



Northern  
Ireland  
Office

# ANNUAL REPORT AND ACCOUNTS 2011-12

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13 September 2012

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# Northern Ireland Office

## Annual Report and Accounts 2011-12

(For the year ended 31 March 2012)

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

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# ANNUAL REPORT

## FOREWORD

### **By the Right Honourable Owen Paterson MP, Secretary of State for Northern Ireland**

The past year has been one of significant progress for Northern Ireland. We have continued to work towards our objectives of a peaceful, stable and prosperous Northern Ireland, based on a shared future for everyone. In line with the Belfast Agreement as Secretary of State I make the case for Northern Ireland within the UK Government, while also representing the UK Government in Northern Ireland. We have successfully co-ordinated visits by UK ministers whose responsibilities include Northern Ireland and ensured that Northern Ireland's needs are recognised.

Politically, Northern Ireland is more stable than it has been for over a generation. This provides us with the opportunity to move beyond the politics of the peace process to the politics of delivery. We shall continue to work with the Executive to achieve that in line with public expectations. In the words of the Prime Minister in his speech to the Assembly last June Northern Ireland needs "a shared future not a shared out future".

An overriding objective of both the UK Government and the Executive is the rebalancing of the Northern Ireland economy. We need to make it easier for local businesses to grow and to attract even more foreign direct investment. The Treasury-led consultation on rebalancing concluded last July. Since the New Year a ministerial working group has been examining in detail a number of issues arising out of the consultation in respect of potentially transferring responsibility for corporation tax to the Assembly. In September, working with the Treasury and the Executive, we announced the devolution of long-haul air passenger duty to help preserve our vital transatlantic air links.

I recognise that we continue to face extremely tough economic times and a uniquely difficult fiscal position as a result of the record deficit that the Government inherited. The UK Government take all necessary measures to return the country to sustained economic growth and prosperity based upon sound public finances.

Regrettably there remains a small minority who seek to pursue their objectives by violence. The Government will continue to work with our partners in the Executive, the PSNI, the Irish Government and An Garda Síochána to ensure that these people never succeed. I would like to place on record my admiration for the skill and bravery of the PSNI and An Garda Síochána in combating terrorism. Co-operation between them is at unprecedented levels and for that I am deeply appreciative.

Overall, relations between the United Kingdom and the Republic of Ireland have never been closer. In large part this is down to the progress that has been made in Northern Ireland over the past two decades. The strength of our relationship was of course highlighted by the historic visit to the Republic last May of Her Majesty The Queen. It was reinforced by the Joint Statement issued by the Prime Minister and the Taoiseach in March. We have also ensured that key figures in the United States administration, who maintain constructive interest in Northern Ireland affairs, are kept fully informed of developments.

We have continued to discuss with interested parties how we deal with the legacy of Northern Ireland's past. Although the UK Government has a role to play any successful outcome will only be possible if agreement is found from within Northern Ireland. Unfortunately no consensus has yet emerged on this issue. Last May we published the report of the Rosemary Nelson Inquiry. In October the Prime Minister announced the establishment of an independent review into the murder of Patrick Finucane. This review, being carried out by Sir Desmond de Silva QC, will report to me in December.

Finally I would like to thank all the staff at the NIO for their dedication and hard work over the past year. In particular my best wishes go to Hilary Jackson who retired as Director General in December 2011 and a warm welcome to her successor, Julian King, who took up his post in January.

**RT HON OWEN PATERSON MP**

## DIRECTOR GENERAL'S REPORT

### Scope

This is the Annual Report and Accounts for the Northern Ireland Office (“the Department”) for the financial year ending 31 March 2012. These statements have been prepared in accordance with directions given by HM Treasury in pursuance of the Government Resources and Accounts Act 2000.

This report relates to the Northern Ireland Office only and its handling of matters “excepted” and “reserved” to the United Kingdom Parliament as set out in the Northern Ireland Act 1998.

### Background

The Northern Ireland Office (NIO) is responsible for overseeing the Northern Ireland devolution settlement. We represent Northern Ireland interests at UK Government level and UK Government interests in Northern Ireland.

Our vision is a stable, peaceful, prosperous, forward-looking, ‘normalised’ Northern Ireland. We work through partnerships within Whitehall and with the Northern Ireland Executive, the Irish Government, and all those who share this ambition, in order to achieve our objectives.

### Statement of Strategic Direction

Our key purpose is to make the political settlement work and in partnership with the Northern Ireland Executive help bring about a stable, prosperous Northern Ireland at peace with itself and ready for the challenges and opportunities of the 21<sup>st</sup> century. To do this we:

- support and implement the political Agreements to increase the stability of the institutions;
- work with the Executive to rebalance the Northern Ireland economy, promoting growth, trade and encouraging inward investment;
- support reconciliation and the Executive’s objective of building a shared future for all, while acknowledging the past;
- champion Northern Ireland’s interests in Whitehall making sure Cabinet takes full account of Northern Ireland and that Whitehall policies are represented there effectively;
- support democracy and take the lead against the terrorism and violence that threatens national security;
- work closely with the Irish Government on matters of common interest.

We work hard as a Department to offer our best advice and support to our ministers and colleagues, to help us all carry out our duties and statutory obligations to Parliament, the public and others.

We maximise our people’s talents and use our resources to carry all this work out as effectively as possible.



## Our Ministers

The Secretary of State retains ministerial responsibility for the operation of the Northern Ireland Office and represents the interests of Northern Ireland at Cabinet level. He is assisted in this role by the Minister of State.

The Secretary of State for Northern Ireland, the Rt Hon Owen Paterson MP, and the Minister of State, the Rt Hon Hugo Swire MP, were appointed on 12 May 2010.

## The Management Board

The Director General of the Northern Ireland Office, as Accounting Officer, is accountable for the overall performance of the Department. Julian King was appointed Accounting Officer with effect from 1 January 2012, replacing the outgoing Director General, Hilary Jackson.

The Director General is supported by a Management Board, which provides corporate leadership to the organisation as a whole and takes ownership, in support of the Accounting Officer, of the Department's performance. The Management Board is comprised of the Director General, Deputy Directors from across the Department, a non-executive director (John King, who also served on the NIO Departmental Board prior to the devolution of policing and justice functions to the Northern Ireland Assembly in April 2010) and the Crown Solicitor for Northern Ireland. Details of Board members can be found in the remuneration report (see page 37).

At the point of devolution, the Board concluded that a single non-executive director, supported by two independent members on the Departmental Audit and Risk Committee (see below) was appropriate to the size of the restructured Department and in line with similar bodies. However, following the recent review, the Board is now considering whether it would be appropriate to appoint a second non-executive director.

Subject to ministerial agreement, the Management Board sets the strategic direction for the Department through the Departmental Business Plan, prioritises the allocation of resources to match development and delivery requirements, and monitors and is accountable for departmental performance. The business plan is available on the Department's website: [www.nio.gov.uk](http://www.nio.gov.uk).

## Departmental Audit and Risk Committee

During 2011-12 the Management Board was supported in its work by the Departmental Audit and Risk Committee, which is chaired by John King, the non-executive director. The Audit and Risk Committee has two independent members:

Vijay Rangarajan, Multilateral Director, Foreign Office

Chris Flatt, Deputy Director, Corporate and Constitutional Division, Scotland Office

## Directorships and other significant interests

A register of interests is maintained for all members of the Management Board and the Audit Committee. The register includes details of company directorships and other significant interests which may conflict with their management responsibilities. This register is available for public inspection upon request.

**Disclosure of Audit information to the Comptroller and Auditor General**

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

# MANAGEMENT COMMENTARY

## 1. Structure and Functions

### Departmental Structure

Following the devolution of policing and justice functions to the Northern Ireland Assembly on 12 April 2010, the Department's role and responsibilities changed significantly. Much of its funding and many of its staff transferred to the Department of Justice for Northern Ireland, meaning that the Northern Ireland Office reduced in size from over 2,000 staff and a baseline budget of approximately £1.3bn (excluding the block grant to the Northern Ireland Executive) to 164 departmental staff (including those on secondment from the NICS) and a budget for 2010-11 of £41m. For 2011-12, the Department's budget was set at £26m reducing to £22m by the end of the Spending Review period. At the end of 2011-12 there were 307 staff employed by or seconded to the Department, or on fixed term appointments. This includes staff working in the Crown Solicitor's Office and the employees of the Chief Electoral Officer for Northern Ireland.

The 2010-11 year presented the Department with a number of significant challenges in implementing the changes following devolution. By comparison, during 2011-12 we have taken the opportunity to consolidate corporate governance and financial processes which better meet our post-devolution needs.

The Department's role focuses on overseeing the Northern Ireland devolution settlement and representing Northern Ireland interests at UK Government level and UK Government interests in Northern Ireland. The Department also retains responsibility for national security policy in Northern Ireland as well as human rights, elections and legacy issues. A detailed organogram of the departmental structure is published online at the following web address: <http://data.gov.uk/dataset/staff-organograms-and-pay-nio>. The Department is organised around three core areas:

### Constitutional and Political Group

Constitutional and Political Group (CPG) is responsible for advising on the implementation of the Agreements and on other constitutional and devolution issues, and for providing advice on the political climate in Northern Ireland. It drives the Department's efforts to support the Northern Ireland Executive (the Executive) in delivery, especially on the rebalancing of the economy and development of a shared future. CPG looks after policy relating to Northern Ireland elections and human rights, and has some responsibility for equality matters. It sponsors the Northern Ireland Human Rights Commission, the Parades Commission for Northern Ireland, the Boundary Commission for Northern Ireland, and the Chief Electoral Officer for Northern Ireland. It is also responsible for arranging and supporting VVIP visits. The British-Irish Intergovernmental Secretariat is also part of this Group.

### **Security and Legacy Group**

Security and Legacy Group (SLG) is responsible for national security strategy, policy and legislation in Northern Ireland. It leads on implementing the Government's approach to national security in Northern Ireland, and handles the NIO's responsibilities for the Home Protection Scheme and other security related matters such as national security related firearms appeals and maintaining the Department's crisis response arrangements. SLG also leads on Northern Ireland counter-terrorism legislation, sponsors the Independent Commission for the Location of Victims' Remains (ICLVR) jointly with the Irish Government, and also sponsors the Sentence Review Commissioners (SRC). SLG liaises with the Executive, as appropriate, on policing and justice matters. In addition, the Group deals with legacy issues, including developing policy on the past and sponsorship of the Pat Finucane Review.

### **Business Delivery Group**

Business Delivery Group (BDG) provides the overarching support services for the day to day work of the Department including human resources (HR), finance and both Press Office and Private Office functions. As well as managing key contracts for IT, corporate services and HR support, BDG also manages the Departmental estate including both Hillsborough Castle and Stormont House in Northern Ireland. BDG manages all corporate governance issues within the Department including support on sponsoring Arms Length Bodies (ALBs) as well as business planning and risk management processes. BDG co-ordinates the management of Departmental records and ensures that the Department fulfils its statutory equality responsibilities. It has a sponsoring role in respect of the Civil Service Commissioners for Northern Ireland.

## **Associated Bodies**

In addition to the core Department, there are a range of matters which are dealt with through a network of associated bodies. 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 their size.

### **Non-Departmental Public Bodies (NDPBs)**

The Department's executive NDPBs are:

- The Northern Ireland Human Rights Commission
- The Parades Commission for Northern Ireland

The Department's advisory NDPBs are:

- The Boundary Commission for Northern Ireland
- The District Electoral Areas Commissioner (ad-hoc)

### **Independent Statutory Office Holders**

The Department's independent statutory office holders are:

- 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
- The Remission of Sentences Act Commissioners

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

### **International Bodies**

In partnership with the Republic of Ireland, during the 2011-12 financial year, the Department co-sponsored the Independent Commission for the Location of Victims' Remains (ICLVR).

In addition, ministers are responsible, together with the Irish Government, for appointing the Board to 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. The Department also provides support for the British-Irish Intergovernmental Secretariat.

The Department also sponsored and published the reports of three public inquiries: the Bloody Sunday Inquiry, the Billy Wright Inquiry and the Rosemary Nelson Inquiry. In addition the Robert Hamill Inquiry was wound down during the 2010-11 financial year as it had completed its work, although publication of the Inquiry's report has been delayed, pending the outcome of legal proceedings relevant to the case. The Rosemary Nelson Inquiry published its report early in the 2011-12 financial year.

### **The Crown Solicitor's Office for Northern Ireland**

The Crown Solicitor for Northern Ireland is a statutory appointee under Section 35 of the Northern Ireland Constitution Act 1973 (as amended). The staff of the Crown Solicitor's Office are all members of the Northern Ireland Civil Service, employed by the Department of Finance and Personnel (DFP) for Northern Ireland, seconded to the Northern Ireland Office and posted to the Crown Solicitor's Office. The Crown Solicitor's Office does not form part of the core of the Northern Ireland Office operationally, but its budget forms part of the NIO Vote and accordingly its activities are recorded as part of these accounts.

Further information on NDPBs and similar public bodies will be made available to the public in the annual Cabinet Office Public Bodies directory, from Autumn 2012.

## **Our People**

Following the devolution of policing and justice, NIO staff moved on to Ministry of Justice (MOJ) terms and conditions. To help support the transition to post-devolution, qualified staff were brought in from the MOJ on a fixed term contract basis to help staff become familiar with the MOJ terms and conditions and to assist line managers with implementing policies, for example in relation to performance and absence management.

### **Recruitment of staff**

The Department follows Whitehall procedures for the recruitment of staff. The Department continues to benefit from staff secondments from the Northern Ireland Civil Service (NICS) and we are working with colleagues in the NICS to ensure an appropriate degree of flexibility around such secondment arrangements in order to meet our business needs now and in future.

The Department has 154 members of staff; 85 are members of the Home Civil Service (HCS) and 69 are seconded from the NICS. In addition, at the end of 2011-12 there were 153 staff and other fixed

term appointees working on other activities funded by the NIO Vote. They included staff working in the Crown Solicitor's Office and the employees of the Chief Electoral Officer for Northern Ireland.

2011-12 was a period of adjustment as HCS staff became accustomed to operating the MOJ terms and conditions of service on which they are employed. As the Department does not yet have full access to the developing MOJ shared services facilities there was a need to put in place appropriate HR processes for NIO staff and provide relevant training.

### **Managing attendance**

The Department takes 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 that staff are afforded every opportunity of returning to the workplace as soon as possible.

### **Pay and workforce planning**

The Department carefully monitors staff numbers, workloads and work practices and regularly looks for all available opportunities to maximise effectiveness. Work is planned to review the composition of staff (NICS v HCS; permanent v secondment) to ensure that the correct balance is achieved to meet the Department's business needs.

As part of the post-devolution integration with the MOJ, all staff members below the Senior Civil Service (SCS) were offered the opportunity to move to MOJ pay scales. The MOJ 2010 pay deal was implemented for staff members who had opted to move to MOJ terms and conditions. In line with the MOJ, staff are now subject to a two year pay freeze due to end in 2013. Members of staff on secondment from the NICS remain on NICS terms and conditions, including NICS pay scales.

### **Pensions and early departure costs**

Present and past employees of the Department are covered by either the GB or NI Principal Civil Service Pension Scheme (PCSPS). Those organisations within the boundary covered by the scheme meet the costs of pensions provided for the staff they employ 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 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. There were no early retirement costs incurred in the year.

## **Corporate Governance**

The Corporate Governance Unit was created following the devolution of policing and justice in order to strengthen governance arrangements across the NIO and its ALBs. Activities undertaken throughout the 2011-12 year included reviewing policies on risk management, anti-fraud and whistleblowing, reviewing and updating the Management Board and Audit Committee terms of reference, and running a consultation exercise in preparation for the publication of a revised Equality Scheme.

## Management Board

The Management Board meets 11 times a year and is responsible for overseeing the delivery of departmental objectives and governance arrangements. Key issues discussed during 2011-12 included:

- strategic objectives and business planning for the Department;
- financial planning, efficiencies and management;
- human resource policy;
- risk management; and
- management of Arms Length Bodies.

## Departmental Audit and Risk Committee

The Departmental Audit and Risk Committee is a sub-committee of the Management Board. It is appointed to assist the Accounting Officer and the Board in discharging its corporate governance responsibilities. The Audit and Risk Committee, chaired by the non-executive Director, monitors the Department's risk management and internal controls on a quarterly basis during the financial year. The Committee provides assurance to the Board on systems of corporate governance, risk management and internal control within the Department and its funded bodies.

The main focus for the Committee in 2011-12 was to give assurance to the Management Board on the preparation of the annual report and accounts, the first time the Department had been required to do this post-devolution. It also gave assurance on risk management and internal controls, through regular meetings with executive Management Board members and Board reporting.

## Arrangements with Arms Length Bodies

The Department took a number of steps to ensure robust governance arrangements with its Arms Length Bodies (ALBs) during 2011-12. The Corporate Governance Unit, along with the relevant sponsor team, continued to work closely with ALBs, ensuring strategic oversight and corporate governance support. The Audit and Risk Committee received updates on management of ALBs throughout the year.

The Accounting Officer placed specific responsibility on Deputy Directors to ensure that the bodies they sponsor operated sound governance arrangements, and, in particular, plans to ensure delivery of necessary efficiency savings during the current SR period. Deputy Directors responsible for ALBs provided assurance that they had reviewed the extent to which the governance requirements of the ALBs had been met and reported any matters arising in their bi-annual stewardship statements.

## Information Assurance

Information is a key business asset for the Northern Ireland Office and the Department continues to make Information Assurance (IA) a priority. The Management Board has agreed the necessary structures, policies and training to ensure the Department continues to comply with Government standards. A network of Information Asset Owners (IAOs), accountable to the Senior Information Risk Owner (SIRO), manages information assurance and risk across the Department and its ALBs. In support of this network the Departmental Security Committee chaired by the Departmental Security Officer (DSO) meets on a quarterly basis to review protective security and information assurance arrangements. Additionally a Security Managers' Forum, made up of representatives from each of

the business areas and ALBs also meets on a quarterly basis. The purpose of this Forum is to improve and implement the NIO's policies and guidance in relation to security and information assurance and to provide a forum for promoting and sharing best practice across the NIO and its departmental family.

During the past year, all staff were required to complete the Data Handling e-learning package (Level 1) from the National School of Government. All staff with line management responsibilities were also recommended to complete Level 2 of this package. IAOs and the SIRO were required to complete Levels 1, 2 and 3.

During 2011-12, no information assurance incidents occurred.

### **Sustainable Development**

The Department's sustainability aim is to reduce the impact of its business on the environment, with our priority to reduce carbon dioxide emissions. The Department continues to monitor its carbon footprint reductions through the Carbon Reduction Energy Efficiency Scheme administered by the Department of Energy and Climate Change. As a result, a key action taken during 2011-12 was to discontinue accounts with a number of car providers. Staff are required to use public transport when on official business, making savings on both carbon emissions and financial resources. The Department has also reduced the office space occupied in both London and Belfast.

Throughout 2011-12, the Department maximised the use of its video conferencing facilities so as to minimise the need for travel between London and Belfast. There are currently four video conference facilities within the Department. These facilities are now being used more widely between the NIO and the Northern Ireland departments, as well as with other Whitehall departments.

The Department has introduced a series of measures across the London and Northern Ireland offices to promote and encourage recycling and the use of recycled materials. Hillsborough Castle has been fitted with solar panels and uses bio-fuels as a source of heating.

We do not comply with HM Treasury guidance on sustainability reporting as to collate the figures would be disproportionately expensive relative to the size of the Department. The NIO is committed to the wider agenda of Greener Government and has taken steps to reduce its carbon emissions and the amount of waste it generates, as outlined above. The Department is committed to improving performance in relation to sustainability in the coming year.

