



Northern
Ireland
Office

ANNUAL REPORT AND ACCOUNTS 2021-22

HC 315

30 June 2022

Northern Ireland Office

Annual Report and Accounts 2021-22

(For the year ended 31 March 2022)

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

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

Ordered by the House of Commons to be printed on 30 June 2022

This is part of a series of Departmental publications which, along with the Main Estimates 2022-23 and the document Public Expenditure: Statistical Analyses 2021, present the Government's outturn for 2021-22 and planned expenditure for 2022-23.



© Crown copyright 2022

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at:

Governance Team
Northern Ireland Office
Erskine House
20-32 Chichester Street
Belfast
BT1 4GF

Email: Richard.Steven@nio.gov.uk

ISBN: 978-1-5286-3425-0

E02726214 06/22

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd on behalf of the Controller of Her Majesty's Stationery Office.

CONTENTS	
DIRECTORS' REPORT	PAGE 4
FOREWORD BY SECRETARY OF STATE	5
MINISTERS AND BOARD	7
PERMANENT SECRETARY'S PERSPECTIVE	8
LEAD NON-EXECUTIVE'S REPORT	10
PERFORMANCE REPORT	13
OVERVIEW	14
STRATEGIC PERFORMANCE ANALYSIS	24
CORPORATE PERFORMANCE	31
ACCOUNTABILITY REPORT	38
GOVERNANCE REPORT	39
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES	39
GOVERNANCE STATEMENT	41
REMUNERATION AND STAFF REPORT	48
REMUNERATION REPORT	49
STAFF COMPOSITION	62
PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT	64
STATEMENT OF OUTTURN AGAINST PARLIAMENTARY SUPPLY	65
CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL	73
FINANCIAL STATEMENTS	80
NOTES TO THE FINANCIAL STATEMENTS	85
ANNEXES	114

DIRECTORS' REPORT

FOREWORD BY THE SECRETARY OF STATE FOR NORTHERN IRELAND



The Right Honourable Brandon Lewis CBE MP

I am pleased to present the Northern Ireland Office Annual Report and Accounts 2021-22 to Parliament, the third report I have presented as Secretary of State for Northern Ireland. This year, as in the previous two, the UK Government and my department continued to work to protect the Belfast (Good Friday) Agreement and focused its efforts on raising prosperity, improving inclusion and societal integration, maintaining safety, and nurturing a functioning and effective devolved government.

UK Government financial support for Northern Ireland has reached unprecedented levels of investment this year. We have announced more than £730 million¹ in the new PEACE PLUS programme, and delivered £700m of New Decade New Approach (NDNA) fiscal commitments, £200m of New Deal funding, and signed off the Belfast Region City Deal.

Mindful that the Northern Ireland Protocol has created significant issues for the business community and civic society, my department has worked as a member of the Northern Ireland Protocol taskforce to find practical solutions for people in Northern Ireland.

As Northern Ireland marked its centenary year in 2021, the Northern Ireland Office successfully delivered on its NDNA commitment to mark the centenary celebrating the best of Northern Ireland, encouraging a spirit of mutual respect, inclusiveness, and reconciliation. That work proved that there is an appetite across Northern Ireland to reflect on the past, while building for the future. It is with this in mind, that we have taken forward proposals to address the legacy of Northern Ireland's past in a sensitive and respectful way, acknowledging honestly the complexities that still exist. I set out policy options for new and effective structures in this area in a Command Paper in July 2021, and introduced legislation in May 2022. We will continue to develop that work next year.

I am also very pleased to record that we have made good progress on identity and language legislation, and in May 2022 the Identity and Language (Northern Ireland) Bill was introduced to Parliament. This legislation will deliver a balanced package of measures for Northern Ireland. In May 2022 I also took further legislative steps to ensure that abortion services are available to girls and women in Northern Ireland.

Our work to create a prosperous and equal Northern Ireland heavily depends on delivering the UK Government's vision of a safer Northern Ireland. It is, therefore, very pleasing that, for the first

¹ Including match funding from the Northern Ireland Executive

time in over a decade, the threat level in Northern Ireland reduced from SEVERE to SUBSTANTIAL in March 2022.

Clearly, however, this year has also brought challenges. Following the First Minister's resignation in February 2022 and the subsequent failure of the Executive to reform post elections, my department has continued to encourage the Northern Ireland parties to return immediately to a fully functioning Executive. The people of Northern Ireland need strong local political leadership and a stable, accountable Executive that works with the Government to deliver on the issues that matter most.

As we have done during 2021-22, my department will continue to work tirelessly to deliver a levelled-up United Kingdom and to strengthen Northern Ireland's place within the United Kingdom, by making it a better place to live, to work, and to invest.

Rt. Hon Brandon Lewis CBE MP
Secretary of State for Northern Ireland

Northern Ireland Office Ministers as at 31 March 2022²



The Rt. Hon. Brandon Lewis CBE MP
Secretary of State for Northern Ireland



The Rt. Hon. Conor Burns MP
Minister of State



Lord Caine
Parliamentary Under Secretary of State

Further information on our Ministers is available on our website:

<https://www.gov.uk/government/organisations/northern-ireland-office>

Board members as at 31 March 2022³



Madeleine Alessandri
Permanent Secretary



Nick Payne
Director



Mark Larmour
Director



Chris Flatt
Director



Colin Perry
Director



Tom Carney
Director

Non-Executive Board Members⁴



Les Philpott
Lead Non-Executive Director



Louise Wilson
Non-Executive Director



Kirsten Kearney
Board Apprentice

² The Rt. Hon. Conor Burns MP was appointed Minister of State for Northern Ireland Office on 16 September 2021 replacing Robin Walker MP; Lord Caine was appointed Parliamentary Under Secretary of State at the Northern Ireland Office on 5 November 2021.

³ Tom Carney took up post as interim Director of Communications and External Relations in July 2021; Nick Payne joined NIO as Chief Operating Officer in February 2022.

⁴ Kirsten Kearney replaced Monica Kelly as the NIO Board apprentice in September 2021.

