not wholly within the Department's control.

### **(a) Employment and personnel cases**

There are a number of cases pending against the Department. The potential liability has been estimated although there is continuing uncertainty over the expected date of settlement in respect of these cases at the reporting date.

### **(b) Others**

There are a number of other cases pending against the Department or the Secretary of State for which it is not possible to quantify any potential liability. This includes two ongoing Judicial Reviews, six Judicial Reviews that have not yet been granted for hearing and four other legal cases.

## **17. Related-party transactions**

The Northern Ireland Office is the parent Department of two constitutionally separate entities. During the year the NIO has had a number of material transactions with these entities and with other entities which, for financial reporting purposes, are regarded as related parties. These include the Northern Ireland Human Rights Commission and the Northern Ireland Parades Commission.

In addition, the Northern Ireland Office has had a number of material transactions with other government bodies, including the Department of Finance and Personnel, and HM Treasury with regard to National Loans Fund.

With the exception of the above, none of the board members, key managerial staff or other related parties has undertaken any other material transactions with the NIO during the year. The remuneration report sets out compensation paid to management.

Dawn Johnson is a non-executive director of CIPFA Business Limited. The NIO occasionally purchases minor services from CIPFA, though Dawn has had no involvement in any of these transactions.

## **18. Third-party assets**

The Department does not hold as custodian or trustee monies belonging to third parties, over and above those monies disclosed in Note 12 Cash and cash equivalents.

## 19. Entities within the Departmental boundary

The entities within the boundary during 2017-18 were as follows:

### *Executive*

Northern Ireland Parades Commission \*

Northern Ireland Human Rights Commission \*

Independent Reporting Commission \*

### *Non-executive / Advisory*

Boundary Commission for Northern Ireland

Chief Electoral Officer for Northern Ireland

Civil Service Commissioners for Northern Ireland

Crown Solicitor for Northern Ireland

Sentence Review Commissioners

Independent Commission for the Location of Victims' Remains

District Electoral Areas Commissioner (ad-hoc)

Independent Reviewer of Police and Military Powers under the Justice and Security Act 2007

Remission of Sentences Act Commissioners

Independent Chairman of the Northern Ireland Committee on Protection

\*Separate Annual Accounts are produced by these entities and are available at:

<http://www.paradescommission.org>

<http://www.nihrc.org>

<https://www.ircommission.org>

## 20. Events after the reporting period date

The Northern Ireland Office's Annual Report and Accounts is laid before the House of Commons by HM Treasury.

There were no events recorded after the Statement of Financial Position date which affected the true and fair view of the accounts.

## 21. Date of authorisation of Accounts

The Accounting Officer authorised the accounts for issue on the same date as the Comptroller and Auditor General signed the audit certificate.