### **Corporate Social Responsibility**

The Department is committed to making a positive impact in the community in which it operates. During 2011-12 the NIO continued to participate in fundraising activities for a range of local charities, including the "Friends of Cancer Centre" in Belfast. Staff also participated in volunteering opportunities and donated items for use by a homeless shelter in Vauxhall operated by the London based charity Centrepoint. In addition, the Secretary of State and his wife participated in the Mongol Derby in August 2011, raising over £72,000 for the Royal Irish Regiment Benevolent Fund, the Robert Jones & Agnes Hunt Orthopaedic & District Hospital NHS Trust Charity and Mercy Corps Mongolia.



## **Health and Safety**

The NIO remains committed to providing and continuing to develop an effective health and safety regime. During 2011-12, the Department continued to operate a health and safety management checklist, thus ensuring the key areas which managers must take responsibility for are adhered to. For example, each building has an appointed person who monitors the health and safety risk assessments and identifies and provides training when required. In total 15 accidents were reported in 2011-12.

Prior to devolution, a Service Level Agreement (SLA) was in place with the Department of Justice for Northern Ireland (DoJ) to ensure the health and safety needs of NIO staff were met at both local and corporate level. From April 2012, the NIO has assumed full responsibility for the health and safety needs of the Department's staff. Health and safety guidance is available to all staff on the Department's intranet.

## **Better Regulation**

The Department is committed to producing less regulation and better regulation in line with the Coalition Government's general principles of regulation. As such, the Department has been fully involved in the Red Tape Challenge process and continually looks for ways to reduce regulation where possible. As part of this process, the NIO is committed to actively promoting the better regulation agenda across the Northern Ireland Executive; representing the needs of the devolved administration in Whitehall and vice versa.

## **Complaints to the Parliamentary Ombudsman**

There have been no complaints about the Department which have been investigated by the Parliamentary Ombudsman.

## 2. Departmental Performance against Objectives

The Department exists to support the Secretary of State for Northern Ireland in taking forward Government policy in Northern Ireland. The Departmental Business Plan for 2011-12 contained four overarching objectives, and the following commentary explains how these were achieved.

### **Objective 1: Renewed politics**

**Devolved government capable of resolving differences, delivering its core business  
Society moving on, not held back by the legacy of the past**

Devolved government in Northern Ireland has continued to grow in stability since the devolution of policing and justice in 2010, the Assembly elections in 2011 and the Assembly's decision on the permanent method of selecting a Justice Minister.

With this greater political stability, the main focus of the NIO has been on working constructively with the devolved institutions in delivering on the key economic and social challenges facing Northern Ireland. In particular it has sought to foster the fundamental rebalancing of the economy through the promotion of the growth of the private sector, and the creation of a genuinely shared future free from sectarianism. It has also sought to maintain a close and productive relationship with the Irish Government, including through representing the UK Government on the British Irish Intergovernmental Secretariat.

Given the fact that there is still little consensus on how to approach the past in Northern Ireland, NIO Ministers have continued to listen to the ideas of interested parties on how to approach this difficult issue, with a view to building some consensus about the way forward. The Department has continued to make a positive contribution to dealing with the legacy of the Troubles. The Department liaises with a range of representatives from community, business and political sectors to ensure ministers are fully briefed on relevant issues. In 2011-12 the Department published the report of the Rosemary Nelson Inquiry and the closure of its office. The Robert Hamill Inquiry was wound down during the year as it had completed its work, although the publication of the Inquiry's report has been delayed, pending the outcome of legal proceedings relevant to the case.

The Department is responsible for sponsorship of the Chief Electoral Officer for Northern Ireland, and developing policy and legislation relating to electoral matters in Northern Ireland. The Department played a key role in preparations for local and Assembly elections and the Alternative Vote referendum held in May 2011 and also worked to ensure that Northern Ireland interests were properly considered in the development of policy and legislation relating to the Government's political reform programme.

The Department continued to pursue a way forward on further human rights protections for Northern Ireland and worked closely with the Ministry of Justice to ensure Northern Ireland interests were considered in the work of a Commission on a Bill of Rights.

The NIO is responsible for sponsorship of the Parades Commission. The Department continued to work closely with the Parades Commission, the Department of Justice, the police and local politicians

and community leaders to ensure that, as far as possible, parades passed without serious public disorder. During this period the number of contentious parades reduced significantly.

As well as dealing with the legacy of the past, in 2011-12 the NIO also looked ahead, developing a planned approach to the decade of commemorations marking major events in the shared UK and Irish history from 1912 to 1922. Building on the success of Her Majesty The Queen's State Visit to Ireland in May 2011, the Secretary of State and Minister of State have used speeches, including jointly with their Irish counterparts, to emphasise the importance of commemorating the events with tolerance and respect. The Department developed an exhibition on the Third Home Rule Bill which so far has been displayed in London and Dublin.

The Rt Hon David Cameron Prime Minister visited Northern Ireland in June 2011, giving his first statement to the Northern Ireland Assembly. The Rt Hon George Osborne, Chancellor of the Exchequer made his first visit to Northern Ireland in June 2011. Other Government ministers visited Northern Ireland over this period and the Department supported each through their programme of engagement. The Department was responsible for organising 10 royal visits to Northern Ireland and for arranging 35 Citizenship ceremonies over the course of the period, involving 966 new citizens.

## **Objective 2: Economy on course to a healthier balance**

### **Rebalancing the economy by promoting private sector growth**

The Government's key emphasis has been the encouragement, in co-operation with the Executive, of steps to increase private sector investment in Northern Ireland, so as to rebalance the economy and to underpin its future peace and prosperity. This emphasis closely ties in with the Executive's new Programme for Government, published in March 2012.

A public consultation was held between March and July 2011, on proposals to achieve this. Further work is now under way led by a ministerial working group drawn from the Treasury, the Executive and the NIO, on options and costs for devolving the responsibility for the rate of Corporation Tax in Northern Ireland.

The Department has continued to support the Executive in its work, and promote other UK Government action, for the benefit of the Northern Ireland economy. One instance was the Chancellor's decision to reduce the rate of Air Passenger Duty for direct long haul flights from Northern Ireland, and subsequently to devolve responsibility in this area to the Assembly, in the 2012 Finance Bill. Given their importance to the economy, the Department has also closely followed the development of air links affecting Northern Ireland, and played a key role in securing an early commitment to the maintenance of services to London Heathrow when BA bought out the current operator, BMI, this year.

**Objective 3: Threat from terrorism in Northern Ireland reducing****A decreased threat from terrorism in Northern Ireland, as a result of co-ordinated response**

Violent dissident republican groups remain active in Northern Ireland. These individuals have an ideology that is fuelled by violence rather than a desire for peace. The Government will continue to work to support the Police Service of Northern Ireland (PSNI) in bringing to justice those acting to cause death and injury through acts of violence which run contrary to the framework for the peaceful settlement of Northern Ireland's future established by the Belfast (Good Friday) Agreement.

The threat from Northern Ireland related terrorism has remained at SEVERE (meaning that an attack is highly likely) in Northern Ireland and SUBSTANTIAL in Great Britain (meaning that an attack is a strong possibility). There were 26 national security attacks in Northern Ireland during the 2011 calendar year, and many other potential attacks were prevented by the actions of security and law enforcement agencies on both sides of the border. While there were fewer attacks in 2011 than in 2010, the intent and capability of dissident republican terrorists remains high.

Throughout 2011-12, we have continued to work with our partners on our strategic approach to tackling the threat from Northern Ireland related terrorism, in line with the commitment made by the Government in the Strategic Defence and Security Review. These strong partnership arrangements are delivering demonstrable results in response to the current threat.

The Department has worked to ensure that the PSNI have effective and proportionate powers to tackle terrorism. We have amended stop and search powers, in line with the new UK-wide approach which will be introduced via the Protection of Freedoms Act in early 2012-13, and developed associated Codes of Practice. We have also contributed to the development of UK-wide legislation such as that underpinning the new National Crime Agency and the Justice and Security Bill. We also extended the provisions which provide for non-jury trials for a further two years.

In 2011-12 we continued to support all those who stand for peace and reconciliation in Northern Ireland. We work closely with the Irish Government and with the Northern Ireland Executive to deliver continued funding for the International Fund for Ireland and to provide additional EU PEACE funding.

The NIO has been working closely with partners across Government to ensure that the threat from Northern Ireland related terrorism does not impact on the Olympic and Paralympic games, including the Olympic Torch Relay's visit to Northern Ireland in June 2012.

The NIO has continued to work to build resilience to protect from and respond to attacks; working with partners we have supported the provision of advice and guidance to businesses and sectors across Northern Ireland, as well as funding and implementing protective security measures.

We have continued to deliver the Home Protection Scheme, which provides physical security measures to the homes of individuals who fall within certain occupations in public life and who are under a high level of threat from Northern Ireland-related terrorism, and to provide secretariat support to the Northern Ireland Committee on Protection. We have also continued to handle firearms appeals to the Secretary of State in relation to personal protection weapons and continue to liaise with the PSNI in the issuing of authorisations for prohibited weapons and of licenses for controlled explosive substances.

**Objective 4: Maximising resources**

**A slimmer Northern Ireland Office, which lives within its means and maximises the value of its people and resources**

**Hillsborough Castle is fully utilised meeting the needs of the Royal Household, Department and the wider community in Northern Ireland**

The Northern Ireland Office remains committed to delivering the savings agreed in the Spending Review 2010, managing its resources effectively during the year to live within the funding allocated by HM Treasury. Some of the savings delivered during the year include a reduction in accommodation costs, with the transfer of NIO staff previously located in Belfast city centre to a single location on the Stormont Estate. The Department continues to make savings on its travel costs, including through the increased use of video conferencing facilities between the Belfast and London offices, and the implementation of a new travel policy. Savings have also been realised in other key areas including the ending of detached duty arrangements.

The savings identified across the Department are designed to ensure the effective delivery of Departmental objectives in the most cost effective way. Part of this work also includes closer working with the Scotland Office and Wales Office and, where appropriate, the sharing of common central services across the three Territorial Offices. The first result of this is a shared Parliamentary function between the Northern Ireland Office, Scotland Office and Wales Office which began operation in May 2011, and is due to be the subject of an internal audit in 2012-13.

At the end of the reporting year, there were 154 departmental staff employed in or seconded to the Department, excluding those working on other activities funded by the NIO vote or on other fixed term appointments. The Department is engaging in a workforce planning programme to ensure that the right skills and resources are available to support ministers in the delivery of their objectives. Members of staff continue to participate in personal development opportunities.

Throughout the year the Department performed well against targets for responding to Parliamentary Questions. Performance against targets for responding to Freedom of Information (FOI) requests fluctuated as a result of staff changes. An FOI manager was appointed in March 2011 and performance has steadily improved as a result. The Department has also recently taken on the role of transactional processing previously provided by an external shared service provider.

Following the appointment of the new Director General in January 2012, a review of the Department was undertaken. This presented an opportunity to take stock of how the Department was working and performing against key priorities as set out in the Departmental Business Plan. A report was presented to the Departmental Board in March and an action plan has been developed to ensure that we respond quickly and comprehensively to the recommendations set out in the report.

In addition to hosting Royal visits, Hillsborough Castle continued to be a focal point for many events and special occasions involving the wider community in Northern Ireland and hosted over 139 state, charity and community events during 2011-12. These included 35 citizenship ceremonies and 16 charity events which raised money for charities including the Princes Trust, Cancer Research and Save the Children. The Castle also hosted significant economic and tourism events including the visits of various trade delegations sponsored by Invest NI. In June, His Royal Highness the Duke of

York was guest of honour at the Secretary of State's Garden Party at Hillsborough Castle which was attended by over 2,400 people from communities across Northern Ireland.

Over 4,000 people visited Hillsborough Castle during the summer when the Castle and grounds were opened to the public for tours. Over 20,000 people visited the gardens during Garden Show Ireland weekend and over 2,900 people visited Hillsborough Castle during European Heritage Open weekend.

### 3. Report of the Crown Solicitor for Northern Ireland

#### Role and Task

The Crown Solicitor's Office (CSO) provides a legal service to United Kingdom Government ministers, some departments and agencies, the Chief Constable of the Police Service of Northern Ireland, the Policing Board for Northern Ireland, the Chief Electoral Officer for Northern Ireland and others, principally, but not exclusively, where civil proceedings are brought by or against them. The CSO is thus involved in a wide range of legal work including extradition, public and employer's liability litigation, insolvency, debt recovery, employment law, judicial review, inquests, including over thirty legacy inquests, legacy litigation generally, applications for injunctions, habeas corpus applications, bona vacantia and general legal advice.

#### Aim and Objectives

The aim of the CSO is to provide a high quality and best value legal service to its clients.

The objectives of the CSO are to:

- provide a high quality legal service;
- work in partnership with our clients to achieve the best legal outcomes in the most cost effective way possible;
- work to ensure that clients are satisfied with the legal service provided;
- recover the running costs of the CSO by charging for work done;
- recover from clients the outlay expended on their behalf;
- keep the use of resources under continuous review and where possible identify and deliver efficiency savings;
- continue to train and develop staff in accordance with Investors in People principles.

#### Operational Activities

The CSO provided its services to its clients in both advice work and in terms of representation. The Office represents clients at every tier of the Civil Courts in Northern Ireland from the County Courts to the High Court, to the Supreme Court. In the Magistrates' Courts it represents Her Majesty's Revenue and Customs (HMRC) in condemnation proceedings, before the "appropriate judge". In extradition proceedings the Office represents the judicial authorities of the various countries seeking the extradition of accused or convicted fugitives. Clients are also represented in the Fair Employment Tribunal, the Industrial Tribunals and public inquiries. The Secretary of State for Northern Ireland is represented by the Office before the Sentence Review Commissioners and the Remission of Sentences Commissioners.

The CSO recovered its full running costs during the 2011-12 financial year.

The CSO sought and obtained its Investor in People re-accreditation in October 2011. Further the Office continues to be engaged on a programme of preparation to enable it to seek LEXCEL accreditation which will serve to reinforce and provide independent assurance to its clients that the

Office meets the LEXCEL standards of excellence, particularly in areas such as client care, case management and risk management.

Most notably throughout the period of this Report the CSO has:

- continued to deal with unprecedented numbers of hearing loss cases, reviewing and amending processes where possible, in order to streamline and strip out costs;
- continued to deal with the outworking of the decision of the Supreme Court in McCaughey and Quinn whereby the Supreme Court clarified the circumstances in which an Article 2 compliant inquest is required. The Office has taken forward two such historic and Article 2 complaint inquests since the decision and in doing so and has gleaned invaluable experience which it can and will deploy as further, more substantial legacy inquests go forward;
- dealt with the outcome of the Rosemary Nelson Inquiry;
- dealt with a number of high profile civil cases involving the use of public interest immunity certificates and successfully defended challenges to the certificates;
- continued to deal with a flow of post traumatic stress disorder cases which are particularly sensitive and difficult given that most of the plaintiffs are personal litigants without legal advice and assistance;
- dealt with a variety of immigration judicial reviews most of which were urgent and arose outside of normal office hours;
- dealt with increasing numbers of extradition cases following arrests on foot of European Arrest Warrants;
- successfully defended a challenge to police decisions under the Police and Criminal Evidence (NI) Order 1989 (PACE) whereby they treated the release of a suspect on bail as effectively pausing the detention clock under Part V of PACE. The challenge in Northern Ireland followed a successful challenge to similar provisions in England and Wales in the Hookway case. In England and Wales emergency legislation was enacted to deal with the issue. In Northern Ireland the challenge was successfully defended through the courts without recourse to further legislation;
- successfully defended a challenge to the refusal by the Secretary of State to exercise the Royal Prerogative of Mercy to remit the sentence imposed on a person convicted of the attempted murder of a part-time soldier;
- successfully defended an application in a high profile extradition case wherein the fugitive sought discovery of a long list of sensitive materials, encroaching on national security, intelligence material and communications between various countries;



- successfully defended a challenge to a police decision to refuse to provide to the applicant and his solicitor certain tapes of police interviews which were conducted with him as an assisting offender following the making of a written agreement with a specified prosecutor pursuant to section 73(1)(b) of the Serious Organised Crime and Police Act 2005. The challenge clarified the true extent of the applicant's entitlement to interview tapes in such circumstances.

This has been another busy, productive year where opportunities for streamlining processes, restructuring and change have been deployed as effectively and productively as possible whilst working within the formal requirements of courts rules and procedures.

**Jim Conn**  
**Crown Solicitor for Northern Ireland**

## 4. Financial position and results for the year

The Department's activities are financed mainly 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 The Stationery Office (TSO) and contain details of voted monies for all government departments. They are also available on the Treasury website at [http://www.hm-treasury.gov.uk/psr\\_estimates\\_index.htm](http://www.hm-treasury.gov.uk/psr_estimates_index.htm).

During 2010-11, devolution occurred after the Main Supply Estimate for the financial year was set, considerable effort was expended during that year to separate the budgets of the devolved NIO from the Department of Justice and the Public Prosecution Service, and this exercise was undertaken as part of the Supplementary Estimates process.

From 2011-12 the Department has prepared its Main Supply Estimate in accordance with the changes brought in under the Clear Line of Sight reforms. Under these reforms, the Estimate is now aligned with the Department's budgets. The format of the Estimate has consequently changed; this updated format is replicated in the Statement of Parliamentary Supply, and supporting notes to the accounts.

These reforms have also led to changes in the way that resources are requested. Instead of the historic Requests for Resources, the Department is required to categorise its estimated expenditure between Departmental Expenditure Limits (DEL), Annually Managed Expenditure (AME) and non-budget expenditure. The ambit specifies the types of activities covered by each category.

*Departmental Expenditure Limit: £28,859,000 (including non-voted expenditure of £2,700,000)*

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, Head of State related costs, VIP visits to Northern Ireland, NI Human Rights Commission and other Reviews and Commissions arising from the Good Friday Agreement, the Northern Ireland Act 1998, the Northern Ireland Act 2000, the Northern Ireland Act 2009, political development and inquiries, elections and boundary reviews, legal services, security, victims of the Troubles including the work of the Independent Commission for the Location of Victims Remains, arms decommissioning, parading, Civil Service Commissioners, compensation schemes under the Justice and Security (Northern Ireland) Act 2007 and Terrorism Act 2000 and certain other grants. This will include 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 and receipts arising from arms decommissioning. Fees and costs recovered or received for the use of the NIO estate.

*Annually Managed Expenditure: (£176,000)*

Expenditure arising from:

Provisions relating to administrative services and to compensation schemes under the Justice and Security (Northern Ireland) Act 2007 and Terrorism Act 2000 and other non-cash costs falling in AME.

*Non-Budget Expenditure: £14,141,000,000*

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. Grants to the Northern Ireland Consolidated Fund and transfers of EU funds.

These categories are further broken down by expenditure sub-head, being:

- A – Northern Ireland Office (DEL) - £23,546,000 (includes £390,000 capital DEL)
- B – Northern Ireland Human Rights Commission (DEL) - £1,625,000
- C – Parades Commission for Northern Ireland (DEL) - £988,000
- D – Funding of Elections (non-voted DEL) - £2,700,000
- E – Northern Ireland Office (AME) (£176,000)
- F – Grant Payable to the Northern Ireland Consolidated Fund (Non-budget) - £14,141,000,000

The Department's final resource Estimate for 2011-12 was £14,169m (2010-11 £15,293m).

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

The 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 2011-12 was £13,356m (2010-11: £13,414m) compared with the Estimate of £14,169m (2010-11: £15,294m).

The net cash requirement (note 4) Net total outturn was £13,357m (2010-11 £13,409m) compared with the Estimate of £14,165m (2010-11: £13,356m).

In-year savings were realised as a result of: the early delivery of efficiency savings; the release of money held as a contingency against a possible VAT liability which did not materialise; and the final outworkings of the split in the pre-devolution budget.

In addition, funds requested by the Northern Ireland Executive were not drawn by the Northern Ireland Departments during the financial year.