PERMANENT SECRETARY'S PERSPECTIVE ON PERFORMANCE



Madeleine Alessandri

Northern Ireland Office Permanent Secretary

In a year dominated by Covid-19, and latterly, the war in Ukraine, I am once again proud of my team for their inclusivity, flexibility, professionalism and sheer tenacity in continuing to work for the people of Northern Ireland in difficult circumstances. All that we have achieved this year is in spite of the pandemic, which caused so much disruption and suffering.

We have welcomed two new ministers into the department – Conor Burns as Minister of State, and Lord Caine as Parliamentary Under Secretary of State. Their appointments have bolstered our ministerial team, strengthening our parliamentary presence and enabled us to reach more people, organisations, and businesses in Northern Ireland through visits and engagements. We have also welcomed and supported the tireless work of the Royal Family, who visited Northern Ireland eight times in 2021-22, reaching out to all parts of the community and recognising the critical role that individuals and organisations play in promoting positive relationships and understanding.

The overarching mission of the NIO remains to deliver on the Government's commitment to strengthen Northern Ireland's place in the United Kingdom and make it a better place in which to live, work, and do business. This underpins our Outcome Delivery Plan, which sets out our four core priorities of: Prosperity, Society, Safety and Governance.

In 2021-22, we continued to focus on supporting the stable functioning of the devolved institutions in Northern Ireland. We now look forward to celebrating and reaffirming the principles of the Belfast (Good Friday) Agreement as it reaches its 25th anniversary in April 2023. The NIO was formed in the crucible of the Troubles in 1972. In February 2022, we marked our 50th anniversary as a department. This provided a moment to reflect on the role played by the NIO team over the last 50 years, and the substantial progress that has been achieved for the people of Northern Ireland. Northern Ireland has truly moved forward, becoming a more stable and more peaceful place. Our role (and size) today is very different to the one we had when we were formed. But our commitment to peace and reconciliation in Northern Ireland remains steadfast.

We have, therefore, continued with the difficult task of finding a way forward to address the legacy of the Troubles in Northern Ireland, recognising that access to information is critical to many families. In July 2021, a Command Paper was published setting out our proposals to support truth and reconciliation in Northern Ireland and new legislation was introduced in Parliament in May 2022. We have continued to engage extensively on this issue with the Irish Government, Northern Ireland political parties, and wider society in Northern Ireland. As we have listened, we have been considering how to adapt our proposals in order to deliver for those affected by the Troubles,

recognising the divergence of views, and the sensitivity of this issue, particularly for those most directly impacted.

Keeping people safe from terrorism has remained a vital part of the department's work. In March 2022, the Secretary of State announced that the threat level from terrorism in Northern Ireland has been downgraded from *SEVERE* to *SUBSTANTIAL* - the first change in 12 years. While we must continue to be vigilant, this very welcome step is testament to the progress that has been made in Northern Ireland communities, and to the hard work of the police and security services. While there is more work to do to support the Executive, and community work to tackle paramilitaries, the positive downward trajectory of the threat level is encouraging.

For Northern Ireland to continue to flourish and progress, a strong economy is vital. In December 2021, we oversaw the signing of the Belfast Region City Deal, unlocking more than £1 billion of investment in the region. The UK also announced an investment of more than £730 million in the new PEACE PLUS programme to support peace and reconciliation in Northern Ireland and we allocated £700m of New Decade New Approach financial commitments.

We have also continued to engage intensively with businesses and civic society to understand the impact of the Northern Ireland Protocol on the people of Northern Ireland, and to inform negotiations with the EU to provide the certainty businesses need and protect the stability of the Belfast/Good Friday Agreement.

2021 was also Northern Ireland's centenary year, which we marked with a balanced programme of events and initiatives to showcase the achievements and potential of all the people of Northern Ireland. This included the delivery of a business and innovation showcase, a schools programme, an arts exhibition, and much more. The '*Our Story in the Making*' web page continues to show a global audience what the people of Northern Ireland can achieve.

Against the backdrop of a challenging and busy year, the NIO moved into our new city centre premises at Erskine House in Belfast. In doing so, we have formed a new UK Government hub in Northern Ireland, provided a more modern workspace for our people, and become more accessible to our many stakeholders and partners across Northern Ireland. This sets us up well for the opportunities and challenges ahead in 2022-23.

Madeleine Alessandri CMG

Northern Ireland Office Lead Non-Executive Director's Report



Les Philpott

Lead Non-Executive Board Member and Chair of the Northern Ireland Office Audit and Risk Committee.

Introduction

This is my second report as the Northern Ireland Office's Lead Non-Executive Director, and Chair of the department's Audit & Risk Committee. My report reflects on the work of the Board and the Audit & Risk Committee over the last twelve months. It has been prepared in line with HM Treasury guidance, and is based on the information and assurances that were provided to the Board and Audit & Risk Committee during the year.

2021-22 Overview

During this reporting period, the department continued to operate flexibly and adapted well to the challenges of Covid-19. Moreover, despite continuing to operate remotely for most of the year, the department made significant progress against delivering on its new and ambitious Outcome Delivery Plan (ODP). Programme Delivery Boards for each of the four priority outcomes were established, and the risk management policy was reviewed to ensure that risks were captured and aligned with ODP outcomes. Further information on the department's achievements, challenges, and risks can be found in the Performance Report section.

The embedding of the department's ODP across the whole department, regular oversight of progress against plans by the Board, and the operational scrutiny provided by the Executive Committee, has engendered a significant step forward in the quality of reporting and, as a consequence, the level of assurance derived by the senior management team and the Board.

The Board has continued to rise to the challenge of delivering against a complex political framework, in an environment where many of the levers to achieve delivery outcomes are beyond its direct control. This has been particularly true in regard to sustaining effective governance in Northern Ireland, as well as levelling up with the rest of the UK, and achieving greater inclusion.

The Board also reviewed plans and engaged in challenging the development of strategies in respect of the use of resources, workforce planning, communications and engagement, and the arrangements for managing funding announced as part of the New Deal for Northern Ireland; as well as maintaining an oversight on financial management. The non-executive team was fully engaged in supporting the Board on the wide range of issues, by bringing their skills and experience to bear in Board level discussions, and challenging the department's management of risk.

A key focus for the next 12 months, and in the next iteration of ODP for 2022-23, which will be published later this year, will be to build on the progress made during the last reporting period to achieve the Secretary of State's vision to make Northern Ireland a better place to live, work and invest.