## **ANNEX: REGULATORY REPORTING**

TABLE 1

## Spending by Northern Ireland Office & Northern Ireland Executive 2011-12 to 2019-20

	2013-14 Outturn £'000	2014-15 Outturn £'000	2015-16 Outturn £'000	2016-17 Outturn £'000	2017-18 Plans £'000	2017-18 Outturn <sup>(7)</sup> £'000	2018-19 Plans £'000	2019-20 Plans £'000
<b>Northern Ireland Office Expenditure</b>								
Resource expenditure within Administration Costs	12,876	11,284	17,722	14,776	12,907	14,042	15,946	16,236
Other resource expenditure	12,411	13,071	13,379	16,840	12,221	10,720	6,314	6,444
<b>Northern Ireland Office Resource <sup>(2)</sup></b>	<b>25,287</b>	<b>24,355</b>	<b>31,101</b>	<b>31,616</b>	<b>25,128</b>	<b>24,762</b>	<b>22,260</b>	<b>22,680</b>
<b>Northern Ireland Office Capital</b>	307	1,897	1,973	561	445	1,496	270	250
<b>Northern Ireland Office Resource + Capital DEL <sup>(2)</sup></b>	<b>25,594</b>	<b>26,252</b>	<b>33,074</b>	<b>32,177</b>	<b>25,573</b>	<b>26,258</b>	<b>22,530</b>	<b>22,930</b>
<i>less depreciation &amp; impairments</i>	-1,534	-1,577	-1,706	-1,800	-2,266	-1,823	-2,100	-2,100
<b>Northern Ireland Office DEL <sup>(3)</sup></b>	<b>24,060</b>	<b>24,675</b>	<b>31,368</b>	<b>30,377</b>	<b>23,307</b>	<b>24,435</b>	<b>20,430</b>	<b>20,830</b>
<b>Northern Ireland Executive Expenditure (The Northern Ireland Block) <sup>(6)</sup></b>								
Resource <sup>(8)</sup>	10,160,768	10,188,870	10,161,050	10,480,277	10,794,020	10,630,755	10,533,399	10,556,318
Capital <sup>(8)</sup>	944,703	1,085,281	765,747	1,005,419	1,270,453	1,147,917	1,251,908	1,311,397
<b>Total Resource + Capital</b>	<b>11,105,471</b>	<b>11,274,151</b>	<b>10,926,797</b>	<b>11,485,696</b>	<b>12,064,473</b>	<b>11,778,672</b>	<b>11,785,307</b>	<b>11,867,715</b>
<i>less depreciation &amp; impairments</i>	-450,862	-503,161	-254,883	-590,316	-649,939	-546,590	-573,980	-587,212
<b>Northern Ireland Executive DEL <sup>(3) (5)</sup></b>	<b>10,654,609</b>	<b>10,770,990</b>	<b>10,671,914</b>	<b>10,895,380</b>	<b>11,414,534</b>	<b>11,232,082</b>	<b>11,211,327</b>	<b>11,280,503</b>
(1) Totals may not sum due to roundings.								
(2) Including depreciation & impairments								
(3) Resource + capital - depreciation & impairments (includes Student Loans impairments)								
(4) By convention Departmental Expenditure Limit budgets are expressed as resource and capital less depreciation &								
(5) DEL figures for outturn years have been adjusted to reflect subsequent budgeting changes								
(6) From the 2015 Spending Review, Northern Ireland Office expenditure no longer forms part of the Northern Ireland Block								
(7) Northern Ireland Office outturn data represent final outturn and will accord with the accounts published elsewhere in this document. The Northern Ireland Executive data shows provisional outturn as the Northern Ireland Executive have yet to finalise their accounts								
(8) Resource and Capital figures for 2016-17 reflect classification change of Research & Development (R&D) expenditure from resource to capital (ESA 10)								