### **Statement of Comprehensive Net Expenditure**

In order to provide comparable figures for 2010-11 in the financial statements, last year's figures have been restated where appropriate. The Accounting Policies explain in more detail the adjustments made for this restatement, but they are largely to reflect the changes to accounting policies arising from the Clear Line of Sight Reforms.

The key change arising requires the department to prepare consolidated group financial statements, incorporating the financial results of its designated Arms' Length Bodies (ALBs). All figures below are presented on this new consolidated basis. The Consolidated Statement of Comprehensive Net Expenditure discloses department-only transactions and balances.

The Statement of Comprehensive Net Expenditure represents the total net administration and programme resources consumed during the year by Request for Resources. Net Operating Costs during 2011-12 were £13,356m (2010-11: £13,414m restated) as follows:

**Northern Ireland Office**

£24m (2010-11: £41m restated) analysed between:

Staff Costs £13m (2010-11: £17m restated);  
Other Administration Costs £11m (2010-11: £11m restated);  
Programme Costs £8m (2010-11: £21m restated); and  
Income £8m (2010-11: £8m restated).

**Northern Ireland Executive**

£13,332m (2010-11: £13,373m restated)

Decisions on how funding to the Northern Ireland Executive is spent is managed by the devolved administration and is allocated to the NI departments by DFP. Each of the Northern Ireland departments, including DFP, publishes their own financial statements.

Additional information regarding the budgets of the Northern Ireland Executive and the grants paid by the Northern Ireland Office to the Northern Ireland Consolidated Fund are included in an annex at the end of this document.

## Reconciliation of resource expenditure between Estimates, Accounts and

	2011-12 £000	2010-11 Restated £000
<b>Net Resource Outturn (Estimates)</b>	<b>13,355,613</b>	<b>13,413,771</b>
<i>Adjustments to remove non-budget elements:</i>		
Grants to Northern Ireland Consolidated Fund	(13,332,000)	(13,373,000)
<b>Resource Budget Outturn (Budget)</b>	<b>23,613</b>	<b>40,771</b>
<i>of which:</i>		
Departmental Expenditure Limits (DEL)	24,132	40,364
Annually Managed Expenditure (AME)	(519)	407
	<b>23,613</b>	<b>40,771</b>
<i>Adjustments to include:</i>		
Grants to Northern Ireland Consolidated Fund	13,332,000	13,373,000
<b>Net Operating Cost (Accounts)</b>	<b>13,355,613</b>	<b>13,413,771</b>

## Statement of Financial Position

The net assets at 31 March 2012 of £68m (2010-11: £60m restated) principally comprise property, plant and equipment of which Hillsborough Castle is £63m (2010-11: £59m).

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

## Departmental 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 and report are produced at pages 57 to 59. The audit of the financial statements for 2011-12 resulted in a group audit fee of £88,600 (cash audit fee £23,000, non-cash audit fee £65,600) (2010-11 £75,100; cash fee £19,000, non-cash fee £56,100).

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 and therefore no fee was paid to the C&AG.

## Policy and practice on payment of creditors

The NIO is a signatory to the prompt payment code launched in December 2008 by the Department of Business, Innovation and Skills which aims to establish a clear and consistent policy across

government in the payment of business bills. Further details regarding this are available at [www.promptpaymentcode.org.uk](http://www.promptpaymentcode.org.uk).

The Department is fully committed to the prompt payment of invoices for goods and services received and delivering against the prompt payment targets set for all central government departments which during the financial year were as follows:

- From 1 May 2010 to pay 80% of all supplier invoices not in dispute within 5 working days of receipt of a properly rendered invoice.

During the year 30% of invoices were paid within the 5 day target and 97% were paid within 10 days.

After the end of the year transaction processing was brought in-house, and a concerted effort will be made to improve performance against the 5 day target.

The aggregate amount owed to trade creditors at the year end compared with the aggregate amount invoiced by suppliers during year, expressed as a number of days in the same proportion to the total number of days in the financial year is 1 day.

There were no interest charges arising and payable by the Department during the year under The Late Payment of Commercial Debts (Interest) Act 1998 and the Late Payment of Commercial Debts Regulations 2002.

**Julian King**  
**Accounting Officer**

## CORE TABLES

Table 1 – Public Spending

Total departmental spending									£'000
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 Estimated outturn	2012-13 Plans	2013-14 Plans	2014-15 Plans
	Outturn	Outturn	Outturn	Outturn	Outturn				
<b>Resource DEL</b>									
Section A: Northern Ireland Office	55,050	50,306	59,412	43,424	34,839	18,684	23,461	22,158	20,222
Section B: NI Human Rights Commission	1,364	1,601	1,751	1,702	1,692	1,608	1,549	1,472	1,396
Section C: Parades Commission	2,027	1,038	1,140	1,008	965	934	950	903	862
Funding of Elections	-	-	2	2,560	2,868	2,906	-	-	-
<b>Total Resource DEL</b>	<b>58,441</b>	<b>52,945</b>	<b>62,305</b>	<b>48,694</b>	<b>40,364</b>	<b>24,132</b>	<b>25,960</b>	<b>24,533</b>	<b>22,480</b>
<i>Of which:</i>									
-Pay	13,080	12,629	14,139	14,343	16,635	13,087	14,834	12,913	12,324
-Net current procurement <sup>1</sup>	42,965	38,020	45,551	31,344	21,386	9,014	9,320	9,621	8,253
-Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-205	-	-
-Depreciation <sup>2</sup>	2,243	2,122	2,425	2,836	2,196	1,781	1,966	1,869	1,773
-Other	153	174	190	171	147	250	45	130	130
<b>Resource AME</b>									
Section D: Northern Ireland Office	1	30	16	-12	407	-519	-15	-	-
<b>Total Resource AME</b>	<b>1</b>	<b>30</b>	<b>16</b>	<b>-12</b>	<b>407</b>	<b>-519</b>	<b>-15</b>	<b>-</b>	<b>-</b>
<i>Of which:</i>									
-Take up of provisions	1	30	16	-12	497	264	70	60	60
-Release of provisions	-	-	-	-	-90	-783	-85	-60	-60
<b>Total Resource Budget</b>	<b>58,442</b>	<b>52,975</b>	<b>62,321</b>	<b>48,682</b>	<b>40,771</b>	<b>23,613</b>	<b>25,945</b>	<b>24,533</b>	<b>22,480</b>
<i>Of which:</i>									
-Depreciation <sup>2</sup>	2,243	2,122	2,425	2,836	2,196	1,781	1,966	1,869	1,773

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans
<b>£'000</b>									
<b>Capital DEL</b>									
Section A: Northern Ireland Office	1,685	776	1,005	283	287	160	341	291	241
Section B: NI Human Rights Commission	230	70	28	18	-	-	-	-	-
<b>Total Capital DEL</b>	<b>1,915</b>	<b>846</b>	<b>1,033</b>	<b>301</b>	<b>287</b>	<b>160</b>	<b>341</b>	<b>291</b>	<b>241</b>
<i>Of which:</i>									
-Net capital procurement <sup>3</sup>	1,915	846	1,036	301	287	160	341	291	241
-Capital grants to the private sector and abroad	-	-	-3	-	-	-	-	-	-
-Capital support for local government	-	-	-	-	-	-	-	-	-
-Capital support for public corporations	-	-	-	-	-	-	-	-	-
-Other	-	-	-	-	-	-	-	-	-
<b>Capital AME</b>									
<b>Total Capital AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Of which:</i>									
-Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-
-Net lending to the private sector and abroad	-	-	-	-	-	-	-	-	-
-Capital support for public corporations	-	-	-	-	-	-	-	-	-
-Other	-	-	-	-	-	-	-	-	-
<b>Total Capital Budget</b>	<b>1,915</b>	<b>846</b>	<b>1,033</b>	<b>301</b>	<b>287</b>	<b>160</b>	<b>341</b>	<b>291</b>	<b>241</b>
<b>Total departmental spending<sup>4</sup></b>	<b>58,114</b>	<b>51,699</b>	<b>60,929</b>	<b>46,147</b>	<b>38,862</b>	<b>21,992</b>	<b>24,320</b>	<b>22,955</b>	<b>20,948</b>
<i>of which:</i>									
-Total DEL	60,356	53,791	63,338	48,995	40,651	24,292	26,301	24,824	22,721
-Total AME	1	30	16	-12	407	-519	-15	-	-

<sup>1</sup> Net of income from sales of goods and services

<sup>2</sup> Includes impairments

<sup>3</sup> Expenditure on tangible and intangible fixed assets net of sales

<sup>4</sup> Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.



## Spending by local authorities on functions relevant to the department

	£'000					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn
<b>Current spending</b>	-	-	-	-	-	-
<i>of which:</i>						
-financed by grants from budgets above	56,068	50,693	59,750	45,728	40,771	23,613
<b>Capital spending</b>	-	-	-	-	-	-
<i>of which:</i>						
-financed by grants from budgets above	1,915	846	1,033	301	287	160

Table 2 – Public Spending Control

							£'000	£'000	£000		
							Outturn	Total outturn	Final estimate	Supplementary Estimate	Main Estimate 2011-12
	Administration			Programme			Net	Net Total	Net Total	Net Total	Net Total
Spending in Departmental Expenditure Limits (DEL)	Gross	Income	Net	Gross	Income	Net					
Voted:											
A - Northern Ireland Office	19,954	(8,092)	11,862	7,351	(369)	6,982	18,844	23,546	(248)	23,794	
B - Northern Ireland Human Rights Commission	1,449	-	1,449	159	-	159	1,608	1,625	-	1,625	
C - Parades Commission	717	-	717	217	-	217	934	988	988		
Non-voted:											
D - Funding of elections	-	-	-	2,906	-	2,906	2,906	2,700	(2,900)	5,600	
	22,120	(8,092)	14,028	10,633	(369)	10,264	24,292	28,895	(2,160)	31,019	
<b>Annually Managed Expenditure</b>											
Voted											
E - Northern Ireland Office	-	-	-	(519)	-	(519)	(519)	(176)	(46)	(130)	
Non-budget											
F - Grant Payable to the Northern Ireland Consolidated Fund	-	-	-	13,332,000	-	13,332,000	13,332,000	14,141,000	114,000	14,027,000	
<b>Total</b>	<b>22,120</b>	<b>(8,092)</b>	<b>14,028</b>	<b>13,342,114</b>	<b>(369)</b>	<b>13,341,745</b>	<b>13,355,773</b>	<b>14,169,683</b>	<b>111,794</b>	<b>14,057,889</b>	

**Table 3 Capital employed (£'000)**

	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 projected outturn	2012-13 plans	2013-14 plans	2014-15 plans
<b>Assets and Liabilities on the Statement of Financial Position at end of year:</b>								
<b>Assets</b>								
Non-Current assets								
Intangible	1,573	292	203	229	188	148	108	68
Tangible								
of which:								
Heritage assets	81,916	77,272	59,963	58,858	63,431	62,111	62,111	62,111
Information Technology	12,881	1,970	931	660	404	275	200	125
Plant and machinery	257,045	998	959	1,026	755	500	250	-
Assets under construction	32,595	448	506	165	94	-	-	-
Investments	1,469,204	1,366,489	1,365,520	1,294,403	1,565,900	1,565,900	1,565,900	1,565,900
Other non-current assets	3,357	-	-	-	-	-	-	-
Current assets	207,656	327,559	132,118	386,935	415,357	412,000	412,000	412,000
<b>Liabilities</b>								
Payables (<1 year)	270,107	332,455	128,894	386,089	412,123	412,000	412,000	412,000
Payables (>1 year)	1,470,611	1,366,654	1,365,520	1,294,403	1,565,900	1,565,900	1,565,900	1,565,900
Provisions	59,844	165	864	999	480	675	525	375
<b>Capital employed within core department</b>	<b>265,655</b>	<b>75,919</b>	<b>64,922</b>	<b>60,580</b>	<b>67,626</b>	<b>62,359</b>	<b>62,144</b>	<b>61,929</b>
ALB net assets / (liabilities)	179	114	81	(12)	(58)	10	10	10
<b>Total capital employed in dept'l group</b>	<b>265,834</b>	<b>76,033</b>	<b>65,003</b>	<b>60,568</b>	<b>67,568</b>	<b>62,369</b>	<b>62,154</b>	<b>61,939</b>

**Restatement of published assets and liabilities on the statement of financial position**

On 12 April 2010, policing and justice functions in Northern Ireland were devolved to the Northern Ireland Assembly. In line with the guidance contained in the Government Financial Reporting Manual (FRM), the machinery of government change was accounted for in the 2010-11 annual report and accounts for the Northern Ireland Office, and caused the statement of financial position at 31 March 2009 to be restated.

In 2011-12, further restatement exercises were carried out to reflect the reforms introduced as part of the Alignment project (Clear Line of Sight). These restatements have caused the statements of financial position at 31 March 2010 and 31 March 2011 to be restated.

These restated figures have been included in the table above, and as such these do not necessarily correspond to the published resource accounts for those years.

**Significant movements from year to year**

The significant movement in total assets and liabilities between 31 March 2008 and 31 March 2009 represents the effects of devolution of policing and justice functions in April 2010.

**Table 4 – Administration Budgets**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans
Section A: Northern Ireland Office	20,256	18,569	17,511	15,112	16,919	14,028	16,147	15,975	15,332
Total administration budget	20,256	18,569	17,511	15,112	16,919	14,028	16,147	15,975	15,332
<i>Of which:</i>									
-Paybill	10,590	10,213	11,419	11,587	13,669	11,137	11,336	9,412	9,161
-Expenditure	11,903	11,352	10,124	9,293	10,524	10,983	9,181	10,444	10,052
-Income	-2,237	-2,996	-4,032	-5,768	-7,274	-8,092	-4,370	-3,881	-3,881

**Table 5 - Staff in Post – full-time equivalents**

	2010-11 Actual (FTE)	2011-12 Actual (FTE)
<b>NIO – Core department</b>		
Permanent Staff	68	85
Fixed-term appointments	251	220
Other non-payroll posts	1	2
<b>Total</b>	<b>320</b>	<b>307</b>
<b>Northern Ireland Human Rights Commission</b>		
Permanent Staff	18.5	18
Fixed Term appointments	4.5	2
Other non-payroll posts	-	-
<b>Total</b>	<b>23</b>	<b>20</b>
<b>Northern Ireland Parades Commission</b>		
Permanent Staff	10	10
Fixed Term appointments	8	8
Other non-payroll posts	-	-
<b>Total</b>	<b>18</b>	<b>18</b>

Staff data for 2009-10 is incomparable with data from 2010-11 onwards, given the devolution of policing and justice functions to the Northern Ireland Assembly on 12 April 2010.

The NIO will continue to present data in a comparable format in future years, to present a relevant time-series for users.

Table 6 – Total Spending by Country and Region

Northern Ireland Office	National Statistics				£ million
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn
North East	-	-	-	-	-
North West	-	-	-	-	-
Yorkshire and the Humber	-	-	-	-	-
East Midlands	-	-	-	-	-
West Midlands	-	-	-	-	-
East	-	-	-	-	-
London	-	-	-	-	-
South East	-	-	-	-	-
South West	-	-	-	-	-
Total England	-	-	-	-	-
Scotland	-	-	-	-	-
Wales	-	-	-	-	-
Northern Ireland	58	52	61	44	41
UK identifiable expenditure	58	52	61	44	41
Outside UK	-	-	-	-	-
Total identifiable expenditure	58	52	61	44	41
Non-identifiable expenditure	-	-	-	-	-
Total expenditure on services	58	52	61	44	41

Table 7 – Total spending per head by country and region

Northern Ireland Office	National Statistics				£ per head
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn
North East	-	-	-	-	-
North West	-	-	-	-	-
Yorkshire and the Humber	-	-	-	-	-
East Midlands	-	-	-	-	-
West Midlands	-	-	-	-	-
East	-	-	-	-	-
London	-	-	-	-	-
South East	-	-	-	-	-
South West	-	-	-	-	-
England	-	-	-	-	-
Scotland	-	-	-	-	-
Wales	-	-	-	-	-
Northern Ireland	33	29	34	24	22
UK identifiable expenditure	1	1	1	1	1

Table 8 – Spending by function or programme, by country and region

£ million	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	OUTSIDE UK	Total identifiable expenditure	Totals
Northern Ireland Office																	
General public services																	
Executive and legislative organs, financial and fiscal affairs, external affairs	-	-	-	-	-	-	-	-	-	-	-	-	36	36	-	36	36
Total general public services	-	-	-	-	-	-	-	-	-	-	-	-	36	36	-	36	36
Public order and safety																	
Public order and safety	-	-	-	-	-	-	-	-	-	-	-	-	5	5	-	5	5
Total public order and safety	-	-	-	-	-	-	-	-	-	-	-	-	5	5	-	5	5
TOTAL Northern Ireland Office	-	-	-	-	-	-	-	-	-	-	-	-	41	41	-	41	41

## 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 committee

The salary of the Director General of the NIO is considered by a Cabinet Office moderating committee.

The NIO Pay Committee comprised the Director General, the Non-Executive Director and a Director General from the Cabinet Office and considered SCS PB1 general service pay of Home Civil Servants (HCS) in line with the parameters of the Senior Salaries Review Body. There is currently no bonus system in place for Senior Civil Servants (SCS) in the Northern Ireland Civil Service (NICS). NICS SCS members of staff were not considered as part of the HCS Pay Committee.

### Remuneration policy

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).

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

### 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 non-consolidated pay for all senior staff.

### Service contracts

The Constitutional Reform and Governance Act 2010 requires 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 at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk).

The Northern Ireland Office currently has a single non-executive director, in line with practice across the Territorial Offices. However, following the recent review, the Board is now considering whether it would be appropriate to appoint a second non-executive director. Following the devolution of policing and justice functions and the restructuring of the Department's Management Board, the non-executive director's contract was renewed in June 2010 for a period of two further years. The appointment was extended in June 2012 for a further year. The Department and the non-executive director may terminate the appointment before the expiry of the fixed period by giving one month's notice in writing.

### 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)

Ministers	2011-12		2010-11	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
The Rt Hon Paul Goggins MP - Minister Of State ( <i>to 11 May 2010</i> )	-	-	4,589 <sup>1</sup>	-
The Rt Hon Owen Paterson MP – Secretary Of State ( <i>from 12 May 2010</i> )	68,827	-	61,056 <sup>2</sup>	-
The Rt Hon Hugo Swire MP – Minister Of State ( <i>from 13 May 2010</i> )	33,002	-	29,187 <sup>3</sup>	-

<sup>1</sup> Figure quoted is for the period 1 April 2010 to 11 May 2010. The full year equivalent is £40,646.

<sup>2</sup> Figure quoted is for the period 12 May 2010 to 31 March 2011. The full year equivalent is £68,827.

<sup>3</sup> Figure quoted is for the period 13 May 2010 to 31 March 2011. The full year equivalent is £33,002.

Ministers have elected to waive their rights to salary increases since November 2007 and in May 2010 agreed to reduce their salaries by 5%.

Officials	2011-12			2010-11		
	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)
Sir Jonathan Phillips, Permanent Secretary (until 12 May 2010)	-	-	-	15-20 (160-165 full year equivalent)	-	-
Hilary Jackson, Director General (from 13 May 2010 until 31 December 2011)	90-95 (115-120 full year equivalent)	-	2,800	115-120	-	2,600
Julian King, Director General (from 1 January 2012)	25-30 (105 – 110 full year equivalent)	-	4,200	-	-	-
Dennis Godfrey Director of Communications (until 30 November 2011)	55-60	-	-	80-85	-	21,600
James Conn Crown Solicitor	95-100	-	-	95-100	-	-
Deputy Director, Security and Protection <sup>4</sup>	70-75	-	-	55-60	-	-
Deputy Director, Business Delivery	55-60	-	-	-	-	-
Deputy Director, Security and Legacy	55-60	-	-	60-65	-	36,100
Deputy Director, Political Liaison and Protocol	85-90	-	-	85-90	-	-
Deputy Director, Constitutional Policy and Liaison	70-75	5-10	-	70-75	5-10	-
Deputy Director, Rights, Elections and Legacy (until 30 November 2011)	40-45	5-10	-	60-65	5-10	-
Deputy Director, Security and Protection <sup>5</sup>	-	-	-	75-80	-	-
John King Non-Executive Director (from 1 July 2010)	0-5	-	-	0-5	-	-

<sup>4</sup> Deputy Director has been part time since 30/04/2010.