Board membership and effectiveness

The Board met three times during 2021-22. There were no changes to the non-executive team during the reporting period. However, Kirsten Kearney replaced Monica Kelly as the Board Apprentice in September 2021.

A review of Board effectiveness was undertaken in summer 2021 and the results were reviewed at the December meeting. The Board noted that there had been a step change in the quality of the papers and servicing of the Board and, that as a result, the Board was able to take a more holistic and strategic focus on issues. It was agreed that a Board away-day would be held in 2022 to facilitate more broadly themed discussions.

Audit and Risk Committee

The Audit and Risk Committee met four times during the year, where it conducted risk deep dives into functional areas, oversaw the work of the internal and external auditors, and took assurance from the biannual Stewardship Statements provided by senior officials and sponsored bodies.

The Audit and Risk Committee's membership changed in-year as follows: Ian Summers' term of office ended in September 2021 and was replaced by Neil Sayers, who took up the role of independent member following an open recruitment process that was publicly advertised on the Cabinet Office website and NIDirect. Louise Wilson also joined the Committee in September 2021.

The Northern Ireland Office Permanent Secretary and Accounting Officer attended all meetings of the Committee during the reporting period. Representatives from internal and external auditors also attended each meeting and provided audit reports accordingly. The Committee acknowledges that the overall internal audit opinion reported a 'moderate' level of assurance for 2021-22. I have noted the minor nature of the recommendations in these audits and am assured the department is committed to taking action on these, and the Committee will monitor progress against the implementation of all outstanding recommendations.

I am satisfied that the Committee received effective support from departmental officials and that the Northern Ireland Office operates sound governance arrangements that promote the highest levels of performance and accountability.

Relationships with other Audit Committees

The Northern Ireland Office sponsors three Non-Departmental Public Bodies (NDPBs): the Northern Ireland Human Rights Commission, the Parades Commission for Northern Ireland, and the Independent Reporting Commission.

Each of these bodies has its own Accounting Officer and the Northern Ireland Human Rights Commission and the Parades Commission for Northern Ireland operate independent Audit Committees. Due to the limited budget and responsibilities, the Independent Reporting

Commission has not established its own Audit Committee and the Northern Ireland Office Audit & Risk Committee provides this oversight instead.

During the reporting period, the Committee kept a watching brief on key issues affecting all sponsored bodies and took assurance from the updates provided by sponsor teams, the stewardship statement process, and updates on the external audit activities. I also met with the chairs of the other audit committees to discuss matters of common interest, and took assurance from them that each NDPB was operating effective governance arrangements.

Acknowledgements

As Chair of the Audit and Risk Committee, I would like to pay tribute to Ian Summers who stood down from the Committee this year after serving as the independent member for seven years. I would also like to thank the auditors and senior officials within the Northern Ireland Office for supporting the ongoing work of the Committee.

Les Philpott

PERFORMANCE REPORT

Overview

Our purpose and core values

The Northern Ireland Office (NIO) supports the Secretary of State for Northern Ireland in delivering the UK Government's strategic priorities for Northern Ireland.

Working across its offices in Belfast and London, the Northern Ireland Office's portfolio is complex, extensive, and impactful. The department is passionate about delivering for the people of Northern Ireland, and all teams operate in a flexible, empowering, and inclusive way.

Northern Ireland Office Objectives - 2021-22

The Secretary of State has a clear strategic vision for Northern Ireland:

“To make Northern Ireland a better place to live, work and invest.”

The Northern Ireland Office's Outcome Delivery Plan for 2021-22 set four strategic outcomes that support this vision, focussed on **Prosperity, Society, Safety and Governance**. Our whole department effort is focused on delivering these priority outcomes, maximising the use of the resources available.



The Outcome Delivery Plan for 2021-22 is available at:

<https://www.gov.uk/government/publications/northern-ireland-office-outcome-delivery-plan/northern-ireland-office-outcome-delivery-plan-2021-to-2022>

Successfully progressing the Outcome Delivery Plan 2021-22, during a period of transition to a hybrid working model post Covid-19, has been achieved through the Northern Ireland Office's ability to stay flexible and adaptable to manage emerging risks that impact on, and relate to, its work. The department's robust risk management arrangements, and strengths in working with partners, has helped ensure it has responded to the challenges it has faced throughout the year.

The department has worked particularly closely this year with the Northern Ireland Civil Service (NICS), other parts of the UK Government, and key delivery partners, on some of the government's most complex challenges. The department also works with the Irish Government, our Arm's Length Bodies (ALB's), the PSNI and national security partners, the Northern Ireland business community and a wide range of groups, individuals, and charities, representing all aspects of Northern Ireland's community and interests.

These effective and mutually beneficial working relationships have helped the department deliver on its strategic objectives. The collaboration between the Northern Ireland Office, colleagues across the UK Government, the Police Service of Northern Ireland (PSNI) and other security partners, to reduce the Northern Ireland Related Terrorism (NIRT) threat level for the first time in over a decade, is testament to what can be achieved when we work together. Throughout the coronavirus pandemic, the Northern Ireland Office worked closely with the Department of Health and Social Care, other government departments, the NICS, and territorial offices, to coordinate our response to the pandemic and ensure the safety of all citizens in Northern Ireland and right across the UK.

Building on the close collaboration throughout the pandemic, the Northern Ireland Office worked closely with the Cabinet Office, and the devolved administrations, to successfully conclude the review of intergovernmental relations (IGR). This was published on 13 January 2022, having received collective agreement from the Government and all devolved administrations to work in line with these updated intergovernmental structures and ways of working.