<b>Cash grant paid to the Northern Ireland Consolidated Fund 2016-17: Provision &amp; Estimated Outturn</b>			
	<b>Original Provision</b>	<b>Final Provision</b>	<b>Outturn</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Departmental Expenditure Limit (Resource DEL + Capital DEL) <sup>(2) (4)</sup>	11,582.7	11,673.7	11,485.7
Annually Managed Expenditure (inc Other AME)	9,248.3	8,990.3	8,659.4
Expenditure Financed by Regional Rates	585.4	246.4	584.5
Expenditure Financed by RRI Borrowing	357.8	584.3	213.7
<b>Total Managed Expenditure (DEL, AME &amp; Other AME)</b>	<b>21,774.3</b>	<b>21,494.7</b>	<b>20,943.3</b>
Less Non Cash charges	-3,574.8	-3,767.2	-3,573.2
Less Non Voted (DEL, AME & Other AME) <sup>(4)</sup>	-12,023.2	-11,868.0	-11,510.4
Voted Other Expenditure outside DEL	8,012.1	8,183.4	7,893.2
Utilisation of Provisions	1,140.4	1,311.6	1,304.4
Movement in debtors/creditors	155.5	140.5	8.6
Adjustment for Prior Years / Changes in balances held in the Northern Ireland Consolidated Fund			-133.1
<b>Supply Expenditure</b>	<b>15,484.3</b>	<b>15,495.0</b>	<b>14,932.9</b>
Interest Payable	75.5	74.4	73.4
District Council Rates	579.1	586.9	586.9
Repayment of Principal of RRI Loans	92.7	97.0	97.0
Other Services	9.5	9.9	0.3
Consolidated Fund Standing Services	0.0	0.0	9.6
Loans issued	0.0	0.0	24.8
Sums repaid	0.0	0.0	73.3
Temporary Investments	0.0	0.0	2,160.0
Advances from NI Consolidated Fund	0.0	0.0	42.3
<b>Total Expenditure</b>	<b>16,241.1</b>	<b>16,263.2</b>	<b>18,000.5</b>
<b>Income</b>			
Add in RRI	357.8	246.4	213.7
District Rates	579.1	586.9	586.9
Regional Rates	678.1	681.3	657.6
Interest Receivable	58.3	52.9	51.6
NICF Loan Repaid	0.0	0.0	80.9
Internal Departmental Funds	0.0	0.0	25.5
Temporary Investments	0.0	0.0	2,160.0
Advances from NI Consolidated Fund	0.0	0.0	0.0
Excess of Capital Receipts over capital issues	0.0	0.0	0.1
<b>Miscellaneous receipts</b>	<b>27.7</b>	<b>22.6</b>	<b>68.2</b>
<i>of which:</i>			
<i>NICF Balance</i>	<i>0.5</i>	<i>0.5</i>	<i>0.0</i>
<i>Continental Shelf</i>	<i>1.7</i>	<i>1.5</i>	<i>1.7</i>
<i>Misc - NIHE, Land Annuities etc</i>	<i>0.1</i>	<i>0.1</i>	<i>3.7</i>
<i>Excess Accruing Resources</i>	<i>4.3</i>	<i>1.1</i>	<i>0.7</i>
<i>CFERS</i>	<i>20.8</i>	<i>19.4</i>	<i>62.0</i>
<i>EU CFERS</i>	<i>0.3</i>	<i>0.0</i>	<i>0.0</i>
<b>Total Income</b>	<b>1,701.0</b>	<b>1,590.1</b>	<b>3,844.5</b>
Underspend of cash grant			
<b>Cash grant payable to the NI Consolidated Fund <sup>(3)</sup></b>	<b>14,540.1</b>	<b>14,673.1</b>	<b>14,156.0</b>
(1) Totals may not sum due to roundings			
(2) Resource and capital DEL including depreciation			
(3) Northern Ireland Act 1998, Section 58			
(4) Includes provision for expenditure implied by Stormont Hose Agreement			
(5) All components of this calculation refer to expenditure incurred by/income received by the Northern Ireland Executive			