<sup>5</sup> Deputy Director has been seconded out of the department during 2011-12



## 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 (£65,738 from 1 April 2010) and various allowances to which they are entitled are borne centrally. However, the arrangement 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 net benefits in kind shown above are in respect of costs incurred in relation to detached duty, on which the tax payable is met by the Department.

## 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 2011-12 relate to performance in 2011-12 and the comparative bonuses reported for 2010-11 relate to the performance in 2010-11.

## Pension Benefits

Minister	Accrued pension at age 65 as at 31/3/12	Real increase in pension at age 65	CETV at 31/3/12	CETV at 31/3/11	Real increase in CETV
	£000s	£000s	£000s	£000s	£000s
The Rt Hon Owen Paterson MP – Secretary Of State	0-5	0-2.5	43	18	15
The Rt Hon Hugo Swire MP – Minister Of State	0-5	0-2.5	25	12	7

## Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

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). The arrangements for ministers provide benefits on an 'average salary' basis, taking account of all service as a minister. The accrual rate has been

1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60<sup>th</sup> accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2009 members pay contributions of 5.9% of their ministerial salary if they have opted for the 1/60<sup>th</sup> accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution of 28.7% of the ministerial salary paid by the Exchequer representing the balance of cost as advised by the Government Actuary. Increases to member and Exchequer contributions will apply from 1 April 2012.

The accrued pension quoted is the pension the minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

#### **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.

Officials	Accrued pension at pension age at 31/03/12 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/12	CETV at 31/03/11 <sup>6</sup>	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£000	£000	£000	Nearest £100
Hilary Jackson, Director General (from 13 May 2010 until 31 December 2011)	60-65 plus lump sum of 125-130	(0-2.5) plus lump sum of (5 -7.5)	1,238	1,174	(37)	-
Julian King, Director General (from 1 January 2012)	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 5-10	523	448	36	-
Dennis Godfrey Director of Communications (until 30 November 2011)	20-25 plus lump sum of 70-75	(0-2.5) plus lump sum of (0-2.5)	572	538	(12)	-
James Conn Crown Solicitor	25-30 plus lump sum of 80 to 85	(0-2.5) plus lump sum of (0-2.5)	544	503	(3)	-
Deputy Director, Security and Protection <sup>7</sup>	35-40 plus lump sum of 110-115	(0-2.5) plus lump sum of (2.5- 5)	842	842	(29)	-
Deputy Director, Business Delivery	15-20 plus lump sum of 55-60	(0-2.5) plus lump sum of (0-2.5)	299	283	(5)	-
Deputy Director, Security and Legacy	10-15 plus lump sum of 30-35	0-2.5 plus lump sum of 2.5-5	165	139	14	-
Deputy Director, Political Liaison and Protocol	40-45 plus lump sum of 120-125	(0-2.5) plus lump sum of (0-2.5)	887	832	(21)	-
Deputy Director, Constitutional Policy and Liaison	25-30 plus lump sum of 85-90	(0-2.5) plus lump sum of (2.5-5)	540	554	(61)	-
Deputy Director, Rights, Elections and Legacy	5-10 plus lump sum of 0-2.5	0-2.5 plus lump sum of 0-2.5	52	41	6	-
John King Non-Executive Director (from 1 July 2010)	-	-	-	-	-	-

All the senior managers of the Department are members of the classic scheme with the exception of one who is a member of the classic plus scheme and one who is a member of the premium/classic plus scheme.

No pension benefits are provided to non-executive directors.

<sup>6</sup> The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31/3/11 and 31/3/12 have both been calculated using the new factors, for consistency. The CETV at 31/3/11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

<sup>7</sup> Deputy Director has been partially retired since 30/04/2010.

## Pay Multiples

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 director in the Northern Ireland Office in the financial year 2011-12 was £115,000 - £120,000. This was 4.81 times the median remuneration of the workforce, which was £24,425.

In 2011-12, no employee received remuneration in excess of the highest-paid director. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). 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** and **nuvos** are increased annually in line with Pensions Increase legislation. 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 set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2012. 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. 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 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three 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 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

### **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**

No staff left under any compulsory early retirement or early severance terms during the year.

**Julian King**  
**Accounting Officer**

## 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 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 arms length public bodies designated by order made under the GRAA by Statutory Instrument 2011 nos 723 and 2004 (together known as the 'departmental group', consisting of the Department and bodies listed in Note 31 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, resources applied to objectives, recognised gains and losses 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 arms 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.

The Treasury has appointed Julian King, 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 arms 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 all income and expenditure of the sponsored bodies is properly accounted for, for the purposes of consolidation within the 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 their organisation.

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

## GOVERNANCE STATEMENT 2011-12

### Scope of Responsibility

As Accounting Officer, I have personal responsibility for the robustness of the control and governance arrangements operated by the Department. The Governance Statement outlines how I have discharged my responsibility to manage and control the resources of the Northern Ireland Office (NIO) during the course of the year. This sound governance system, as outlined in this Statement supports the achievement of the NIO's policies, aims and objectives, whilst safeguarding public funds and Departmental assets in accordance with the responsibilities assigned to me in *Managing Public Money*.

I also have responsibility for reviewing the effectiveness of the system of internal control. My assessment of the effectiveness of the governance framework is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

### Purpose of Governance Framework

The NIO's governance framework is designed to manage its risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The governance framework is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The governance framework has been in place for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### The Management Board

The Board has a corporate responsibility for setting objectives, agreeing priorities and implementing ministerial policy. The Board, which normally meets on a monthly basis, developed and agreed a business plan for the 2011-12 year, which was formally approved by ministers, and reviewed the progress and management of key risks associated with the delivery of Departmental objectives regularly throughout the financial year. The Board also was responsible for monitoring financial performance and considering key strategic issues and policies, such as those relating to risk management, information assurance and workforce planning.

The joint Treasury and Cabinet Office publication, *Corporate Governance in Central Government Departments: code of good practice* states that boards should be comprised of a minimum of two independent non-executive members. However, the code provides scope for alternative approaches to be adopted provided that they are justifiable. 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. It has also opted to have a single non-executive director. However, following the recent review, the Board is now considering whether it would be appropriate to appoint a second non-executive director.

<b>Member</b>	<b>No of meetings attended in year (total of 10)</b>
Hilary Jackson, Chair, Director General (to 31 December 11)	8
Julian King, Chair, Director General (from 1 January 12)	2
John King, non-executive Director	9
Director of Communications (to November 11)	5
Deputy Director, Business Delivery (from July 11)	8
Deputy Director, Security and Legacy	8
Deputy Director, Security and Legacy	9
Deputy Director, Security and Legacy (to September 11)	4
Deputy Director, Security and Legacy (to May 11)	1
Deputy Director, Constitutional and Political	9
Deputy Director, Constitutional and Political	7
Jim Conn (Crown Solicitor)	9

### **Board Assessment of Effectiveness**

An assessment of Board effectiveness was carried out in December 2011. The Board considered that it had been effective in its performance since devolution, and had successfully seen the Department through some very challenging times. It did however agree that a more rigorous approach should be taken to supporting corporate governance and strategic elements of the agenda.

In February 2012, the Board implemented a series of changes to ensure that its focus going forward would be more strategic including a tighter agenda; shorter papers and more focussed discussion. The Board is now focussed firmly on the strategic direction of the Department – on the basis of the Departmental Business Plan; managing key risks; finance and resources, including human resources; and key projects or work streams.

### **The Departmental Audit and Risk Committee**

The Departmental Audit and Risk Committee is the sole sub-committee of the Departmental Board. Its role is to support the Accounting Officer in monitoring the corporate governance and control systems (including financial reporting) operating in the Department. The primary function of the Audit and Risk Committee is to test and challenge 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 management across the Department and its Arms Length Bodies. The Committee acts in an advisory capacity and has no executive powers. The Audit and Risk Committee is constituted as a sub-committee of the Board. Assurances are provided to the Accounting Officer and the Management Board by the Chair of the Audit and Risk Committee.



The Audit and Risk Committee met four times throughout 2011-12, and agreed a work plan for the year ahead. It undertook a range of activities to fulfil its role in providing advice and challenge to the Accounting Officer and the Board, and to support them in their corporate governance responsibilities. Activities during 2011-12 included: considering the Department's 2010-11 Annual Report and Accounts and Statement on Internal Control; monitoring the preparation of the 2011-12 Annual Report and Accounts in order to give assurance to the Accounting Officer as to their timely delivery; monitoring the implementation of internal and external audit recommendations; reviewing the Departmental risk register and providing feedback and challenge to the Management Board; and considering the governance arrangements in place between the NIO and its ALBs.

Following each meeting, the Chair provided an update to the Management Board and also wrote to the Accounting Officer to highlight the key issues raised. On the basis of the issues discussed and evidence presented at its meetings, the Audit Committee concluded that the assurances it received throughout the year were satisfactory, and it was not aware of any significant internal control issues for inclusion in the 2011-12 accounts.

<b>Member</b>	<b>No of meetings attended in year (total of 4)</b>
John King, Chair, non-executive director	4
Vijay Rangarajan, Multilateral Director at the Foreign Office, non-executive member	4
Chris Flatt, Deputy Director, Corporate and Constitutional Division at the Scotland Office, non-executive member	4

### **Internal Audit**

During 2011-12, the Department's internal audit service was provided by the Ministry of Justice. Internal audit identify areas for investigation through its own analysis based on the Departmental risk register, and through discussions with the Audit and Risk Committee and senior managers, who may suggest areas for audit. Recommendations have been accepted by the Management Board and have been implemented or are being progressed in accordance with agreed timetables. The status of internal audit recommendations is regularly reported to the Audit and Risk Committee.

### **Arms Length Bodies (ALBs)**

In respect of the Department's Arm's Length Bodies, I sought assurance that each sponsored body operated sound governance arrangements from the relevant sponsoring Deputy Director. Relevant Deputy Directors were required to provide me with written assurance that they had reviewed the extent to which these governance requirements were met both mid-year and at the end of the financial year.

For the Non-Departmental Public Bodies (the Northern Ireland Human Rights Commission and the Parades Commission for Northern Ireland), I relied principally on the Governance Statement that each body's Accounting Officer made as part of its annual accounts. These were supplemented by stewardship statements provided by Deputy Directors in the Department responsible for sponsoring each body.

The Corporate Governance Unit supports sponsoring Deputy Directors in fulfilling their corporate management responsibilities towards the Department's ALBs. At the request of the previous Director General, an internal audit was carried out in March 2012 to provide an assessment of the adequacy and effectiveness of controls in place to monitor the performance of its ALBs. The audit concluded that the systems of control that are in place are adequate, but recommended that the Management Board continue to monitor the ALBs delivery risks through the risk management process.

### **Information Assurance**

I am responsible for ensuring that information risks are assessed and mitigated to an acceptable level. Information is a key business asset for the Northern Ireland Office and the Department continues to make Information Assurance (IA) a priority. The Management Board has agreed the necessary structures, policies and training to ensure the Department continues to comply with Government standards. A network of Information Asset Owners (IAOs), accountable to the Senior Information Risk Owner (SIRO), manages information assurance and risk across the Department and its ALBs. In support of this network the Departmental Security Committee chaired by the Departmental Security Officer (DSO) meets on a quarterly basis to review protective security and information assurance arrangements. Additionally a Security Managers' Forum, comprising representatives from each of the business areas and ALBs also meets on a quarterly basis. The purpose of this Forum is to improve and implement the NIO's policies and guidance in relation to security and information assurance and to provide a mechanism for promoting and sharing best practice across the NIO and its departmental family.

### **Stewardship Statements**

Each head of business group in the core Department and senior official in each ALB signs a stewardship statement bi-annually, providing assurance as to governance, risk management and operation of internal controls within their business areas. In March 2011, the Department's Audit and Risk Committee provided constructive feedback on this process, noting that it would benefit from review. In response, revised stewardship statements which clearly set out the controls in place and the steps taken to monitor the effectiveness of the controls were agreed and circulated to Deputy Directors. These are agreed at the beginning of the year, reviewed mid-year and an assessment of the effectiveness of these controls is carried out at the end of the year. I am satisfied that the statements provide me with an appropriate level of assurance.

### **Account of Corporate Governance**

*Corporate governance in central government departments: code of good practice* was published in July 2011. The Code sets out principles and provisions relating to the role and responsibilities, composition and functions of departmental boards.

## Context to NIO departures from the Code

The *Corporate Governance Code* is designed to cover all central government departments. As the Code acknowledges, 'one size never fits all' and for this reason, the Code incorporates a 'comply or explain' approach to the principles and provisions contained within:

*“Departures from the Code may be justified if good governance can be achieved by other means. Reasons for departure should be explained clearly and carefully in the governance statement accompanying [the Department’s] annual resource accounts. In providing an explanation, a department should aim to illustrate how its practices are both consistent with the principle to which the particular provision relates and contribute to good governance.”*

Most central government departments have multi-billion pound budgets and deliver a range of front line services. The Northern Ireland Office is one of the smallest government departments, with a budget of £26m, reducing to £22m by the end of the spending review period. While the NIO should ensure it abides by the principles and spirit of the Code, it would be disproportionate to implement some of the detailed provisions contained in the Code.

## Summary of exceptions by each section of the Code

### *Parliamentary Accountability*

Ministers and the Accounting Officer are clear that their respective roles and resources are managed in line with Treasury guidance. Clear roles and responsibilities of officials are agreed and understood across the Department. Roles and responsibilities of senior managers are set out in performance agreements and each business area has clearly defined responsibilities, details of which are made available in the Department’s annual reports and accounts. Information about the Department’s structure and organisation is published online in Departmental organograms.

### *The Role of the Board*

The Management Board provides strategic and operational leadership across the Department. It oversees delivery of business objectives and is responsible for ensuring the effectiveness of arrangements for risk management and corporate governance, including internal controls. The Board has clear terms of reference which set out its responsibilities, in line with the Corporate Governance Code. Board activities and decisions are minuted and a summary of Board meetings is made available on the intranet and circulated to staff shortly after each meeting.

Paragraph 2.4 of the Code states that:

*“Some activities may be exercised by committees of the board. As a minimum, this will include committees responsible for audit and risk assurance (the responsibilities of which will include for reviewing the comprehensiveness of assurances and integrity of financial statements), and nominations and governance (the responsibilities of which will include ensuring there are satisfactory systems for identifying and developing leadership and high potential, scrutinising*

*the incentive structure and succession planning for the board and the senior leadership of the Department, and scrutinising governance arrangements).<sup>8</sup>*

The NIO does not operate a nominations and governance committee. Staff terms and conditions are set by the Ministry of Justice, this includes the pay and reward systems and other HR policies which comprise the incentive structure. The Board is composed of the entire senior management tier within the department (predominantly SCS Band 1), the Crown Solicitor for Northern Ireland and a single non-executive director. Replacement of senior staff is in line with civil service recruitment policies. The Board collectively seeks to develop high potential across the Department; opportunities for staff are made more widely available through access to Ministry of Justice posts. The non-executive director is not routinely involved in appointments of members of the senior management team, but may be asked to provide support by the Director General.

Paragraph 2.14 states that:

*“The permanent secretary is responsible for the executive management of the department. The permanent secretary should set out annually for the board a structure for discharging this responsibility.”*

Executive management of the Department is set by the Director General, and Board members are clear on the responsibilities of each business area across the Department. This is not formally reported at Board level as it is unnecessary given the size of the Department. Roles and responsibilities are clearly allocated according to business area, with information on this available on the Department’s intranet and in the annual report.

### *Board Composition*

In agreement with HM Treasury, the NIO is exempt from the Government’s Enhanced Departmental Board Protocol. This has a number of implications for the way in which the Department implements the provisions of the Corporate Governance Code.

Paragraph 3.1 of the Code states that:

*“The board should be balanced, with approximately equal numbers of ministers, senior officials and NEBMs. It should comprise:*

- *The department’s lead minister, who should chair;*
- *Other departmental ministers;*
- *The permanent secretary;*
- *The finance director, who should be professionally qualified;*
- *Other senior officials; and*
- *At least four non-executive board members (NEBMs), the majority of whom should be senior people from the commercial private sector, with experience of managing complex organisations. NEBMs should be appointed in accordance with Cabinet Office guidance.*

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<sup>8</sup> Cf. Paragraphs 4.2-4.4 for the Code, which provide further details on the role of the nomination and governance committee.

The Board is chaired by the Director General, who is head of the Department and Principal Accounting Officer. Ministers do not sit on the Management Board but engage directly with senior officials in the Department to discuss strategic issues, review performance against objectives and set direction. The Department's finance team is headed by a qualified accountant who attends the Board for discussions on finance papers and reports to the Deputy Director for Business Delivery, who is a Board member.

In common with the other Territorial Offices, the Department has one non-executive director. The non-executive director is a senior individual from the commercial private sector. Given the size of the department, the level of its budget and its range of responsibilities, the Management Board concluded that it would be a disproportionate use of resources to appoint additional non-executive Board Members, however as previously noted, this issue is currently under consideration following the recent review. Due to the size of the NIO, it has not participated in the cross-Government NEBM agenda, which is designed to encompass larger spending departments.

Paragraph 3.4 states that:

*"If the NEBMs believe the permanent secretary is a barrier to effective delivery, in extremis, they can recommend that the Prime Minister, lead minister and Head of the Home Civil Service, should remove him or her from post."*

The Director General of the NIO is accountable to the Head of the Civil Service and the Cabinet Secretary for the performance of the Northern Ireland Office.

Paragraph 3.8 states that:

*"The mix and balance of skills and understanding [of Board members] should be reviewed periodically, at least annually as part of the board's effectiveness evaluation, to ensure they remain appropriate for the department's board."*

The mix and balance of skills on the NIO Board are determined through the appointments process by which individuals are recruited to senior management posts within the Department. In fulfilling their roles, Deputy Directors are therefore expected to demonstrate the necessary skills and corporate behaviour required of them as Board members, with the support of the Board Secretary. The exception to this appointments process is the non-executive director, whose reappointment is periodically reviewed.

Paragraph 3.10 states that:

*"The board should agree and document in its board operating framework a de minimis threshold and mechanism for board advice on the operation and delivery of policy proposals."*

The Board's terms of reference set out clearly policy areas and decisions which are reserved for the Board. Naturally, some judgment is required in order to determine what issues should be escalated to the Board level. Each business area's Deputy Director is also a Board member, and the size of the Department ensures that there is regular and close communication between Board members, ensuring that matters are raised at Board level at the appropriate time.

### *Board effectiveness*

There are some areas where the NIO departs from the principles outlined in relation to reviewing Board effectiveness, due to the nature and composition of its Management Board. Board members, excepting the non-executive director, assume their roles as an extension of being members of the senior management team and these individuals are inducted into the work of the Department on taking up their posts.

Paragraph 4.10 states that the Board Secretary should agree the agenda for Board meetings with both the Chair and the non-executive director. Currently, agendas are agreed with the Chair of the Board in advance of each meeting; however, all Board members have the opportunity to raise items for inclusion on the agenda at Board meetings.

Paragraph 4.11 to 4.13 state that:

*“The lead NEBM should support the chair to ensure a board effectiveness evaluation is carried out annually, and with independent input at least once every three years.*

*“The lead NEBM should ensure the chair acts on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the board and, where appropriate, recommending new members be sought for the board (subject to the open appointments process) or seeking the resignation of board members).*

*“Evaluations of the performance of individual board members should show whether each continues to contribute effectively and corporately and demonstrates commitment to the role (including commitment of time for board and committee meetings and other duties).”*

The current Board was established following devolution of policing and justice functions in April 2010 and carried out a full evaluation of its effectiveness in December 2011. The Board has since implemented ‘deep dive / challenge’ sessions which include independent input and peer review from colleagues in other departments. Board members, with the exception of the non-executive director, receive annual appraisals in line with the Senior Civil Service performance management framework.