Progress against each of the Northern Ireland Office's four priority outcomes for 2021-22 is set out in more detail in the [Strategic Performance Analysis](#) section of this Report. Further information on work undertaken throughout the year, such as announcements and other publications is available at: <https://www.gov.uk/government/organisations/northern-ireland-office>

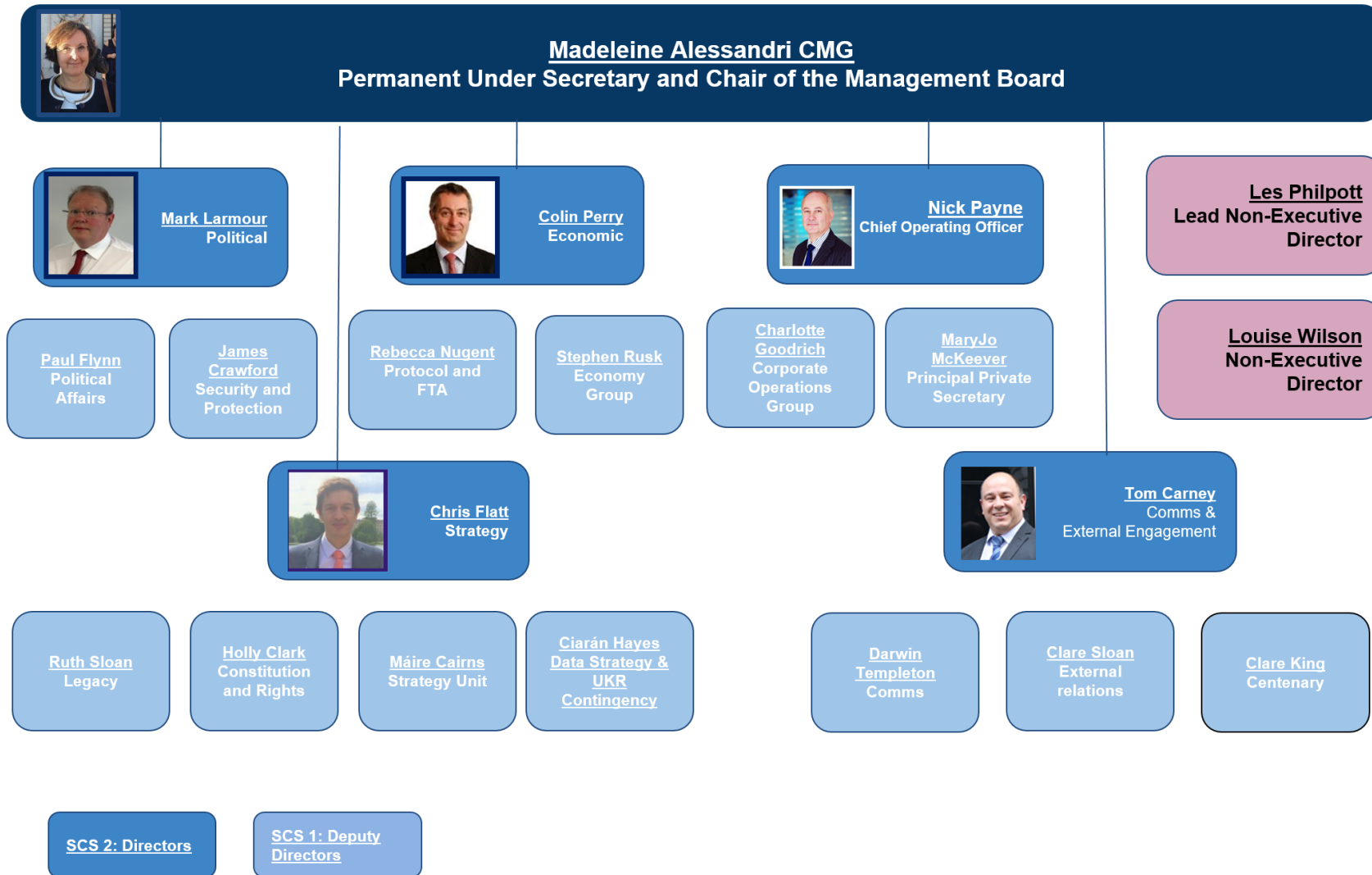
Northern Ireland Office structure

As at 31 March 2022, the Northern Ireland Office employed 184 staff across its offices in Belfast and London. The departmental Board of the Northern Ireland Office, and the Executive Committee, oversees and manages the work of the department. In addition to the core department, there are a range of matters dealt with through a network of associated bodies, such as the Northern Ireland Human Rights Commission, the Boundary Commission for Northern Ireland, and the Independent Reporting Commission (among others). These differ considerably from each other in terms of their formal status, intended purpose, statutory or other responsibilities, the degree of independence from government, and size.

Further information on the range of associated bodies sponsored by the Northern Ireland Office and about the department's governance structures is available at:

<https://www.gov.uk/government/organisations/northern-ireland-office/about/our-governance>

How our department is organised (as at 31 March 2022)



Our finances

Spending summary highlights for 2021-22

	2021-22	2020-21	Variance
Spend By Budget Classification	£millions	£millions	£millions
Resource DEL (Voted) (Departmental operations including depreciation)	35.1	29.1	6
Resource DEL (Non-Voted) Election Funding)	0.0	0.0	0.0
AME (Non-Cash accounting provisions)	33.6	535.6	(502)
Capital DEL (Expenditure on Departmental non-current assets)	1.6	0.8	0.8
Non Budget (NI Executive funding)	19,972	19,627	345

Funding

The department's activities are financed by Supply voted by Parliament. Each year the NIO is given Parliamentary approval for its expenditure when Parliament votes the Main Supply Estimates. Subject to Parliament's agreement, the estimates may be amended during the year at the Supplementary Estimate stage. The estimates are published by Her Majesty's Stationery Office (HMSO) and contain details of voted monies for all Government departments. The 2021-22 Supplementary Estimates are available at:

<https://www.gov.uk/government/publications/supplementary-estimates-2021-22>

Departmental Expenditure Limit (DEL): £42,817,000 (including non-voted expenditure of £nil)

Expenditure arising from:

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

This includes associated depreciation and any other non-cash costs falling within 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 and data protection act receipts;
- Recovery of compensation paid; recoupment of grant funding;
- Costs and fees awarded in favour of the crown;
- Receipts arising from arms decommissioning;
- Fees and costs recovered or received for the use of the NIO estate; and
- Contributions from third parties to fund grant programmes and monies from other departments to fund projects in Northern Ireland.