<b>Cash grant paid to the Northern Ireland Consolidated Fund 2017-18: Provision</b>				
	<b>Original Provision</b>	<b>Final Provision</b>	<b>Estimated</b>	
	<b>£ million</b>	<b>£ million</b>	<b>Outturn</b>	
			<b>£ million</b>	
Departmental Expenditure Limit (Resource DEL + Capital DEL)	11,733.8	12,064.5	12,064.5	
Additional Provision included in Main Estimate	75.9	0.0	0.0	
Annually Managed Expenditure (inc Other AME)	9,754.8	9,851.4	9,851.4	
Expenditure Financed by Regional Rates	585.4	596.4	596.4	
Expenditure Financed by RRI Borrowing	300.0	33.5	33.5	
<b>Total Managed Expenditure (DEL, AME &amp; Other AME)</b>	<b>22,449.9</b>	<b>22,545.9</b>	<b>22,545.9</b>	
Less Non Cash charges	-3,935.7	-4,283.1	-4,283.1	
Less Non Voted (DEL, AME & Other AME)	-11,343.0	-12,366.6	-12,366.6	
Voted Other Expenditure outside DEL	8,004.9	8,513.3	8,513.3	
Utilisation of Provisions	1,203.7	1,363.3	1,363.3	
Movement in debtors/creditors	159.3	343.0	343.0	
<b>Supply Expenditure</b>	<b>16,539.1</b>	<b>16,115.6</b>	<b>16,115.6</b>	
Interest Payable	73.4	70.4	70.382	
District Council Rates	594.7	591.0	591	
Repayment of Principal of RRI Loans	108.4	108.6	108.637	
Other Services	9.8	9.6	9.586	
<b>Total Expenditure</b>	<b>17,325.4</b>	<b>16,895.2</b>	<b>16,895.2</b>	
<b>Income</b>				
Add in RRI	300.0	33.5	33.534	
District Rates	594.7	591.0	591	
Regional Rates	693.8	705.1	705.054	
Interest Receivable	51.5	47.9	47.888	
<b>Miscellaneous receipts</b>	<b>19.8</b>	<b>230.4</b>	<b>230.4</b>	
<i>of which:</i>				
	<i>NICF Balance</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>
	<i>Continental Shelf</i>	<i>1.5</i>	<i>1.7</i>	<i>1.7</i>
	<i>Misc - NIHE, Land Annuities etc</i>	<i>0.2</i>	<i>9.4</i>	<i>9.447</i>
	<i>Excess Accruing Resources</i>	<i>0.8</i>	<i>142.5</i>	<i>142.475</i>
	<i>CFERS</i>	<i>16.8</i>	<i>76.3</i>	<i>76.268</i>
	<i>EU CFERS</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Total Income</b>	<b>1,659.8</b>	<b>1,607.9</b>	<b>1,607.9</b>	
Underspend of cash grant			-800.4	
<b>Cash Grant payable to Northern Ireland Consolidated Fund by</b>	<b>15,665.6</b>	<b>15,287.4</b>	<b>14,487.0</b>	
(1) Totals may not sum due to roundings				
(2) Resource and capital DEL including depreciation				
(3) Northern Ireland Act 1998, Section 58				
(4) Includes provision for expenditure implied by Stormont House Agreement				
(5) All components of this calculation refer to expenditure incurred by/income received by the Northern Ireland Executive				
(6) A detailed breakdown of the 2017-18 outturn for Northern Ireland Executive Expenditure is not yet available				
Footnote to be inserted for 'Additional Provision included in Main Estimate'				
Includes funding due from Stormont House/Fresh Start Agreements plus other agreed items				

<b>Calculation of Grant Payable to Northern Ireland Consolidated Fund 2018-19</b>	
	<b>£ million</b>
Departmental Expenditure Limit (Resource DEL + Capital DEL)	12,385.1
<i>of which:</i>	
<i>Confidence &amp; Supply Financial Annex</i>	410.0
Annually Managed Expenditure (inc Other AME)	10,143.1
Expenditure Financed by Regional Rates	613.7
Expenditure Financed by RRI Borrowing	75.6
<b>Total Managed Expenditure (DEL, AME &amp; Other AME)</b>	<b>23,217.6</b>
Less: non-cash expenditure (depreciation, impairments etc)	-4,053.5
Less: Resource consumption of NDPBs (DEL, AME & Other AME)	-12,456.8
Add: Cash grants paid to NDPBs	8,210.9
Utilisation of Provisions	1,263.9
Movement in debtors/creditors	104.7
<b>Total Supply Expenditure</b>	<b>16,286.7</b>
Interest Payable to National Loans Fund	68.8
District Council Rates	613.9
Repayment of Principal of RRI Loans (financed by Regional Rates income)	115.3
Other Services (Statutory Salaries & Miscellaneous Receipts)	9.5
<b>Total Expenditure</b>	<b>17,094.3</b>
<b>Less Income</b>	
RRI Borrowing from National Loans Fund	75.6
District Rates	613.9
Regional Rates	729.1
Interest Receivable in respect of loans made from NI Consolidated Fund	49.6
Miscellaneous receipts	24.2
<i>of which:</i>	
<i>NICF Balance</i>	0.5
<i>Continental Shelf</i>	1.7
<i>Misc - NIHE, Land Annuities etc</i>	3.5
<i>Excess Accruing Resources</i>	0.5
<i>CFERS</i>	18.0
<i>EU CFERS</i>	0.0
<b>Total Income</b>	<b>1,492.4</b>
<b>Cash Grant payable to Northern Ireland Consolidated Fund by Northern Ireland Office</b>	<b>15,601.9</b>
Notes	
1. All items forming this calculation refer to expenditure incurred by/income received by the Northern Ireland Executive	
2. Totals may not sum due to roundings	

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