### *Risk Management*

The Department complies with the principles set out in section 5 of the Code and with the supporting provisions.

### *Arm’s Length Bodies*

The Department complies with the principles set out in section 6 of the Code and with the supporting provisions.

## Risk assessment

As Accounting Officer, I acknowledge my overall responsibility for the effective management of risk within the Northern Ireland Office. In meeting this responsibility, I am supported by the Board, which I chair. Risk management is fully embedded across the Department, and we manage our business in a manner which takes account of the risks we face. Over the year, we have undertaken a number of measures to safeguard the effectiveness of our processes, to ensure they are proportionate to the Department as currently structured:

- The Board owns and maintains the Departmental risk register, which sets out the key strategic risks facing the Department and controls in place to manage these risks, and reviewed this document on a quarterly basis. The register is also provided to the Departmental Audit and Risk Committee for periodic review.
- Registers that identify, assess, and set out mitigating actions to significant risks, are in place across the NIO and its ALBs.
- Staff had access to information on risk management procedures and policies through the Department's intranet. Online training for staff is available via the Ministry of Justice's web-portal.

The effectiveness of the risk management system in place has been demonstrated through the manner in which the Department has continued to deliver its objectives, through a period of comprehensive restructuring following the devolution of policing and justice functions in April 2010, and further management-led changes which commenced in January 2011 and were undertaken to ensure the Department's structure was fully aligned to its current business objectives. As mentioned previously, a review was carried out in March 2012 and it is anticipated that further changes will be implemented across the Department in 2012-13 in order to make sure that the Department is well-placed to deliver agreed ministerial priorities.

Looking forward, the Department has produced a high-level business plan for the period 2011-2015, which defines the strategic direction of the Department for the remainder of the current Parliament. Over the next year, the Board will continue to embed and refine the new systems and structures in place post-devolution of policing and justice to deliver continuing improvements in organisational effectiveness.

The Department operates a range of high level and operational controls to manage the conduct of its business. These include detailed policies and guidelines setting out procedures, and including clearly defined delegated authorities. The Management Board is supported and advised on this by the Audit and Risk Committee, Internal Audit, and staff in Business Delivery Group.

The Board operates a systematic approach to monitoring the financial and business performance of the Department and its risk management arrangements. Key strategic risks were considered by the Board as a whole in the context of overall corporate risk tolerance levels and were reviewed, at least quarterly.

Following the review of Board effectiveness in December 2011, and with my appointment to the post of Director General in January 2012, the Board agreed that a standing agenda item should be risk management. As a result, the Department's Risk Register was revised and refreshed to align more closely with the Departmental Business Plan. The Board agreed that the risk register should be a

living document, to be monitored and discussed by the Board on a monthly basis. This includes 'deep dive / challenge' sessions where Board members have the opportunity to consider each risk in detail and provide a challenge / assurance function to the risk owner.

As Accounting Officer, I relied on individual Deputy Directors to ensure that risk management was considered as an integral part of the policy development process within their business areas, including incorporating details of risk in advice to ministers. I received assurance first hand through discussions with staff and ministers on key policy issues and through sight of submissions and other documentation setting out advice and guidance to ministers and senior officials.

For the period 2011-12, 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.

**Julian King**  
**Accounting Officer**



## **Non-Executive Director's Report**

The Board continued in 2011-12 the changes it started in 2010-11 following the devolution of policing and justice. Initially, many of those changes had to be focussed on how to manage best the differences in scale; maintain the management disciplines and governance structures; and continue to meet the Department's strategic objectives. With a smaller Department, resourcing in key areas was a constant challenge. In particular, maintaining a finance function capable of delivering the Department's accounts presented difficulties, although these were mitigated by the timely recruitment of additional staff.

By the third quarter, the Department's management controls had bedded down with the Board receiving sufficient, regular and timely information on which to assess the Department's performance at an operational level. However, the scale of the changes to the Department appeared to have created a sense of 'lost purpose' and by this point in the year it was an issue that needed to be addressed.

At the beginning of the last quarter, a review of Board effectiveness was carried out. A number of changes were introduced to the focus of the Board as a result of the review: the need to define/redefine the 'vision'; much more emphasis on key strategic issues; 'deep dive / challenge' sessions on key areas that involved external challenge and greater colleague engagement.

The recent changes are still bedding down but they do appear to strike the right balance between the cultural, operational and strategic aspects of any board's role. Information to the Board has since been trimmed but in my view is at an appropriate level of detail to allow the Board to adequately discharge its responsibilities.

**John King**  
**Non-Executive Director**

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

I certify that I have audited the financial statements of the Northern Ireland Office for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The Department consists of the core Department only. 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 2011. 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. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Accounting Officer and auditor**

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. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

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

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.

## 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 2012 and shows that those totals have not been exceeded; and
- 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.

## Opinion on Financial Statements

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 2012 and of the Department's net operating cost and Departmental Group's net operating cost 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 other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Director General's Report and Management Commentary sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report 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.

*Amyas C E Morse*

*Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1W 9SP*

*12 September 2012*

## **ANNUAL ACCOUNTS**

# STATEMENT OF PARLIAMENTARY SUPPLY

## Summary of Resource and Capital Outturn 2011-12

Request for Resources	Note	Estimate			Outturn			2011-12 £000	2010-11 £000
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted Outturn compared with Estimate: saving	Outturn <i>restated</i>
<b>Departmental Expenditure Limit</b>	2								
Resource		25,769	2,700	<b>28,469</b>	21,226	2,906	24,132	4,543	40,364
Capital		390	-	<b>390</b>	160	-	160	230	287
<b>Annually Managed Expenditure</b>									
Resource		(176)	-	<b>(176)</b>	(519)	-	(519)	343	407
Capital		-	-	<b>-</b>	-	-	-	-	-
<b>Total Budget Non-Budget Resource</b>		<b>25,983</b>	<b>2,700</b>	<b>28,683</b>	20,867	2,906	23,773	5,116	41,058
Resource		14,141,000	-	<b>14,141,000</b>	13,332,000	-	13,332,000	809,000	13,373,000
<b>Total</b>		<b>14,166,983</b>	<b>2,700</b>	<b>14,169,683</b>	<b>13,352,867</b>	<b>2,906</b>	<b>13,355,773</b>	<b>814,116</b>	13,414,058
Total Resource		14,166,593	2,700	14,169,293	13,352,707	2,906	13,355,613	813,886	13,413,771
Total Capital		390	-	390	160	-	160	230	287
<b>Total</b>		<b>14,166,983</b>	<b>2,700</b>	<b>14,169,683</b>	<b>13,352,867</b>	<b>2,906</b>	<b>13,355,773</b>	<b>814,116</b>	13,414,058

## Net cash requirement 2011-12

Note	2011-12 £000 Estimate	2011-12 £000 Outturn	2011-12 £000 Outturn compared with Estimate: saving/(excess)	2010-11 <i>restated</i> £000 Outturn
4	<b>14,165,051</b>	<b>13,356,504</b>	808,547	<b>13,406,329</b>

## Administration Costs 2011-12

Note	2011-12 £000 Estimate	2011-12 £000 Outturn	2010-11 <i>restated</i> £000 Outturn
Total	3.2 <b>16,234</b>	<b>14,028</b>	2,206

Explanations of variances between the Estimate and Outturn are given in note 2 and in the management commentary.

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

The notes on pages 67 to 102 form part of these accounts.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

For year ended 31 March 2012

	Note	2011-12		2010-11	
				<i>Restated</i>	<i>Restated</i>
		£000	£000	£000	£000
		Core Dept	Departmental Group	Core Dept	Departmental Group
<b>Administration costs</b>					
Staff costs	7	9,868	11,137	12,026	13,669
Other costs	8	9,954	10,852	9,636	10,524
Income	10	(8,092)	(8,092)	(7,274)	(7,274)
<b>Programme costs</b>					
Staff costs	7	1,536	1,909	2,800	2,966
Other costs	9	13,458,905	13,456,413	13,531,976	13,529,411
Other Income	10	(116,606)	(116,606)	(135,491)	(135,525)
<b>Net Operating Costs for the year ended 31 March 2012</b>		<b>13,355,565</b>	<b>13,355,613</b>	<b>13,413,673</b>	<b>13,413,771</b>
<b>Total Income</b>		<b>(124,698)</b>	<b>(124,698)</b>	<b>(142,765)</b>	<b>(142,799)</b>
<b>Total Expenditure</b>		<b>13,480,263</b>	<b>13,480,311</b>	<b>13,556,438</b>	<b>13,556,570</b>
<b>Net Operating Costs for the year ended 31 March 2012</b>	3	<b>13,355,565</b>	<b>13,355,613</b>	<b>13,413,673</b>	<b>13,413,771</b>
<b>Other Comprehensive Net Expenditure</b>					
Net (gain)/loss on:					
Revaluation of property, plant and equipment		(5,753)	(5,755)	(84)	(88)
Intangibles		1	1	3	3
<b>Total comprehensive expenditure for the year ended 31 March 2012</b>		<b>13,349,813</b>	<b>13,349,859</b>	<b>13,413,592</b>	<b>13,413,686</b>

The notes on pages 67 to 102 form part of these accounts.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

		31 March 2012		31 March 2011		31 March 2010
				<i>Restated</i>	<i>Restated</i>	<i>restated</i>
Note	£000 Core Department	£000 Departmental Group	£000 Core Department	£000 Departmental Group	£000 Departmental Group	
<b>Non-current assets</b>						
Property, plant and equipment	11	64,684	64,826	60,504	60,709	62,625
Intangible assets	12	188	191	229	233	203
Financial Assets	13	1,545,900	1,545,900	1,294,403	1,294,403	1,365,520
<b>Total non-current assets</b>		<b>1,610,772</b>	<b>1,610,917</b>	<b>1,355,136</b>	<b>1,355,345</b>	<b>1,428,348</b>
<b>Current assets</b>						
Trade and other receivables	16	8,933	8,963	7,058	7,113	7,139
Financial assets	13	122,923	122,923	108,017	108,017	113,759
Cash and cash equivalents	17	283,501	283,994	271,860	272,143	11,630
<b>Total current assets</b>		<b>415,357</b>	<b>415,880</b>	<b>386,935</b>	<b>387,273</b>	<b>132,528</b>
<b>Total assets</b>		<b>2,026,129</b>	<b>2,026,797</b>	<b>1,742,071</b>	<b>1,742,618</b>	<b>1,560,876</b>
<b>Current Liabilities</b>						
Cash and cash equivalents	17	-	-	-	-	576
Trade and other payables	18	412,123	412,849	386,089	386,648	128,907
<b>Total current liabilities</b>		<b>412,123</b>	<b>412,849</b>	<b>386,089</b>	<b>386,648</b>	<b>129,483</b>
<b>Non-current assets plus net current assets</b>		<b>1,614,006</b>	<b>1,613,948</b>	<b>1,355,982</b>	<b>1,355,970</b>	<b>1,431,393</b>
<b>Non-current liabilities</b>						
Provisions	19	480	480	999	999	864
Other payables	18	1,545,900	1,545,900	1,294,403	1,294,403	1,365,520
<b>Total non-current liabilities</b>		<b>1,546,380</b>	<b>1,546,380</b>	<b>1,295,402</b>	<b>1,295,402</b>	<b>1,366,384</b>
<b>Assets less liabilities</b>		<b>67,626</b>	<b>67,568</b>	<b>60,580</b>	<b>60,568</b>	<b>65,009</b>
<b>Taxpayers' equity</b>						
General fund		54,010	53,940	52,716	52,694	57,220
Revaluation reserve		13,616	13,628	7,864	7,874	7,789
<b>Total equity</b>		<b>67,626</b>	<b>67,568</b>	<b>60,580</b>	<b>60,568</b>	<b>65,009</b>

Signed:

Accounting Officer:

Date:

The notes on pages 67 to 102 form part of these accounts.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	2011-12	2010-11
	£000	<i>Restated</i> £000
	Departmental Group	Departmental Group
Note		
<b>Cash flows from operating activities</b>		
Net operating cost	(13,355,613)	(13,413,771)
Adjustment for non-cash transactions	8,9 1,756	2,816
(Increase) / decrease in trade and other receivables	16 (1,850)	26
Increase in trade payables	18 277,698	176,107
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	18 (276,076)	(169,574)
Use of provisions	19 (250)	(272)
Other adjusting items	(17)	(1)
<b>Net cash outflow from operating activities</b>	<b>(13,354,352)</b>	<b>(13,404,669)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(69)	(327)
Purchase of intangible assets	(53)	(4)
Loans to other bodies	13 (375,000)	(36,900)
Repayment from other bodies	13 108,597	113,759
<b>Net cash outflow from investing activities</b>	<b>(266,525)</b>	<b>76,528</b>
<b>Cash flows from financing activities</b>		
From the Consolidated Fund (Supply) – current year	13,366,350	13,666,308
From the Consolidated Fund (non-supply)	2,842	2,783
Loans received from the National Loans Fund	13 375,000	36,900
Repayments of loans from the National Loans Fund	13 (108,597)	(113,759)
<b>Net financing</b>	<b>13,635,595</b>	<b>13,592,232</b>
<b>Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>	<b>14,718</b>	<b>264,091</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	11	29
Payments of amounts due to the Consolidated Fund	(2,878)	(3,031)
<b>Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>	<b>11,851</b>	<b>261,089</b>
<b>Cash and cash equivalents at the beginning of the period</b>	17 272,143	11,054
<b>Less cash and cash equivalents at the end of the period</b>	17 (283,994)	(272,143)
<b>Net (increase) in cash and cash equivalents</b>	<b>(11,851)</b>	<b>(261,089)</b>

The notes on pages 67 to 102 form part of these accounts.

# STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For year ended 31 March 2012 – Core Department

	General Fund	Revaluation Reserve	Total Reserves
Note	£000	£000	£000
<b>Balance at 31 March 2010</b>	57,172	7,783	64,955
Changes in accounting policy	(28)	-	(28)
<b>Restated balance at 1 April 2010</b>	<b>57,144</b>	<b>7,783</b>	<b>64,927</b>
<b>Changes in taxpayers equity for 2010-11</b>			
Net gain on revaluation of property, plant and equipment	-	84	84
Net (loss) on revaluation of intangible assets	-	(3)	(3)
Non-cash charges - auditor's remuneration	9,8 45	-	45
Non-cash charges - other notional	9,8 3	-	3
Net operating cost for the year	(13,413,673)	-	(13,413,673)
<b>Total recognised income and expense for 2010-11</b>	<b>(13,413,625)</b>	<b>81</b>	<b>(13,413,544)</b>
Net Parliamentary Funding - drawn down	13,666,308	-	13,666,308
Net Parliamentary Funding - deemed	7,667	-	7,667
Consolidated Fund Standing Services	2,868	-	2,868
Supply payable(receivable) adjustment	(264,797)	-	(264,797)
Amounts payable to the Consolidated Fund	(2,849)	-	(2,849)
	<b>13,409,197</b>	<b>-</b>	<b>13,409,197</b>
<b>Balance at 31 March 2011</b>	<b>52,716</b>	<b>7,864</b>	<b>60,580</b>
<b>Changes in taxpayers equity for 2011-12</b>			
Net gain on revaluation of property, plant and equipment	-	5,753	5,772
Net (loss) on revaluation of intangible assets	-	(1)	(1)
Non-cash charges - auditor's remuneration	9,8 66	-	66
Non-cash charges - other notional	9,8 -	-	-
Machinery of Government transfers	33	-	33
Net operating cost for the year	(13,355,565)	-	(13,355,565)
<b>Total recognised income and expense for 2011-2012</b>	<b>(13,355,466)</b>	<b>5,752</b>	<b>(13,349,714)</b>
Net Parliamentary Funding - drawn down	13,369,000	-	13,369,000
Net Parliamentary Funding - deemed	264,797	-	264,797
Consolidated Fund Standing Services	256	-	256
Supply payable adjustment	(277,293)	-	(277,293)
	<b>13,356,760</b>	<b>-</b>	<b>13,356,760</b>
<b>Balance at 31 March 2012</b>	<b>54,010</b>	<b>13,616</b>	<b>67,626</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 another fund. The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on pages 67 to 102 form part of these accounts.

# STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For year ended 31 March 2012 – Departmental Group

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Balance at 31 March 2010</b>		57,172	7,783	64,955
Changes in accounting policy		48	6	54
<b>Restated balance at 1 April 2010</b>		<b>57,220</b>	<b>7,789</b>	<b>65,009</b>
<b>Changes in taxpayers equity for 2010-11</b>				
Net gain on revaluation of property, plant and equipment		-	88	88
Net (loss) on revaluation of intangible assets		-	(3)	(3)
Non-cash charges - auditor's remuneration	8,9	45	-	45
Non-cash charges - other notional	8,9	3	-	3
Net operating cost for the year		(13,413,771)	-	(13,413,771)
<b>Total recognised income and expense for 2010-11</b>		<b>(13,413,723)</b>	<b>85</b>	<b>(13,413,638)</b>
Net Parliamentary Funding - drawn down		13,666,308	-	13,666,308
Net Parliamentary Funding - deemed		7,667	-	7,667
Consolidated Fund Standing Services		2,868	-	2,868
Supply payable adjustment		(264,797)	-	(264,797)
Amounts payable to the Consolidated Fund		(2,849)	-	(2,849)
		<b>13,409,197</b>	<b>-</b>	<b>13,409,197</b>
<b>Balance at 31 March 2011</b>		<b>52,694</b>	<b>7,874</b>	<b>60,568</b>
<b>Changes in taxpayers equity for 2011-12</b>				
Net gain on revaluation of property, plant and equipment		-	5,755	5,755
Net (loss) on revaluation of intangible assets		-	(1)	(1)
Non-cash charges - auditor's remuneration	8,9	66	-	66
Non-cash charges - other notional	8,9	-	-	-
Machinery of Government transfers		33	-	33
Net operating cost for the year		(13,355,613)	-	(13,355,613)
<b>Total recognised income and expense for 2011-2012</b>		<b>(13,355,514)</b>	<b>5,754</b>	<b>(13,349,760)</b>
Net Parliamentary Funding - drawn down		13,369,000	-	13,369,000
Net Parliamentary Funding - deemed		264,797	-	264,797
Consolidated Fund Standing Services		256	-	256
Supply payable adjustment		(277,293)	-	(277,293)
		<b>13,356,760</b>	<b>-</b>	<b>13,356,760</b>
<b>Balance at 31 March 2012</b>		<b>53,940</b>	<b>13,628</b>	<b>67,568</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 another fund. The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on pages 67 to 102 form part of these accounts.

# NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

## Statement of accounting policies

The financial statements have been prepared in accordance with the 2011-12 *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 Northern Ireland Office are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare one additional primary statement. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

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 Restatement of 2010-11 results

The Department has prepared the financial statements in accordance with the accounting policies introduced as part of the Clear Line of Sight (CLOS) reforms. These reforms include;

- a new format for the Statement of Parliamentary Supply, which aligns with the department's budget;
- Additional notes to the accounts to support the Statement of Parliamentary Supply, and provide consistency between the accounts and the Main Supply Estimate; and
- Consolidation of designated bodies within the departmental boundary for the first time.

In order to present data consistently, the prior year comparatives for the financial statements and for outturn have been re-presented, applying the accounting policies in place during 2011-12.

A consequence of this restatement is that the comparative outturn figure for 2010-11 does not equal the final certified outturn figure reported in the 2010-11 annual report and accounts. This re-presentation of outturn is exceptional, and is due to the substantial changes arising from the CLOS

reforms, affecting the reporting of outturn in 2011-12. The certified outturn data for 2010-11 can be found in the signed and audited annual report and accounts for 2010-11.