During 2021-22, the Department received £5.831m RDEL funding at Supplementary Estimates to cover Erskine House Accommodation move (£0.785m); Crown Solicitor's Office to cover shortfall in income in insolvency (£0.670m) following Government policy during the Covid-19 pandemic to refrain from pursuing debt recovery from individuals and funding due to a change in the Government's approach to pursuing legacy cases (£0.212m); funding for IRC to meet its commitments under the 2015 Fresh Start Agreement (£0.451m); funding for a United States Envoy on Northern Ireland (£0.050m); funding for 3 projects under the New Decade, New Approach

package (£2.825m) and funding to ensure the continued operation of the Dedicated Mechanism of the Northern Ireland Human Rights Commission (£0.838m).

Additional CDEL funding of £1.666m was received for Erskine House Accommodation move (£0.666) and funding to the Electoral Office of Northern Ireland to purchase a new electoral management system (£1m).

Annually Managed Expenditure (AME): £749,316,000

This expenditure relates to an increase in the provision for PEACE PLUS due to an increase in the funding committed in the 2021-22 financial year. This expenditure primarily relates to the Machinery of Government (MoG) change in the 2020-21 financial year whereby PEACE PLUS, a cross-border peace and reconciliation programme in Northern Ireland and the border region of Ireland, was transferred to the department from BEIS. During the 2021-22 financial year the NIO have advanced UK-EU negotiations on the UK-EU Financing Agreement on PEACE PLUS. The agreement has not been signed and the treaty has not been ratified at year-end. An increase in funding was also committed during the 2021-22 financial year which has been discounted over the 6 year funding period. The funding commitment for NIO was agreed as €681m during the 2021-22 financial year.

Non-Budget Expenditure: £20,975,101,000

Expenditure arising from:

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

The department's final resource Estimate for 2021-22 was £21,765m (2020-21: £23,201m) and the department's final capital Estimate for 2021-22 was £1.967m (2020-21: £0.897m).

Comparison of estimate and outturn

Resource

The total outturn shown in the Statement of Outturn against Parliamentary Supply of these Accounts reflects underspend on both the Resource DEL and Resource AME Estimates due to lower than anticipated expenditure on programmes which were delayed due to Covid-19. The net resource outturn for 2021-22 was £20,041m (2020-21: £20,192m) compared with the Estimate of £21,765m (2020-21: £23,201m). This is a variance of £1,724m (2020-21: £3,009m).

The main reasons for this variance are:

- £1,003m funds anticipated to be required by the Northern Ireland Executive were not drawn down from the Consolidated Fund;

- AME funding of £722m was approved which was for the full value of the PEACE PLUS Programme discounted over the funding period and incorporating for foreign exchange differences. The only movement during the year was an increase in the provision of c£30m. The agreement was not signed and the treaty was not ratified during the 2021-22 year, therefore payment did not crystallise;
- other underspends across the remainder of the Department and its ALBs due to lower than anticipated expenditure on programmes and services which were delayed due to Covid-19, or due to staff vacancies which were largely filled by the end of the financial year; and
- higher than anticipated income by the Crown Solicitor's Office in the final quarter of the year.

The Department received EU Exit funding of £0.61m in 2021-22, against which it spent £0.58m. The funds were spent on staff costs within the Protocol and Free Trade Agreement Team. The team supported policy development on the approach to protocol implementation in the context of Northern Ireland, engaging extensively with a wide range of Northern Ireland stakeholders to inform the approach. This was undertaken in line with the Department's strategic objectives. All of this funding was provided by HM Treasury.

Capital

The net capital outturn for 2021-22 was £1.59m (2020-21: £0.7m) compared with the Estimate of £1.97m (2020-21: £0.9m). This is a variance of £0.38m (2020-21: £0.2m). This variance resulted from lower than anticipated capital expenditure in a number of projects across the Department and its ALBs, primarily due to a pause in project work as a result of Covid-19.

Net Cash Requirement

The net cash requirement (note SOPS3) outturn was £20,007m (2020-21: £19,656m) compared with the Estimate of £21,581m (2020-21: £22,632m). This is a variance of £1.574m (2020-21: £2,976m). This variance resulted from lower than anticipated drawdowns made by the Northern Ireland Executive during the financial year.

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

Statement of Financial Position

The net liabilities at 31 March 2022 of £486m (2020-21: £458m) occurs primarily due to a provision for PEACE PLUS made in the prior year (of more than £500m) and increased in the current financial year by c£30m. The Chancellor confirmed an uplift in funding (to honour the previously agreed funding proportions) and the Northern Ireland Executive continues to match fund this uplift. The UK (including match funding from the Northern Ireland Executive) confirmed a final

contribution to the Programme on 4th September 2021. The confirmed funding was €681m from NIO and €170m from the Northern Ireland Executive. The public announcement was made in sterling and noted more than £730m of a commitment based on exchange rates at the time of the announcement. During the 2021-22 financial year the NIO have advanced UK-EU negotiations on the Financing Agreement. The status of the Agreement has also been confirmed as an international treaty. As at 31st March 2022, the Agreement is still unsigned and the treaty has not been brought into force, and therefore the announced funding remains a provision at year-end.

This results in the continued material net liability on the Statement of Financial Position. Funding for the programme will be fully met via HMT Estimates processes but this cannot be accrued as income. The agreement is due to be signed and the international treaty ratified during the 2022-23 financial year, at which point the provision will crystallise into a payable. The recognition of this liability does not raise any uncertainty in relation to the department's going concern status.

The liabilities are disclosed net of assets, which principally comprise property, plant and equipment of which Hillsborough Castle and its surrounding estate is an asset of £80.8m (2020-21: £77.1m) as the remainder of the other assets and liabilities largely offset.

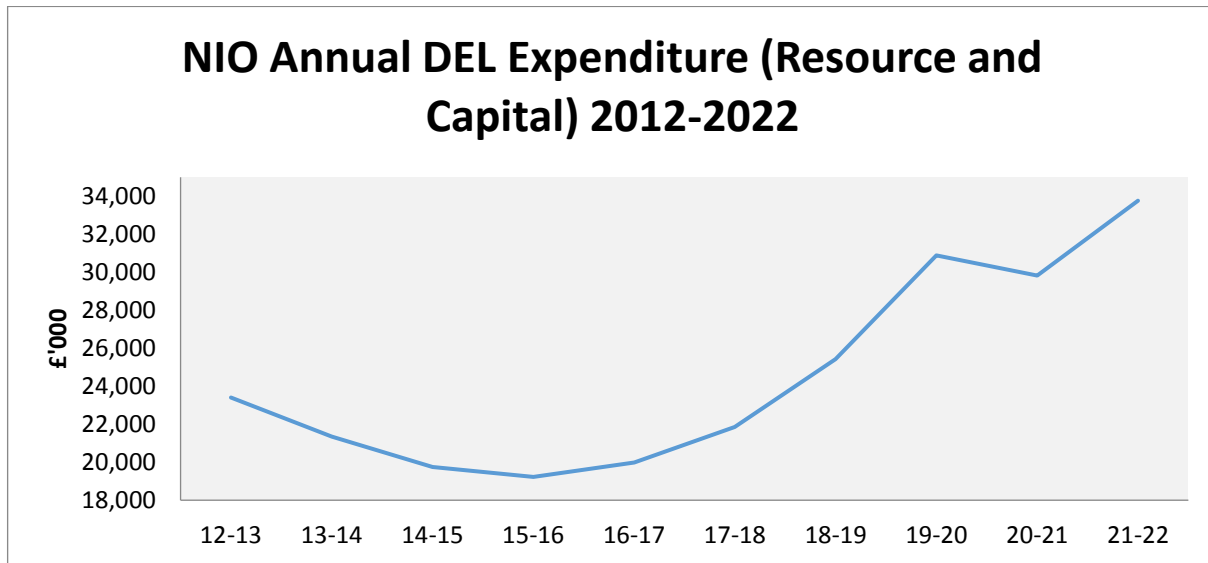
At 31 March 2022 Land and Property Services (LPS) – Department of Finance NI, undertook the quinquennial valuation of Hillsborough Castle increasing the value by c£3.6m to c£79m. Ross' Auctioneers and Valuers also completed the quinquennial valuation of the antiques within the castle resulting in an increase in value of £0.063m netted with disposals (in Stormont House) of £0.014m giving a closing balance for antiques of £1.767m. The financial assets include loans issued to DoF under the National Loans Fund, but these are balanced by corresponding amounts in current and non-current liabilities.

External Auditor

These accounts are audited by the Comptroller and Auditor General (C&AG) who is appointed by statute and reports to Parliament on the audit examination. His certificate is included in the Parliamentary accountability and audit report. The audit of the financial statements for 2021-22 resulted in a group audit fee of £159,000 (cash audit fee £41,000, non-cash audit fee £118,000) (2020-21 £184,600; cash fee £39,600, non-cash fee £145,000).

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 directly related to the activities of the NIO were published during the year.

Long Term Expenditure Trend



The outturn figures have been adjusted to exclude the impact of significant one-off additional areas of expenditure when additional funding was provided e.g. the electoral canvass in 2013-14, European Elections and Assembly Elections in 2014-15, 2016-17 and 2019-20, as well as General Elections in 2015-16, 2017-18 and 2019-20. The increase since 2016 represents additional funding for new areas of expenditure and to address additional pressures e.g. EU Exit, PEACE PLUS as well as increased capital expenditure on IT and infrastructure projects and the decline from 2019-20 largely due to reduced or paused expenditure on items due to Covid-19. The 2021-22 year had additional spend in relation to the Centenary year, EONI Canvass and relocating from Stormont House to Erskine House.

Madeleine Alessandri
Accounting Officer
22 June 2022

STRATEGIC PERFORMANCE ANALYSIS

The section below sets out in detail our four strategic priority outcomes and how we have delivered these during 2021-22.

Priority Outcome 1: Prosperity

Throughout 2021-22, the UK Government continued to uphold its commitment to deliver a stronger, more secure, and stable economy that works for every part of the UK. The Northern Ireland Office, working alongside the Northern Ireland Executive, Northern Ireland partners, and other UK Government departments, has continued to prioritise strengthening and rebalancing the Northern Ireland economy, as part of the Government's commitment to taking forward a targeted approach to deliver for the people of Northern Ireland in a way that levels up Northern Ireland with the rest of the UK, and protects its place in a stronger, more prosperous Union.

Over the course of the reporting period, in pursuit of supporting the levelling up of Northern Ireland's economy with the rest of the UK, the Northern Ireland Office focussed on:

- growing and rebalancing the economy, driving business innovation and investment, and promoting better alignment of jobs and skills, including driving the delivery of City and Growth deals, and building local and regional awareness of UK investments.
- supporting a well-connected Northern Ireland, competing globally and maximising its trade with the rest of the UK, Ireland, and across the world.
- working with partners to develop an evidence based and sustainable economic vision for Northern Ireland, to drive forward the Government's levelling up agenda, and set out steps the UK Government can take to transform the Northern Ireland economy.

To progress this objective for 2021-22 we:

- released over £700m of New Decade New Approach fiscal commitments, a significant UK Government contribution to levelling up Northern Ireland's economy with the rest of the UK.
- allocated funds to the International Fund for Ireland.
- allocated 50% (£200m) of New Deal funding for Northern Ireland.
- announced an investment of more than £730 million in the new PEACE PLUS programme, to support economic stability, peace, and reconciliation in Northern Ireland.
- secured the sign off of the Belfast Region City Deal in December 2021, unlocking £1 billion of transformative co-investment, which will deliver more than 20 highly ambitious projects and programmes, and create up to 20,000 new and better jobs.
- supported work on the Community Renewal Fund, which saw over 30 projects across Northern Ireland receiving a share of over £12 million, to help people into work, boost productivity, and grow local economies. This work is an important building block of the UK Shared Prosperity Fund, which contains significant opportunities for Northern Ireland.
- took forward work to prepare for a freeport in Northern Ireland.

The NIO has been mindful that the implementation of the Northern Ireland Protocol has created some uncertainty for the business community. As a member of the Northern Ireland Protocol Taskforce, the NIO undertakes various activities to support this work, and find practical solutions that work for people and businesses in Northern Ireland.

Priority Outcome 2: Society

The Northern Ireland Office continues to deliver on the UK Government's vision of supporting greater inclusion, tolerance and openness in Northern Ireland, and has supported the Government in its unwavering commitment to the Belfast (Good Friday) Agreement.