The table below summarises the main movements between the audited outturn per the annual report and accounts for 2010-11, and the comparatives in the 2011-12 annual report and accounts.

	£,000	<b>£,000</b>
Outturn per 2010-11 annual accounts		<b>13,413,823</b>
Inclusion of amounts previously treated as CFERs	(2,849)	
Removal of ALB expenditure included within departmental accounts (including grant-in-aid paid)	(2,728)	
Inclusion of actual ALB net expenditure in 2010-11	2,657	
Inclusion of non-voted expenditure	2,868	
Inclusion of capital expenditure	287	
		<b>235</b>
		<b>13,414,058</b>

Net Cash Requirement for 2010-11 has also been restated to take account of amounts that were treated as Consolidated Fund Extra Receipts in the year, but could have been retained under the CLOS reforms. The impact of this restatement is to reduce the net cash requirement by £2,849,000 from £13,409,178,000 to £13,406,329,000.

### 1.3 Basis of consolidation

The department has prepared group accounts for the first time, consolidating the results of its two designated arms' length bodies – 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.

#### 1.4.1 Property, plant and equipment

Property, plant and equipment comprise heritage assets (including antiques), leasehold improvements, fixtures and fittings, vehicles, plant and machinery, computer equipment and assets under construction.

The Department's heritage assets comprise Hillsborough Castle and its surrounding estate. The contents of Hillsborough Castle represent the Department's antiques.

In addition, the NIO 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

#### **1.4.2 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 treated as revenue.

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

### **1.6 Depreciation**

All 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
Leasehold improvements	10 years (or the life of the lease, whichever is least)
Vehicles, plant and machinery	3 - 25 years
Computer equipment	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 is charged to expenditure on the re-valued amount of property, plant and equipment. An element of depreciation therefore arises due to the increase in valuation and is in excess of the depreciation 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 Donated assets**

The Department does not have any donated assets.

The Department does hold a number of “works of art” which are not on the NIO’s Statement of Financial Position. These are on loan from the Northern Ireland Civil Service Art Collection, Government Art Collection of Great Britain and local museums. These items are checked regularly, for condition and verification that they are still located in government buildings, by each organisation from which they are on loan.

### **1.9 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.

### **1.10 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. Such items are depreciated as set out in Note 1.6 and subject to quinquennial professional valuations, with indices supplied by the Land and Property Services used in the intervening years.

### **1.11 National Loans Fund**

The NIO administers loans from the National Loans Fund (NLF), as required by the Northern Ireland (Loans) Act 1975 and 1985, on behalf of the Secretary of State for Northern Ireland. During 2011-12 the NIO on-lent £375,000,000 (2010-11: £36,900,000) to the Department of Finance and Personnel for further distribution, and a repayment of £108,597,308 (2010-11: £113,758,613) principal and £85,654,767 (2010-11: £91,035,880) interest was received. The outstanding principal balance on the NLF as at 31 March 2012 was £1,668,822,957 (2010-11: £1,402,420,265) and has been included within the NIO’s account. A separate account is produced, audited and published in respect of loans under the Northern Ireland (Loans) Act 1975.

### 1.12 Work in progress

Work in progress relates only to the provision of professional services provided by the Crown Solicitor's Office (CSO). Professional fees costs incurred in relation to this work are invoiced on completion of cases, rather than on an on-going basis. Consequently an estimated work in progress figure is included in the resource accounts to reflect work completed to date. Outstanding balances at the year-end are represented in the receivables figure on the Statement of Financial Position.

### 1.13 Pension costs

Past and present employees of the Northern Ireland Office are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the PCSPS (NI). Each of these schemes is a defined benefit scheme. The Department recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS and the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and the PCSPS (NI).

Further details regarding the above schemes are contained in Note 10 to the Accounts.

### 1.14 Early departure costs

The Department is required to meet the additional cost of benefits beyond the normal PCSPS and PCSPS (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.

### 1.15 Financing and Operating income

#### *Financing*

The Department is primarily resourced 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. This income is netted off gross expenditure in the Statement of Parliamentary Supply. 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 income appropriated in aid of the estimate 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 costs
- Programme costs



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

### **1.16 Administration and Programme expenditure**

The Statement of Net Comprehensive Expenditure is analysed between administration and programme income and 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.

### **1.17 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 Core Department also keeps a record of notional costs incurred by the Parades Commission, but does not recognise these as grant funding in its core financial statements. These costs are instead reported by the Parades Commission in its separate annual report and accounts.

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 they are paid.

### **1.18 Government grants receivable**

The Department acts as an agent in transferring funds from HM Treasury to the Northern Ireland Consolidated Fund, in respect of European Union (EU) grants and Northern Ireland Consolidated Fund grant in aid. The Northern Ireland Consolidated Fund is managed by the Department of Finance and Personnel (DFP). DFP has responsibility for distributing such funds to Northern Ireland Departments, which account for grants received. The income and expenditure in respect of such EU grants and Northern Ireland Consolidated Fund grant in aid is disclosed in the notes to the accounts.

The Department recognises these grants when received.

### **1.19 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 Statement of Net Comprehensive Expenditure on a straight-line basis over the period of the lease.

## 1.20 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.

## 1.21 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.

## 1.22 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction.

## 1.23 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.

## 1.24 Insurance

Only insurance costs in respect of motor vehicles are charged to the Consolidated Statement of Net Comprehensive 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 Statement of Net Comprehensive Expenditure. Instead, expenditure in connection with uninsured risks is charged as incurred.

## 1.25 Notional charges

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

## 1.26 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.

## 1.27 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 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 Statement of Net Comprehensive 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.

### **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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as defined above net of outstanding bank overdrafts.

### ***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 Statement of Net Comprehensive 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 Statement of Net Comprehensive 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 Statement of Net Comprehensive 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 transactions 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.

### **1.28 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) – Depreciation of non-current assets**

Depreciation is provided in the consolidated accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.6.

**(ii) – Impairment of non-current assets**

Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

**(iii) – 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.

**(iv) – 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 the appropriate charge-out rates and unbilled time charges. 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.

**1.29 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2012**

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.

The following standards had a material impact on the financial statements:

- IFRS 8 – Operating Segments; and
- IAS 24 – Related Party Transactions (amendment).

The Department has reviewed the remaining standards, interpretations and amendments to published standards that became effective during 2011-12 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the Department's financial position or results.

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

The NIO has not adopted any Standards or Interpretations in advance of the required implementation dates. It is not expected that any Standards or Interpretations that have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

**1.31 Machinery of Government Changes**

Machinery of Government changes which involve the transfer of functions or responsibilities between two or more government departments are accounted for using merger accounting in accordance with FReM. The prior year comparatives are restated as if the current departmental structure had always existed in its present form. There was one transfer of function with a net book value of £33,000 from the Department of Justice to the NIO during the year.

## 2. Net Outturn

### 2.1 Analysis of net resource outturn by section

								2011-12	2010-11	
								£000	Restated £000	
Outturn								Estimate	Outturn	
Administration			Programme							
Gross	Income	Net	Gross	Income	Net	Total	Net Total	Net Total Compared to estimate	Total	
<b>Spending in Departmental Expenditure Limits (DEL)</b>										
<i>Voted:</i>										
A - Northern Ireland Office	19,954	(8,092)	11,862	7,191	(369)	6,822	18,684	23,156	4,472	34,839
B - Northern Ireland Human Rights Commission	1,449	-	1,449	159	-	159	1,608	1,625	17	1,692
C - Parades Commission	717	-	717	217	-	217	934	988	54	965
<i>Non-voted:</i>										
D - Funding of elections	-	-	-	2,906	-	2,906	2,906	2,700	(206)	2,868
	22,120	(8,092)	14,028	10,473	(369)	10,104	24,132	28,469	4,337	40,364
<b>Annually Managed Expenditure (AME)</b>										
<i>Voted</i>										
E - Northern Ireland Office	-	-	-	(519)	-	(519)	(519)	(176)	343	407
<i>Non-budget</i>										
F - Grant Payable to the Northern Ireland Consolidated Fund	-	-	-	13,332,000	-	13,332,000	13,332,000	14,141,000	809,000	13,373,000
<b>Total</b>	<b>22,120</b>	<b>(8,092)</b>	<b>14,028</b>	<b>13,341,954</b>	<b>(369)</b>	<b>13,341,585</b>	<b>13,355,613</b>	<b>14,169,293</b>	<b>813,680</b>	<b>13,413,771</b>

#### Explanation of variances

In-year savings were realised as a result of: the early delivery of efficiency savings; the release of money held as a contingency against a possible VAT liability which did not materialise; and the final outworkings of the split in the pre-devolution budget.

In addition, funds requested by the Northern Ireland Executive were not drawn by the Northern Ireland Departments during the financial year.

## 2.2 Analysis of net capital outturn by section

				2011-12		2010-11
				£000		<i>Restated</i>
	Gross	Income	Outturn Net	Net	Estimate Net Total Outturn Compared with estimate: saving/ (excess)	Outturn Net
<b>Spending in Departmental Expenditure Limits (DEL)</b>						
Voted:						
A - Northern Ireland Office	160	-	160	390	230	287
B - Northern Ireland Human Rights Commission	-	-	-	-	-	-
C - Parades Commission	-	-	-	-	-	-
Non-voted:						
D - Funding of elections	-	-	-	-	-	-
	160	-	160	390	230	287
<b>Annually Managed Expenditure (AME)</b>						
Voted						
F - Northern Ireland Office	-	-	-	-	-	-
<b>Total</b>	<b>160</b>	<b>-</b>	<b>160</b>	<b>390</b>	<b>230</b>	<b>287</b>



### 3. Reconciliation of outturn to net operating cost and against Administration Budget

#### 3.1 Reconciliation of net resource outturn to net operating cost

	2011-12 £000	2010-11 <i>Restated</i> £000
Note	Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply		
Budget	23,613	40,771
Non-budget	13,332,000	13,373,000
<b>Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure</b>	<b>13,355,613</b>	<b>13,413,771</b>

Further details regarding financial performance are contained within the Management Commentary.

#### 3.2 Outturn against final Administration Budget and Administration net operating cost

	2011-12 £000	2010-11 £000 <i>Restated</i>
	Outturn	Outturn
<b>Estimate – administration costs limit</b>	<b>16,234</b>	<b>18,143</b>
Outturn - Net administration costs per 2010-11 annual accounts	-	15,043
Outturn – Gross administration costs per 2010-11 annual accounts	-	22,317
Outturn – prior year Reconciling items	-	1,876
Outturn –Gross administration costs (prior year restated)	22,120	24,193
Outturn – Gross Income relating to administration costs	(8,092)	(7,274)
<b>Outturn – Net administration costs</b>	<b>14,028</b>	<b>16,919</b>
Reconciliation to operating costs:		
Less: provisions utilised (transfer from programme)	(131)	-
<b>Administration net operating costs</b>	<b>13,897</b>	<b>16,919</b>

### 4. Reconciliation of net cash requirement to increase in cash

	2011-12 £000	2010-11 £000 <i>Restated</i>
Net cash requirement – core department	(13,356,504)	(13,406,329)
From the consolidated fund (supply) – current year	13,369,000	13,666,308
Amounts due to the consolidated fund received and not paid over	11	29
Amounts due to the consolidated fund in prior year and paid over	(2,878)	(3,031)
Amount payable to the Department of Justice and paid over	(4,186)	-
Amount payable to the Department of Justice and not paid over	6,198	4,186
Increase / decrease in cash held by core department	11,641	261,163
Add – Increase / (decrease) in cash held by arms' length bodies	210	(74)
<b>Net increase / (decrease) in cash held by departmental group</b>	<b>11,851</b>	<b>261,089</b>

## 5. Income payable to the Consolidated Fund

### 5.1 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 2011-12		Outturn 2010-11	
	Income	£000 <i>Receipts</i>	Income	<i>Restated</i> £000 <i>Receipts</i>
Operating income outside the ambit of the estimate	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>	-	-	-	-

### 5.2. Consolidated Fund Income

Consolidated Fund income shown in note 5.1 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:

	2011-12	2010-11
	£'000	£'000
Income from Election Office activities funded by the Consolidated Fund	11	29
Amount payable to the Consolidated Fund	11	29
Balance held at the start of the year	-	-
Payments into the Consolidated Fund	11	29
Balance held in trust at the end of the year	-	-

## 6. Statement of Operating Costs by Operating Segment

The NIO organises itself by group and reports income and expenditure by group to the Board each month. The four Groups that operate within the NIO are:

- Business Delivery Group;
- Constitutional and Political Group;
- Security and Legacy Group; and
- Crown Solicitor's Office.

Information on amounts paid to the Northern Ireland Consolidated Fund (NICF) is not included in the management information reported to the board. However, details of these payments are included as a separate operating segment in the analysis below.

In May 2012 the Board received management information containing summary of spend from 1 April 2011 to 31 March 2012. This information is reproduced in the table below. The financial information is taken from the accounting system before the final year-end procedures are carried out. Consequently there are differences between the data included in the management information, and the final financial results for the year.

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.

Management information presented to the Board does not contain details of payments made to the Northern Ireland Consolidated Fund. These payments are included as expenditure within the Consolidated Statement of Comprehensive Net Expenditure, and represent the majority of total expenditure. Consequently these costs have been included as an operating segment below.

						2011-12
	£000	£000	£000	£000	£000	£000
	NICF	BDG	CPG	SLG	CSO	Total
<u>Administration</u>						
Gross administration costs	-	12,516	2,577	1,789	4,404	21,286
Receipts	-	(240)	(239)	(34)	(6,215)	(6,728)
Net Administration Costs	-	12,276	2,338	1,755	(1,811)	14,558
<u>Programme</u>						
Gross programme costs	13,332,000	78	5,143	3,857	100	13,341,178
Receipts	-	-	(263)	(41)	-	(304)
Net programme costs	13,332,000	78	4,880	3,816	100	13,340,874
Overall Costs	<b>13,332,000</b>	<b>12,354</b>	<b>7,218</b>	<b>5,571</b>	<b>(1,711)</b>	<b>13,355,432</b>

						2010-11
	£000	£000	£000	£000	£000	£000
	NICF	BDG	CPG	SLG	CSO	Total
<u>Administration</u>						
Gross administration costs	-	13,005	2,467	2,034	4,749	22,255
Receipts	-	(210)	(63)	(12)	(6,441)	(6,726)
Net Administration Costs	-	12,795	2,404	2,022	(1,692)	15,529
<u>Programme</u>						
Gross programme costs	13,373,000	107	8,436	9,584	115	13,391,242
Receipts	-	-	(190)	(369)	-	(559)
Net programme costs	13,373,000	107	8,246	9,215	115	13,390,683
Overall Costs	<b>13,373,000</b>	<b>12,902</b>	<b>10,650</b>	<b>11,237</b>	<b>(1,577)</b>	<b>13,406,212</b>

**Description of segments:****Business Delivery Group**

Business Delivery Group (BDG) provides the overarching support services for the day to day work of the Department including both Press Office and Private Office functions. As well as managing key contracts for IT, corporate services and HR support, BDG also manages the Departmental estate including both Hillsborough Castle and Stormont House in Northern Ireland. BDG retains responsibility for managing the Department's information and physical security functions as well as providing the interface for evidential issues relating to the ongoing public inquiries. BDG also manages all corporate governance issues within the Department including support on sponsoring Arms Length Bodies (ALBs) as well as both risk management and business planning processes. It has a sponsoring role in respect of the Civil Service Commissioners for Northern Ireland.

**Constitutional and Political Group**

Constitutional and Political Group (CPG) is responsible for advising on the implementation of the Agreements and on other constitutional and devolution issues, and for providing advice on the political climate in Northern Ireland. CPG looks after policy relating to Northern Ireland elections and human rights, and has some responsibility for equality matters. It sponsors the Northern Ireland Human Rights Commission, the Boundary Commission for Northern Ireland, and the Electoral Office for Northern Ireland. It is also responsible for arranging and supporting VVIP visits. The British-Irish Intergovernmental Secretariat is also part of this Group.

**Security and Legacy Group**

Security and Legacy Group (SLG) is responsible for national security strategy, policy and legislation in Northern Ireland. It leads on implementing the Government's approach to national security in Northern Ireland, and handles the NIO's responsibilities for the Home Protection Scheme and other security related matters such as national security related firearms appeals and maintaining the Department's crisis response arrangements. SLG also leads on Northern Ireland counter-terrorism legislation, sponsors the Independent Commission for the Location of Victims' Remains (ICLVR) jointly with the Irish Government, and also sponsors the Sentence Review Commissioners (SRC). SLG liaises with the Executive, as appropriate, on policing and justice matters. In addition, the Group deals with legacy issues, including developing policy on the past and sponsorship of the Pat Finucane Review.

**The Crown Solicitor's Office for Northern Ireland**

The Crown Solicitor for Northern Ireland is a statutory appointee under section 35 of the Northern Ireland Constitution Act 1973 (as amended). The staff of the Crown Solicitor's Office are all members of the Northern Ireland Civil Service, employed by the Department of Finance and Personnel (DFP) for Northern Ireland, seconded to the Northern Ireland Office and posted to the Crown Solicitor's Office. The Crown Solicitor's Office does not form part of the core of the Northern Ireland Office operationally, but its budget forms part of the NIO Vote and accordingly its activities are recorded as

part of these accounts.

### Funding for the Northern Ireland Consolidated Fund (NICF)

The Northern Ireland Office is responsible for the provision of 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.

## 6.1 Reconciliation between Operating Segments and Statement of Comprehensive Net Expenditure

	2011-12 £000 Total	2010-11 £000 Total
Total net expenditure by operating segment	<b>13,355,432</b>	13,406,212
Reconciling items:		
Current Grants paid out	-	8,000
Accounting adjustments	<b>181</b>	(441)
Total net expenditure per statement of comprehensive net expenditure	<b>13,355,613</b>	13,413,771

## 6.2 Reconciliation between operating segments and resource outturn

	2011-12 £000 Total	2010-11 £000 Total
net expenditure by operating segment:		
- NICF	<b>13,332,000</b>	13,373,000
- BDG	<b>12,535</b>	12,461
- CPG	<b>7,218</b>	18,650
- SLG	<b>5,571</b>	11,237
- CSO	<b>(1,711)</b>	(1,577)
Total net expenditure by operating segment:	<b>13,355,613</b>	13,413,771
Split as follows:		
- Northern Ireland Office	<b>18,165</b>	35,246
- Northern Ireland Human Rights Commission	<b>1,608</b>	1,692
- Parades Commission	<b>934</b>	965
- Funding of Elections	<b>2,906</b>	2,868
- Grant Payable to the Northern Ireland Consolidated Fund	<b>13,332,000</b>	13,373,000
Total resource outturn per statement of Parliamentary Supply:	<b>13,355,613</b>	13,413,771

## 7. Staff numbers and related costs

Staff costs comprise:	2011-12					2010-11
	Total	Permanently Employed and inward seconded Staff	Others	Ministers	Special Advisors	<i>Restated</i> £000
Wages and salaries	10,854	10,199	506	109	40	13,205
Social security costs	909	891	3	11	4	1,276
Other pension costs	1,758	1,744	6	-	8	2,209
<b>Sub Total</b>	<b>13,521</b>	<b>12,834</b>	<b>515</b>	<b>120</b>	<b>52</b>	<b>16,691</b>
Less recoveries in respect of outward secondments	(475)	(475)	-	-	-	(56)
<b>Total net costs*</b>	<b>13,046</b>	<b>12,359</b>	<b>515</b>	<b>120</b>	<b>52</b>	<b>16,635</b>
<b>Of which:</b>						
Core department	<b>11,404</b>	<b>10,810</b>	<b>422</b>	<b>120</b>	<b>52</b>	<b>14,826</b>
Other designated bodies	<b>1,642</b>	<b>1,549</b>	<b>93</b>	-	-	<b>1,809</b>

\*Of the total, £0 (2010-11: £0) has been charged to capital

The Principal Civil Service Pension Scheme (PCSPS) and PCSPS (NI) are unfunded multi-employer defined benefit schemes but 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 2007. Details of the PCSPS can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)). Details of the PCSPS (NI) are available in the PCSPS (NI) resource accounts.