As Northern Ireland marked its centenary year in 2021, the department successfully delivered on its NDNA commitment to mark the centenary in a spirit of mutual respect, inclusiveness, and reconciliation. The centenary marked a significant UK national anniversary. It provided an opportunity to facilitate national recognition and international awareness, and was an opportunity to reflect on the past and to build for the future, celebrating the people, the products, and the places of Northern Ireland. In rising to the challenge of producing a programme of such significance, the NIO successfully delivered a comprehensive programme of communications and engagement activity.

A highlight of the centenary programme was the extremely successful Northern Ireland Business and Innovation Showcase, held in London in September 2021. This event attracted significant participation and received extensive media coverage, reaching thousands of key industry and media stakeholders. The Centenary concert held in Belfast's Waterfront Hall was another stand-out moment that was broadcast live on Sky Arts, and was viewed by more than 12 million people. The department's first TV advert in decades was broadcast on UTV and Channel 4, as part of our flagship communications campaign, *Our Story in the Making*, reaching over 9 million people. A post project evaluation will ensure that we are able to track the longer term cultural benefits of the programme to mark the centenary, and that the delivery lessons learned are captured for future similar programmes, including marking the 25th anniversary of the Belfast (Good Friday) Agreement in 2023.

The efforts of our Centenary Team within the NIO were recognised externally, winning third place in the Diversity & Inclusion Category of the Government's Project Delivery Profession Awards in March 2022. The NIO's External Relations team also delivered work across a range of areas, including Royal visits to NI, and supporting NI honours nominations.

The department is committed to leading efforts to help Northern Ireland address the legacy of the past, which remains a highly complex and challenging issue. Over the course of the reporting period, the department developed proposals to establish new and effective structures in this area, publishing a Command Paper on policy options in July 2021, and continuing to engage extensively with the political parties in Northern Ireland, the Irish Government, parliamentarians, and civil society, including victims and survivors groups, to drive progress on this issue. This included many individuals across Northern Ireland, Great Britain, Ireland, and beyond, with vast

experience in peacebuilding. We plan to build on this work in 2022-23 following the introduction of legislation in May 2022 that will help people to move forward together, and support the transition to long-term peace and stability, and a brighter future for Northern Ireland.

The department has also continued to deliver on its equality and human rights commitments, working towards an outcome of a more integrated society. Supporting greater integration in education is an important strand of that work, as is implementing and demonstrably supporting efforts to reflect the various aspects of Northern Ireland's cultural expression. The department was successful in enhancing its insight and understanding of the barriers to integrated education, engaging a comprehensive range of stakeholders, including those from the Executive and in wider civic society, and identifying opportunities to support the sector's further development. We have also made tangible progress on our commitment to deliver the identity and language legislation envisaged in New Decade, New Approach, which will recognise and celebrate Northern Ireland's rich diversity and accommodate cultural difference.

We are continuing work to ensure that the Secretary of State for Northern Ireland upholds his duty under Section 9 of the Northern Ireland (Executive Formation, etc.) Act 2019, to ensure that the recommendations in paragraphs 85 and 86 of the 2018 Report of the Committee on the Elimination of Discrimination Against Women ("the CEDAW Report") are implemented. The department has worked intensively with delivery partners and stakeholders across government, and in the Northern Ireland Civil Service, in our efforts to see abortion services fully established in Northern Ireland.

In March 2021, the NIO laid the Northern Ireland (Abortion) Regulations 2021, which gave the Secretary of State for Northern Ireland the power to direct the implementation of abortion services. In July 2021, the Secretary of State directed⁵ the Department of Health, and the Regional Health and Social Care Boards, to secure the commissioning and availability of abortion services, and the First Minister and deputy First Minister to include proposals for the provision of abortion services on the agenda for the Executive Committee. The direction included a deadline of 31 March 2022 for services to be in place.

On 24 March 2022, with the devolved Department of Health in Northern Ireland still not having presented a set of proposals to the Executive Committee, the Secretary of State for Northern Ireland announced⁶ that the NIO was preparing to make regulations directly after the Assembly elections. These regulations,⁷ which were laid in Parliament on 19 May 2022, remove any obstacle to the provision of abortion services in Northern Ireland, by ensuring that the duty to provide services must be complied with, irrespective of whether the matter has been discussed or agreed by the Executive Committee. They will also confer on the Secretary of State for Northern Ireland the power to do anything that a devolved Minister or department in Northern Ireland could do, for

⁵ <https://www.gov.uk/government/news/secretary-of-state-directs-northern-irelands-department-of-health-to-make-abortion-services-available>

⁶ <https://questions-statements.parliament.uk/written-statements/detail/2022-03-24/hcws716>

⁷ <https://questions-statements.parliament.uk/written-statements/detail/2022-05-19/hcws39>

the purpose of ensuring that the recommendations in paragraphs 85 and 86 of the CEDAW report are implemented. A small team within NIO will also be established to provide additional oversight and expert advice, working alongside the Department of Health in Northern Ireland on this going into 2022-23.

The department's work to help maintain peace, and to facilitate reconciliation, sits at the heart of its ambitions for Northern Ireland, and is part of the department's continued commitment to maintaining the gains of the peace process and the Belfast (Good Friday) Agreement. The department worked closely with relevant key stakeholders on two significant UK Government funding streams that aim to deliver peace and reconciliation work: the International Fund for Ireland, and the PEACE PLUS Programme.

Priority Outcome 3: Safety

The Northern Ireland Office continued to deliver on the UK Government's vision of a safer Northern Ireland, where terrorist and paramilitary groups are able to cause less harm to communities, working with all delivery partners, including national security partners, the PSNI, local community groups, and political leaders.

The security situation in Northern Ireland is in no way comparable to that which existed during the Troubles, but the threat from Northern Ireland Related Terrorism (NIRT) for the majority of this year remained SEVERE (*meaning an attack is highly likely*). However, for the first time in over a decade, the NIRT threat level was reduced from SEVERE to SUBSTANTIAL (*meaning that a terrorist attack is likely*) in March 2022. This shows the significant progress that Northern Ireland has made, and continues to make, towards a more peaceful, tolerant, and safer society. There is, however, no complacency in this regard and the government, police, and security partners, will continue to work tirelessly to address the threat posed by terrorism in all its forms.