For 2011-12, total employers' contributions of £1,504,713 (2010-11: £1,984,732) were payable to PCSPS (NI) and PCSPS at rates in the range 16.7 to 24.3 per cent of pensionable pay for PCSPS and 18 to 25 per cent of pensionable pay for PCSPS (NI), based on salary bands. The difference between this amount and the amount disclosed above relates to pension costs recouped on seconded staff. The PCSPS and PCSPS (NI) schemes actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2011-12 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £928 (2010-11: £11,533) 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 (2010-11: 3 to 12.5 per cent) of pensionable pay. In addition, employer contributions of 0.8 per cent (2010-11: 0.8 per cent) of the individuals' pensionable earnings were payable to the PCSPS and to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting date were £nil, as the contributions are paid over to the pension providers on a monthly basis. Contributions prepaid at that date were £nil.

No person (2010-11: 3 persons) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £nil (2010-11 £18,679)

### Average number of persons employed

The average number of full-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as in other bodies included within the core departmental boundary (including senior management, ministers, special advisors, staff on secondment or loan into the Department and agency/temporary staff, but excluding staff on secondment to other organisations).

						2011-12 Number	2010-11 Number
	Total	Permanent Staff	Inward Secondments	Others	Ministers	Special Advisors	Total
Northern Ireland Office core department staff	307	84	212	8	2	1	320
Other staff**	38	18	10	10	-	-	41
<b>Total*</b>	<b>345</b>	<b>102</b>	<b>222</b>	<b>18</b>	<b>2</b>	<b>1</b>	<b>361</b>

\*No staff members were engaged on capital projects. (2010-11: Nil)

\*\*Other staff includes those working in the NIO's designated Arms' Length bodies, consolidated within the departmental group accounts.

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

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£100,000	nil (nil)	nil (1)	nil (1)
£100,000-£150,000	nil (nil)	nil (nil)	nil (nil)
£150,000-£200,000	nil (nil)	nil (1)	nil (1)
£200,000-£250,000	nil (nil)	nil (nil)	nil (nil)
£250,000-£300,000	nil (nil)	nil (1)	nil (1)
<b>Total number of exit packages</b>	<b>nil (nil)</b>	<b>nil (3)</b>	<b>nil (3)</b>
<b>Total resource cost /£</b>	<b>nil (nil)</b>	<b>nil (444,849)</b>	<b>nil (444,849)</b>

No staff left under any compensation scheme during the year.

Figures in brackets relate to 2010-11.

## 8. Other Administration Costs

	Note	2011-12 £000		2010-11 £000	
		Core Department	Departmental Group	<i>Restated</i> Core Department	<i>Restated</i> Departmental Group
<b>Rentals under operating leases:</b>					
Hire of plant and machinery		362	362	33	33
Other operating leases		1,111	1,269	1,239	1,414
		<b>1,473</b>	<b>1,631</b>	<b>1,272</b>	<b>1,447</b>
<b>Non-cash items (Note a):</b>					
Depreciation and amortisation of non-current assets:					
Property, plant and equipment	11	1,472	1,545	1,604	1,676
Intangible assets	12	49	50	163	163
Loss on disposal of non-current assets	11,12	-	-	3	3
Impairments	11,12	18	18	82	82
Auditor's remuneration and expenses		52	52	37	37
Provisions:					
Provided in year	19	-	-	14	14
		<b>1,591</b>	<b>1,665</b>	<b>1,903</b>	<b>1,975</b>
<b>Other expenditure:</b>					
Auditor's remuneration and expenses		-	23	-	8
All other expenditure		6,890	7,533	6,461	7,094
		<b>6,890</b>	<b>7,556</b>	<b>6,461</b>	<b>7,102</b>
<b>Total</b>		<b>9,954</b>	<b>10,852</b>	<b>9,636</b>	<b>10,524</b>



## 9. Programme Costs

Note	2011-12 £000		2010-11 £000	
	Core Department	Departmental Group	<i>Restated</i> Core Department	<i>restated</i> Departmental Group
<b>Current grants and other expenditure</b>				
Grant in aid to NDPBs	2,496	-	2,565	-
Other expenditure	4,825	4,829	16,332	16,332
<b>Rentals under operating leases:</b>				
Hire of plant and machines	234	234	11	11
Other operating leases	180	180	1,477	1,477
	<b>7,735</b>	<b>5,243</b>	<b>20,385</b>	<b>17,820</b>
<b>Non-cash items:</b>				
Depreciation	11	237	240	240
Amortisation	12	44	56	56
Impairments	11,12	1	9	9
Loss on disposal of non-current assets	11,12	-	50	50
Provisions:				
Provided in year	19	264	483	483
Written back in year	19	(533)	(90)	(90)
Consolidated Fund Standing Services (note a)		64	85	85
Auditor's remuneration and expenses		14	8	8
	<b>91</b>	<b>91</b>	<b>841</b>	<b>841</b>
<b>Consolidated Fund Standing Services</b>				
	2,842	2,842	2,783	2,783
	<b>10,668</b>	<b>8,176</b>	<b>24,009</b>	<b>21,444</b>
Northern Ireland Consolidated Fund :				
Grant	13,332,000	13,332,000	13,373,000	13,373,000
National Loans Fund interest	85,655	85,655	91,036	91,036
EU grants	30,582	30,582	43,931	43,931
	<b>13,448,237</b>	<b>13,448,237</b>	<b>13,507,967</b>	<b>13,507,967</b>
<b>Total</b>	<b>13,458,905</b>	<b>13,456,413</b>	<b>13,531,976</b>	<b>13,529,411</b>

## Note:

- a. 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 and are referred to as Consolidated Fund Standing Services. As the cash does not pass through the Department's accounts, the expenditure is accounted for as a non-cash item.
- b. Pension benefits for the CEO for Northern Ireland are on a broadly by-analogy to the Principal Civil Service Pension Scheme (PCSPS) basis. This provides for benefits on a final salary basis accruing at 1/80<sup>th</sup> of pensionable salary for each year of service and an

automatic lump sum of three times the pension. The actual payments come from the Consolidated Fund under section 14 (8) of the Electoral Law Act (NI) 1962.

## 10. 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 2011-12, all operating income was within the budget.

### 10.1 Analysis of operating income

	2011-12 £000		2010-11 £000	
			<i>Restated</i>	<i>Restated</i>
	Core department	Departmental group	Core department	Departmental group
<b>Administration income:</b>				
CSO Fees and Charges	7,537	7,537	6,990	6,990
Other administrative income	555	555	284	284
	<b>8,092</b>	<b>8,092</b>	<b>7,274</b>	<b>7,274</b>
<b>Programme income:</b>				
<i>Operating income</i>				
Recovery of costs - International Bodies	-	-	369	369
Other	369	369	155	189
	8,461	8,461	7,798	7,832
<i>Other income (Note a)</i>				
National Loans Fund interest	85,655	85,655	91,036	91,036
Income from EU for NI programmes	30,582	30,582	43,931	43,931
	<b>116,237</b>	<b>116,237</b>	<b>134,967</b>	<b>134,967</b>
<b>Total</b>	<b>124,698</b>	<b>124,698</b>	<b>142,765</b>	<b>142,799</b>

#### Note

- a. 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 9.

**10.2 Fees and charges**

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

	2011-12 £000			2010-11 £000		
	Income	Full Cost	Surplus/ (deficit)	<i>Restated</i> Income	<i>Restated</i> Full Cost	<i>Restated</i> Surplus/ (deficit)
Crown Solicitor's Office	7,537	(4,032)	3,505	6,990	(5,391)	1,599
<b>Total</b>	<b>7,537</b>	<b>(4,032)</b>	<b>3,505</b>	<b>6,990</b>	<b>(5,391)</b>	<b>1,599</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 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.

The CSO has previously reported an over recovery of costs mainly as a result of considerably higher than expected activity in a particular case type. In light of this, and to reflect process efficiency improvements in the delivery of these cases, the Department reduced the relevant fees by 5% from 1 September 2010 and by a further 15% from 1 April 2011.

**11. Property, plant and equipment – Departmental Group**

	Heritage Assets & 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 2011	64,718	196	2,508	3,762	165	<b>71,349</b>
Additions	-	-	85	28	-	<b>113</b>
Disposals	-	-	-	(3)	-	<b>(3)</b>
Transfers to PPE	-	-	-	71	(71)	<b>-</b>
Transfers to MOG	-	-	202	5	-	<b>207</b>
Impairment	-	-	(3)	(22)	-	<b>(25)</b>
Revaluations (note a&b)	(1,287)	3	2	(2)	-	<b>(1,284)</b>
<b>At 31 March 2012</b>	<b>63,431</b>	<b>199</b>	<b>2,794</b>	<b>3,839</b>	<b>94</b>	<b>70,357</b>
<b>Depreciation</b>						
At 1 April 2011	5,860	55	1,623	3,102	-	<b>10,640</b>
Charged in year	1,178	44	243	316	-	<b>1,781</b>
Disposals	-	-	-	(3)	-	<b>(3)</b>
Transfer to MOG	-	-	170	4	-	<b>174</b>
Impairment	-	-	(3)	(19)	-	<b>(22)</b>
Revaluations (note a&b)	(7,038)	1	-	(2)	-	<b>(7,039)</b>
<b>At 31 March 2012</b>	<b>-</b>	<b>100</b>	<b>2,033</b>	<b>3,398</b>	<b>-</b>	<b>5,531</b>
<b>Carrying Amount at 31 March 2012</b>	<b>63,431</b>	<b>99</b>	<b>761</b>	<b>441</b>	<b>94</b>	<b>64,826</b>
<b>Carrying Amount at 31 March 2011</b>	<b>58,858</b>	<b>141</b>	<b>885</b>	<b>660</b>	<b>165</b>	<b>60,709</b>
Of the Total:						
Department	<b>63,431</b>	<b>-</b>	<b>755</b>	<b>404</b>	<b>94</b>	<b>64,684</b>
Other designated bodies	<b>-</b>	<b>99</b>	<b>6</b>	<b>37</b>	<b>-</b>	<b>142</b>
<b>Carrying amount at 31 March 2012</b>	<b>63,431</b>	<b>99</b>	<b>761</b>	<b>441</b>	<b>94</b>	<b>64,826</b>

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

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

	Heritage Assets & Antiques <i>Restated</i> £000	Leasehold improvements <i>Restated</i> £000	Plant & Machinery <i>Restated</i> £000	Information Technology <i>Restated</i> £000	Assets Under Construction <i>Restated</i> £000	Total <i>Restated</i> £000
<b>Cost or valuation</b>						
At 1 April 2010	64,544	190	2,322	3,758	506	71,320
Additions	-	-	103	31	165	299
Disposals	-	-	(36)	(134)	-	(170)
Transfers to Intangibles	-	-	-	-	(250)	(250)
Transfers to PPE	-	-	-	256	(256)	-
Impairment	-	-	(9)	(107)	-	(116)
Revaluations (note a&b)	174	6	128	(42)	-	266
<b>At 31 March 2011</b>	<b>64,718</b>	<b>196</b>	<b>2,508</b>	<b>3,762</b>	<b>165</b>	<b>71,349</b>
<b>Depreciation</b>						
At 1 April 2010	4,581	15	1,315	2,784	-	8,695
Charged in year	1,147	39	242	488	-	1,916
Disposals	-	-	(15)	(107)	-	(122)
Impairment	-	-	(4)	(23)	-	(27)
Revaluations (note a&b)	132	1	85	(40)	-	178
<b>At 31 March 2011</b>	<b>5,860</b>	<b>55</b>	<b>1,623</b>	<b>3,102</b>	<b>-</b>	<b>10,640</b>
<b>Carrying Amount at 31 March 2011</b>	<b>58,858</b>	<b>141</b>	<b>885</b>	<b>660</b>	<b>165</b>	<b>60,709</b>
<b>Carrying Amount at 31 March 2010</b>	<b>59,963</b>	<b>175</b>	<b>1,007</b>	<b>974</b>	<b>506</b>	<b>62,625</b>
Of the Total:						
Department	58,858	-	855	626	165	60,504
Other designated bodies	-	141	30	34	-	205
<b>Carrying amount at 31 March 2011</b>	<b>58,858</b>	<b>141</b>	<b>885</b>	<b>660</b>	<b>165</b>	<b>60,709</b>

## Notes

- Hillsborough Castle and its contents have been valued by the LPS and an independent estate agent for the purposes of these accounts. The most recent valuation was at 31 March 2012.
- Heritage assets and antiques comprise Hillsborough Castle and its surrounding estate. It has historical importance as the principal seat in Ireland of the Marquesses of Downshire for well over 200 years. The present building dates from the 1770s with 19<sup>th</sup> and 20<sup>th</sup> 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 the summer months.

**12. Intangible assets – Departmental Group**

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

	2011-12	2010-11
	£000	<i>Restated</i> £000
<b>Cost or valuation</b>		
Opening balance	1,621	1,469
Additions	53	4
Transfer from Assets Under Construction	-	250
Disposals	(66)	(61)
Transfers	-	(7)
Impairment	(7)	(5)
Revaluation	(4)	(29)
<b>Closing balance</b>	<b>1,597</b>	<b>1,621</b>
<b>Amortisation</b>		
Opening balance	1,388	1,266
Charged in year	94	219
Disposals	(66)	(61)
Transfers	-	(7)
Impairment	(7)	(3)
Revaluation	(3)	(26)
<b>Closing balance</b>	<b>1,406</b>	<b>1,388</b>
<b>Carrying Amount at 31 March 2012</b>	<b>191</b>	<b>233</b>
<b>Carrying Amount at 31 March 2011</b>	<b>233</b>	<b>203</b>
Of the total		
Department	188	229
Other designated bodies	3	4
	<b>191</b>	<b>233</b>

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

**13. Financial Instruments****Department of Finance & Personnel On-lent National Loans Fund Loans**

	31 March 2012	31 March 2011
	£000	<i>Restated</i> £000
Balance at 1 April	1,402,420	1,479,279
Additions	375,000	36,900
Repayments	(108,597)	(113,759)
<b>Balance at 31 March</b>	<b>1,668,823</b>	<b>1,402,420</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:

	2011-12 £000	2010-11 <i>Restated</i> £000
Current assets	122,923	108,017
Non-current assets	1,545,900	1,294,403
<b>Balance at 31 March</b>	<b>1,668,823</b>	<b>1,402,420</b>

IFRS 7 *Financial Instruments: Disclosures* requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of the non-trading nature of its activities and the way in which Government Departments are financed, the Northern Ireland Office is not exposed to the degree of financial risk faced by business entities.

The Department has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change risks facing the Department in undertaking its activities.

### ***Classification of financial instruments***

All departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as loans and receivables and comprise trade and other receivables (Note 16) and cash and cash equivalents (Note 17). The Department's financial liabilities comprise payables excluding tax assets, accruals and deferred income (Note 18). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities. The Department recognises the components of net gain/loss through the Statement of Net Comprehensive Expenditure. Interest on financial instruments is recognised in finance costs (Note 6) under Programme Costs.

### ***Risk Management***

Financial risks include credit risk, liquidity risk and market risks (interest rate and currency).

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Department is not exposed to significant credit risk and manages its exposure via credit risk management policies which require review of the credit history of the organisations that the Department wishes to trade with. Publically available credit information from recognised providers is utilised for this purpose where available. The maximum exposure to

credit risk is represented by the carrying amounts of the trade receivables carried in the statement of financial position.

### ***Liquidity risk***

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

### ***Currency Risk***

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Department acts as an agent in transferring funds from HM Treasury to the Northern Ireland Consolidated Fund in respect of European Union (EU) grants. However payments are only made by the Department based on the sterling value of funding received and there was therefore no exposure to currency risk. The Department does not have the authority to manage currency risk through hedging.

### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Department's financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

## **14. Impairments**

The Department did not have any fixed asset impairments, other than those disclosed in notes 11 and 12.

## **15. Inventories**

The Department does not hold any inventories.



## 16. Trade receivables and other current assets

	2011-12 £000		2010-11 £000	
	Core Department	Departmental Group	<i>Restated</i> Core Department	<i>Restated</i> Departmental Group
<b>Amounts falling due within one year:</b>				
Trade receivables	4,154	4,154	1,736	1,736
Work in progress	3,667	3,667	4,333	4,333
Other receivables	109	109	91	91
Prepayments and accrued income	1,003	1,033	898	953
	<b>8,933</b>	<b>8,963</b>	<b>7,058</b>	<b>7,113</b>
<b>Amounts falling due after more than one year:</b>	-	-	-	-
<b>Total</b>	<b>8,933</b>	<b>8,963</b>	<b>7,058</b>	<b>7,113</b>

## 16.1 Intra-Government Balances – Core Department

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011-12 £000	2010-11 £000	2011-12 £000	2010-11 £000
	<i>Restated</i>			<i>Restated</i>
Balances with other central government bodies	8,644	6,146	-	-
Balances with local authorities	6	129	-	-
Balances with public corporations and trading funds	9	13	-	-
<b>Subtotal: Intra-government balances</b>	<b>8,659</b>	<b>6,288</b>	-	-
Balances with bodies external to government	274	770	-	-
<b>Total receivable at 31 March</b>	<b>8,933</b>	<b>7,058</b>	-	-

## 16.2 Intra-Government Balances – Departmental Group

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011-12 £000	2010-11 £000 <i>Restated</i>	2011-12 £000	2010-11 £000 <i>Restated</i>
Balances with other central government bodies	8,645	6,146	-	-
Balances with local authorities	6	130	-	-
Balances with public corporations and trading funds	9	13	-	-
<b>Subtotal: Intra-government balances</b>	<b>8,660</b>	<b>6,289</b>	-	-
Balances with bodies external to government	303	824	-	-
<b>Total receivable at 31 March</b>	<b>8,963</b>	<b>7,113</b>	-	-

The Department of Finance and Personnel On-Lent National Loans Fund loans are all held with central government bodies. At 31 March 2012 £122,923,000 were held as current assets (2011: £108,017,000) and £1,545,900,000 were held as non-current assets (2011: £1,294,403,000).

## 17. Cash and cash equivalents

	2011-12 £000		2010-11 £000	
	Core Department	Departmental Group	<i>Restated</i> Core Department	<i>Restated</i> Departmental Group
Balance at 1 April 2011	271,860	272,143	10,697	11,053
Net change in cash balance	11,641	11,851	261,163	261,090
<b>Balance at 31 March 2012</b>	<b>283,501</b>	<b>283,994</b>	<b>271,860</b>	<b>272,143</b>
The following balances at 31 March are held at:				
Government Banking Service	281,409	281,409	266,648	266,648
Commercial banks and cash in hand	2,092	2,585	5,212	5,495
<b>Balance at 31 March 2012</b>	<b>283,501</b>	<b>283,994</b>	<b>271,860</b>	<b>272,143</b>

## 18. Trade payables and other current liabilities

	2011-12 £000	2010-11 £000	<i>Restated</i> 2011-12 £000	<i>Restated</i> 2010-11 £000
Core Department	Departmental Group	Core Department	Departmental Group	Core Department
<b>Amounts falling due within one year:</b>				
Taxation and social security	72	86	79	107
Trade payables	994	1,043	919	969
Amounts payable to the Department of Justice	6,198	6,198	4,186	4,186
Other payables	-	6	42	45
Accruals and deferred income	4,587	5,244	5,170	5,648
Property, plant and equipment accruals	45	45	1	1
Current element of repayment of National Loans Fund	122,923	122,923	108,017	108,017
Amounts issued from the Consolidated Fund but not spent at year end	277,293	277,293	264,797	264,797
Amounts received due to be paid to the Consolidated Fund	11	11	2,878	2,878
	<b>412,123</b>	<b>412,849</b>	<b>386,089</b>	<b>386,648</b>
<b>Amounts falling due after more than one year:</b>				
Repayment of National Loans Fund	1,545,900	1,545,900	1,294,403	1,294,403
	<b>1,958,023</b>	<b>1,958,749</b>	<b>1,680,492</b>	<b>1,681,051</b>

## 18.1 Intra-Government Balances – Core Department

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011-12 £000	2010-11 £000 <i>Restated</i>	2011-12 £000	2010-11 £000 <i>Restated</i>
Balances with other central government bodies	407,789	384,247	1,545,900	1,294,403
Balances with local authorities	-	-	-	-
<b>Subtotal: Intra-government balances</b>	<b>407,789</b>	<b>384,247</b>	<b>1,545,900</b>	<b>1,294,403</b>
Balances with bodies external to government	4,334	1,842	-	-
<b>Total Payables at 31 March</b>	<b>412,123</b>	<b>386,089</b>	<b>1,545,900</b>	<b>1,294,403</b>

**18.2 Intra-Government Balances – Departmental Group**

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011-12 £000	2010-11 £000 <i>Restated</i>	2011-12 £000	2010-11 £000 <i>Restated</i>
Balances with other central government bodies	407,911	384,290	1,545,900	1,294,403
Balances with local authorities	9	9	-	-
<b>Subtotal: Intra-government balances</b>	<b>407,920</b>	<b>384,299</b>	<b>1,545,900</b>	<b>1,294,403</b>
Balances with bodies external to government	4,929	2,349	-	-
<b>Total Payables at 31 March</b>	<b>412,849</b>	<b>386,648</b>	<b>1,545,900</b>	<b>1,294,403</b>

**19. Provisions for liabilities and charges – Departmental Group and Core Department**

	Early Departure Costs	Compensation Payments	Litigation Claims	2011-12	2010-11
				£000	<i>Restated</i> £000
				Total	Total
Balance at 1 April	260	259	480	999	864
Provided in the year	-	-	264	264	497
Provisions not required written back	-	(119)	(414)	(533)	(90)
Provisions utilised in the year	(131)	(49)	(70)	(250)	(272)
<b>Balance at 31 March</b>	<b>129</b>	<b>91</b>	<b>260</b>	<b>480</b>	<b>999</b>

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

**19.1 Early Departure Costs: £129k (2010-11: £260k)**

The Department meets the additional costs of benefits beyond the normal PCSPS and PCSPS (NI) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS and PCSPS (NI) over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding on the Department by establishing a provision for the estimated payments.

**19.2 Compensation Payments: £91k (2010-11: £259k)**

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 are estimated including in arriving at the total expected future liability.

**19.3 Provision for Litigation Claims: £260k (2010-11: £480k)**

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.

## 20. Commitments under leases

### 20.1 Operating leases

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

	2011-12 £000		2010-11 £000	
	Core Department	Departmental Group	<i>Restated</i> Core Department	<i>Restated</i> Departmental Group
<b>Obligations under operating leases for the following periods comprise:</b>				
<b>Buildings:</b>				
Not later than one year	1,141	1,286	1,214	1,382
Later than one year and not later than 5 years	171	502	158	469
Later than five years	-	-	4	4
	<b>1,312</b>	<b>1,788</b>	<b>1,376</b>	<b>1,855</b>
<b>Other:</b>				
Not later than one year	29	29	74	79
Later than one year and not later than 5 years	31	31	27	27
Later than five years	-	-	-	-
	<b>60</b>	<b>60</b>	<b>101</b>	<b>106</b>
<b>Total</b>	<b>1,372</b>	<b>1,848</b>	<b>1,477</b>	<b>1,961</b>

### 20.2 Finance leases

The Department has no obligations under finance leases.

## 21. Commitments under PPP/PFI contracts and other service concession arrangements

The Department is not currently engaged in any PFI contracts or service concession arrangements.

## 22. Other financial and capital commitments

The Department has no financial or capital commitments.

### 22.1 Financial Guarantees, Indemnities and Letters of Comfort

The Department has indemnified members of the public inquiries and commissions against any civil liability which is incurred in the execution of their functions, unless they acted recklessly and provided that they have acted in good faith. None of these indemnities represent contingent liabilities within the meaning of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* since the likelihood of a transfer of economic benefit in settlement is too remote.

**23. Contingent liabilities disclosed under IAS 37 Provisions, Contingent Liabilities and Contingent Assets**

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 quantified although there is continuing uncertainty over the expected date of settlement in respect of these cases at the reporting date.

The Parades Commission has a contingent liability in respect of Employer's national insurance contributions. The Parades Commission does not consider it probable that payment will be required to settle the obligation.

**(b) Others**

There are a small number of further cases pending against the Department or the Secretary of State for which it is not possible to quantify any potential liability.

**24. Events after the reporting period**

On 4 September 2012 the Rt Hon Theresa Villiers MP succeeded the Rt Hon Owen Paterson MP as Secretary of State for Northern Ireland.

The Northern Ireland Office's Annual Report and Accounts is laid before the House of Commons by HM Treasury. The Northern Ireland Office is required to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are dispatched by the Northern Ireland Office to HM Treasury.

The authorised date for issue is 13 September 2012.

**25. Losses and special payments**

The Department has no material losses or special payments. (2010-11 £nil)

**26. 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.

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.

John King is a non-executive board member of Entrust. He is also a director in Abbey National Group Pension Trustees Ltd and National & Provincial BS Pension Fund Trustees Ltd as well as being a trustee of Scottish Mutual Assurance plc and Alliance & Leicester Pension Scheme. The Department had no transactions with these organisations.

## **27. 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 20 Cash and cash equivalents.

## **28. Entities within the Departmental boundary**

The entities within the boundary during 2011-12 were as follows:

### *Executive*

Northern Ireland Parades Commission \*

Northern Ireland Human Rights Commission \*

### *Non-executive / Advisory*

Boundary Commission for Northern Ireland

Chief Electoral Officer for Northern Ireland

Civil Service Commissioners 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

Robert Hamill Inquiry

Remission of Sentences Act Commissioners

Independent Chairman of the Northern Ireland Committee on Protection

\*Separate Annual Accounts are produced by these entities.

## Annex – Additional budget and financial information

TABLE 1

### The Northern Ireland Block 2007-08 to 2014-15

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	provisional outturn	plans	plans	plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Northern Ireland Office Resource<sup>(3)</sup></b>								
Northern Ireland Office Administration Costs <sup>(3)</sup>	18,569	17,511	15,112	15,530	16,294	16,147	15,975	15,332
Northern Ireland Office - other <sup>(3)</sup>	34,376	44,794	33,582	17,682	12,175	9,813	8,558	7,148
<b>Northern Ireland Office Resource<sup>(3)</sup></b>	<b>52,945</b>	<b>62,305</b>	<b>48,694</b>	<b>33,212</b>	<b>28,469</b>	<b>25,960</b>	<b>24,533</b>	<b>22,480</b>
<b>Northern Ireland Office Capital</b>								
Northern Ireland Office	846	1,033	301	8,280	390	341	291	241
<b>Northern Ireland Office Resource + Capital DEL<sup>(3)</sup></b>	<b>53,791</b>	<b>63,338</b>	<b>48,995</b>	<b>41,492</b>	<b>28,859</b>	<b>26,301</b>	<b>24,824</b>	<b>22,721</b>
<i>less depreciation &amp; impairments</i>	<i>-2,122</i>	<i>-2,425</i>	<i>-2,836</i>	<i>-2,196</i>	<i>-2,112</i>	<i>-1,966</i>	<i>-1,869</i>	<i>-1,773</i>
<b>Northern Ireland Office DEL<sup>(4)</sup></b>	<b>51,669</b>	<b>60,913</b>	<b>46,159</b>	<b>39,296</b>	<b>26,747</b>	<b>24,335</b>	<b>22,955</b>	<b>20,948</b>
<b>Northern Ireland Executive</b>								
Northern Ireland Executive Resource	8,842,539	9,185,474	9,632,807	9,963,784	9,842,015	9,919,063	9,967,282	10,027,764
Northern Ireland Executive Capital	1,117,315	1,307,069	1,277,142	1,192,128	1,002,022	887,920	838,117	889,185
<b>Northern Ireland Executive DEL<sup>(3)</sup></b>	<b>9,959,854</b>	<b>10,492,543</b>	<b>10,909,949</b>	<b>11,155,912</b>	<b>10,844,037</b>	<b>10,806,983</b>	<b>10,805,399</b>	<b>10,916,949</b>
<i>less depreciation &amp; impairments</i>	<i>-214,432</i>	<i>-237,376</i>	<i>-283,008</i>	<i>-279,822</i>	<i>-351,045</i>	<i>-386,382</i>	<i>-373,779</i>	<i>-373,423</i>
<b>Northern Ireland Executive DEL<sup>(4)</sup></b>	<b>9,745,422</b>	<b>10,255,167</b>	<b>10,626,941</b>	<b>10,876,090</b>	<b>10,492,992</b>	<b>10,420,601</b>	<b>10,431,620</b>	<b>10,543,526</b>
<b>Total Northern Ireland Block<sup>(4) (5)</sup></b>								
<sup>(6)</sup>	<b>9,797,091</b>	<b>10,316,080</b>	<b>10,673,100</b>	<b>10,915,386</b>	<b>10,519,739</b>	<b>10,444,936</b>	<b>10,454,575</b>	<b>10,564,474</b>

(1) Totals may not sum due to roundings.

(2) Includes Budgetary Changes as a result of Clear Line of Sight

(3) Including depreciation & impairments

(4) Resource + capital - depreciation & impairments

(5) By convention Departmental Expenditure Limit budgets are expressed as resource and capital less depreciation & impairments. Therefore the resource and capital numbers in this table will not sum to the Departmental Expenditure Limit: the difference being depreciation & impairments.

(6) Northern Ireland Office DEL + Northern Ireland Executive DEL net of depreciation and impairments



TABLE 2

## Changes to Northern Ireland Executive Departmental Expenditure Limit for 2010-11 to 2014-15 since June 2011

	2010-11 £m Outturn	2011-12 £m Estimated Outturn	2012-13 £m Plans	2013-14 £m Plans	2014-15 £m Plans
<b>Position at June 2011 net of depreciation</b>	10,890.2	10,405.5	10,358.1	10,355.1	10,437.1
<i>plus depreciation &amp; impairments</i>	284.8	351.0	369.9	356.7	355.9
<b>Subtotal</b>	<b>11,175.0</b>	<b>10,756.6</b>	<b>10,728.0</b>	<b>10,711.8</b>	<b>10,793.0</b>
Budgeting & classification changes					
Record NDPBs on full resource basis	0.0	0.1	28.7	31.0	58.3
Interdepartmental transfers					
to Department of Business Innovation and Skills	0.0	-11.3	0.0	0.0	0.0
to/from Northern Ireland Office (net)	-0.6	1.6	-1.2	-1.2	-1.2
Spending Policy					
Reserve Claim: Student Loans	0.0	73.6	0.0	0.0	0.0
DEL carryforward from 2010-11	0.0	23.0	0.0	0.0	0.0
Reserve Claim: Policing & Justice	0.0	131.2	0.0	0.0	0.0
Firefighters pension costs	0.0	0.0	-0.2	-0.2	0.0
Barnett Consequentials					
Autumn Statement 2011: Council Tax Freeze	0.0	22.6	0.0	0.0	0.0
Autumn Statement 2011: Growing Places	0.0	7.0	0.0	0.0	0.0
Autumn Statement 2011: Free Advice Services	0.0	0.6	0.0	0.0	0.0
Autumn Statement 2011: Transport	0.0	0.0	2.1	14.1	21.8
Autumn Statement 2011: Rail Infrastructure	0.0	0.0	0.4	0.4	1.6
Autumn Statement 2011: Growth and Green	0.0	0.0	2.9	16.2	20.3
Autumn Statement 2011: Education	0.0	0.0	12.1	22.7	27.4
Autumn Statement 2011: Housing	0.0	0.0	8.7	5.9	-0.5
Autumn Statement 2011: Youth Contract	0.0	0.0	10.3	8.7	7.5
Autumn Statement 2011: Other	0.0	0.0	8.8	-8.2	-12.3
Budget 2012: Get Britain Building	0.0	0.0	3.1	1.9	-0.5
Budget 2012: Free Advice Services	0.0	0.0	0.0	0.6	0.6
Budget 2012: Welfare	0.0	0.0	3.3	2.4	1.7
Budget 2012: Other	0.0	0.0	0.0	-0.7	-0.7
Olympics	0.0	5.4	0.0	0.0	0.0
Departmental outturn (underspend compared to final plans)					
Provisional Outturn for 2011-12	0.0	-166.3	0.0	0.0	0.0
Final Outturn for 2010-11	-18.5	0.0	0.0	0.0	0.0
<b>Subtotal</b>	<b>-19.1</b>	<b>87.5</b>	<b>79.0</b>	<b>93.6</b>	<b>123.9</b>
<b>Capital DEL plus Resource DEL</b>	<b>11,155.9</b>	<b>10,844.0</b>	<b>10,807.0</b>	<b>10,805.4</b>	<b>10,916.9</b>
<i>Less Depreciation &amp; Impairments</i>	279.8	351.0	386.4	373.8	373.4
<b>Position at June 2012 net of depreciation</b>	<b>10,876.1</b>	<b>10,493.0</b>	<b>10,420.6</b>	<b>10,431.6</b>	<b>10,543.5</b>

(1) Totals may not sum due to roundings

TABLE 3

## Cash grant paid to the Northern Ireland Consolidated Fund 2010-11: Provision and Final Outturn

	Original Provision £million	Final Provision £million	Final Outturn £million
Expenditure Classified as Departmental Expenditure Limit <sup>(1)(2)</sup>	9,754	11,330	11,157
Expenditure Classified as Annually Managed Expenditure	7,953	8,850	4,017
RRI Borrowing	271	241	237
<b>Total Managed Expenditure</b>	<b>17,978</b>	<b>20,421</b>	<b>15,410</b>
<i>Less:</i>			
Non Cash charges	-1,645	-737	1,212
Non Voted (DEL, AME & Other AME)	-8,310	-10,465	-9,315
<i>Add:</i>			
Voted Other Expenditure outside DEL	5,838	7,387	7,197
Adjustment for Prior Year 2009-10			32
Adjustment for Prior Year 2010-11			-17
<b>Supply Expenditure</b>	<b>13,860</b>	<b>16,606</b>	<b>14,518</b>
Interest Payable	119	93	91
District Council Rates	414	455	488
Consolidated Fund Standing Services (Statutory Salaries etc.)	8	8	8
Loans issued			30
Sums repaid			147
Temporary Investments			1,652
Advances from NI Consolidated Fund			0
<b>Total Expenditure</b>	<b>14,401</b>	<b>17,162</b>	<b>16,936</b>
<b>Income</b>			
RRI Borrowing	271	241	37
District Council Rates	414	455	488
Regional Rates	572	564	528
Interest Receivable	102	98	90
NICF Loan Repaid			104
Internal Departmental Funds			35
Temporary Investments			1,652
Advances from NI Consolidated Fund			0
Excess of Capital Issues over Capital Receipts			0
<b>Miscellaneous receipts</b>	<b>39</b>	<b>552</b>	<b>627</b>
<i>of which:</i>			
NICF Balance	1	0	0
Continental Shelf	0	2	2
Central Receipts	9	0	0
Misc - NIHE, Land Annuities etc			5
Excess Accruing Resources	24	27	20
CFERS	6	522	580
EU CFERS	0	0	20
<b>Total Income</b>	<b>1,399</b>	<b>1,909</b>	<b>3,563</b>
<b>Cash grant paid to Northern Ireland Consolidated Fund</b>	<b>13,002</b>	<b>15,253</b>	<b>13,373</b>

Totals may not sum due to roundings

(1) Resource and capital DEL including depreciation

(2) Figures not adjusted for subsequent budgeting changes

TABLE 4

## Cash grant paid to the Northern Ireland Consolidated Fund 2011-12: Provision and Estimated Outturn

	Original Provision £million	Final Provision £million	Estimated Outturn (3) £million
Expenditure Classified as Departmental Expenditure Limit <sup>(1) (2)</sup>	10,757	11,010	11,010
Expenditure Classified as Annually Managed Expenditure	8,987	9,052	9,052
RRI Borrowing	200	375	375
<b>Total Managed Expenditure</b>	<b>19,944</b>	<b>20,437</b>	<b>20,437</b>
<i>Less:</i>			
Non Cash charges	-1,812	-3,203	-3,203
Non Voted (DEL, AME & Other AME)	-10,068	-10,548	-10,548
<i>Add:</i>			
Voted Other Expenditure outside DEL	6,820	7,114	7,114
Utilisation of Provisions	0	965	965
Movement in Debtors / Creditors	0	447	447
Prior Period adjustment	0	17	17
<b>Supply Expenditure</b>	<b>14,885</b>	<b>15,229</b>	<b>15,229</b>
Interest Payable	93	86	86
District Council Rates	455	493	493
Consolidated Fund Standing Services (Statutory Salaries etc.)	8	8	8
<b>Total Expenditure</b>	<b>15,441</b>	<b>15,817</b>	<b>15,817</b>
<b>Income</b>			
RRI Borrowing	200	375	375
District Council Rates	455	493	493
Regional Rates	606	609	609
Interest Receivable	98	90	90
<b>Miscellaneous receipts</b>	<b>54</b>	<b>109</b>	<b>109</b>
<i>of which:</i>			
NICF Balance	0	0	0
Continental Shelf	2	2	2
Central Receipts	27	11	11
Excess Accruing Resources	25	37	37
CFERS	0	52	52
EU CFERS	0	7	7
<b>Total Income</b>	<b>1,413</b>	<b>1,676</b>	<b>1,676</b>
<b>Cash grant paid to Northern Ireland Consolidated Fund</b>	<b>14,027</b>	<b>14,141</b>	<b>14,141</b>

Totals may not sum due to roundings

(1) Resource and capital DEL including depreciation

(2) Figures not adjusted for subsequent budgetting changes

(3) A detailed breakdown of the provisional outturn is not yet available. Table 4a below compares outturn and provision

Table 4a, Cash grant paid to the NI Consolidated Fund

	Original Provision	Final Provision £ million	Final Outturn
Cash grant paid to Northern Ireland Consolidated Fund	14,027	14,141	13,332

TABLE 5

## Cash grant paid to the Northern Ireland Consolidated Fund 2012-13: Provision

	Original Provision
	£million
Expenditure Classified as Departmental Expenditure Limit (1)	10,807
Expenditure Classified as Annually Managed Expenditure	8,889
RRI Borrowing	200
<b>Total Managed Expenditure</b>	<b>19,895</b>
<i>Less:</i>	
Less Non Cash charges	-2,978
Less Non Voted (DEL, AME & Other AME)	-10,524
<i>Add:</i>	
Voted Other Expenditure outside DEL	7,197
Utilisation of Provisions	997
Movement in debtors/creditors	349
<b>Supply Expenditure</b>	<b>14,937</b>
<i>Add:</i>	
Interest Payable	86
District Council Rates	511
Consolidated Fund Standing Services (Statutory Salaries etc.)	9
<b>Total Expenditure</b>	<b>15,542</b>
<i>Income</i>	
RRI Borrowing	200
District and Regional Rates	1,123
Interest Receivable	82
ia	
<b>Miscellaneous receipts</b>	<b>81</b>
<i>of which:</i>	
Continental Shelf	2
Misc - NIHE, Land Annuities etc	0
Excess Accruing Resources	25
CFERS	50
EU CFERS	5
<b>Total Income</b>	<b>1,486</b>
<b>Cash grant paid to Northern Ireland Consolidated Fund</b>	<b>14,056</b>

Totals may not sum due to roundings

(1) Resource and capital DEL including depreciation



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