Key highlights delivered in pursuit of this objective for 2021-22 include:

- Additional security funding and UK Government investment in tackling paramilitary activity secured as part of the Spending Review 2021.
- Improved collaboration across the Safety community, to ensure suitable coordination of action on terrorism, paramilitarism, and organised crime activity.
- Ongoing collaboration with partners to work through the operational aspects of the new regulations following the end of the EU Exit transition period. This has included working towards secondary legislation to transpose EU requirements on explosives precursors into domestic law, as required by the Northern Ireland Protocol.
- We have implemented recommendations from the Independent Reviewer of the Justice and Security (Northern Ireland) Act 2007, including by establishing a working group to identify practical measures that can reduce the number of non-jury trials in Northern Ireland, and examine the indicators which would assist in determining when the provisions could be brought to an end.

- According to the most recently published Security Situation Statistics⁸ for the period 1 March 2021 to 28 February 2022, there was one security related death, compared to three during the previous 12 months, and there were fewer bombings (5 compared to 16), shootings (21 compared to 47), and paramilitary style attacks (48 compared to 62), than during the previous 12 months.

Priority Outcome 4: Governance

Whilst the political context surrounding the Northern Ireland Executive and the Northern Ireland Assembly throughout this reporting period have been challenging, the Northern Ireland Office remains determined to work towards 'ensuring that governance in Northern Ireland is responsive, transparent, and able to deliver effective public services'.

The department is committed to helping to reduce the fragility of politics and communities in Northern Ireland, to enhance public confidence in the Belfast (Good Friday) Agreement, and its successors, as the basis for peaceful, resilient politics in Northern Ireland, and to enable a vibrant, active, and thriving democracy at all levels across Northern Ireland.

During the reporting period, difficulties surrounding the implementation of the Northern Ireland Protocol in particular have had a destabilising impact on the political and societal landscape in Northern Ireland. There is increased anxiety in some communities caused by perceptions of the impact of the Northern Ireland Protocol.

As a member of the Northern Ireland Protocol Taskforce, the department undertakes various activities to support this work and find practical solutions that work for people in Northern Ireland. Subsequent to the publication of the "Northern Ireland Protocol: The Way Forward" document in July 2021, we continued to work within the Northern Ireland Protocol Task Force to support negotiations with the EU Commission on the changes needed to the Protocol. There has also been extensive engagement with a range of business, political, and civic society actors in Northern Ireland to provide clarity on the Government's approach, to understand the impacts of the Protocol and to explore solutions.

We remain committed to this work, and have secured ring-fenced resource as part of the recent Spending Review to continue to support the implementation of and negotiations on the Northern Ireland Protocol.

Toward the end of the reporting period, the resignation of Northern Ireland's First Minister has required the department to intensify its work to deliver against our Governance outcome, and contingency plan on a number of fronts.

Key highlights delivered in pursuit of the Governance objective for 2021-22 include:

⁸ <https://www.psni.police.uk/inside-psni/Statistics/security-situation-statistics/>

- Delivered, as agreed in New Decade, New Approach (NDNA), the Northern Ireland (Ministers Elections and Petitions of Concern) Act 2022 on 7 February 2022, to increase the sustainability of the political institutions in Northern Ireland.
- Progressed key legislation relating to electoral integrity, including changes to franchise, candidacy and absent voting rules for elections in Northern Ireland, as well as increased anti-fraud measures at polling stations.
- Delivered the legislation to amend the list of ID which may be used to vote at Northern Ireland Assembly elections, and as well as the legislation required in respect of election finance.
- Supported the Parliamentary Boundary Commission for Northern Ireland, which commenced the current review of constituency boundaries.
- Continue to progress revised flags regulations to meet the UKGs ongoing commitment on flags in the NDNA, to allow for the alignment of flag flying days in Northern Ireland with the rest of the UK.
- Launched the early design phase of the Social Development Fund, which will support peace and reconciliation in support of positive community outcomes in Northern Ireland. The department is preparing to drive the implementation and delivery phases of the Fund in 2022-23.
- Successfully supported three meetings of the British-Irish Intergovernmental Conference, in June, December 2021 and March 2022. The successful conferences covered economic cooperation, COP26 and climate change, security cooperation, rights and citizenship matters, legacy, and political stability.
- Progressed technical negotiations with the EU Commission on the future UK-EU financing agreement for PEACE PLUS.
- Achieved agreement of a stable text of the UK-EU financing agreement.
- Progressed work to ensure that UKGs New Decade, New Approach commitments are on track for delivery within anticipated timescales.
- Enhanced the UKGs relationships with key US stakeholders, including by providing support to a newly appointed UK Government special envoy on Northern Ireland to the United States, and increased Ministerial engagement programmes in the United States to progress UKG objectives for Northern Ireland.

Strategic Enablers

Over the course of the last reporting period, the Northern Ireland Office has continued to ensure that we focus on living within our means, driving efficiencies, and reducing costs as far as possible. To this end, we have appointed a new Chief Operating Officer to oversee further improvements and efficiencies across the remainder of the Spending Review period.

Modern and flexible IT has enabled our people to be effective and productive whilst working remotely throughout the Covid-19 pandemic. This required them to be flexible and imaginative in their approach, to ensure that we continued to deliver a high quality service to Ministers and for the citizens of Northern Ireland.

To ensure the department is fit for the future, maximising the use of its resources in the delivery of UK Government priorities for Northern Ireland, the department has throughout the year made continuous improvements to its strategic oversight functions, by enhancing the governance and reporting arrangements surrounding our Outcome Delivery Plan, and developing a new NIO evidence and data baseline. This has enabled the strategic prioritisation of work and resources in-year, and the development of better metrics and evaluation plans for future years. It also enabled a robust and evidence based Spending Review process for the financial year(s) ahead, which secured a positive outcome for the department and leaves us well placed to continue to deliver for the people of Northern Ireland, and to support the Secretary of State for Northern Ireland's vision to make Northern Ireland a better place to live, work, and invest.

Information on our people, and the most recent people survey results is provided in the [Corporate Performance Report](#).

Corporate Performance

Recruitment Practice

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

During 2021-22, the Northern Ireland Office also offered young people the opportunity to enhance their employability through the Apprenticeships programme, and extended this opportunity to include a Boardroom Apprentice. The NIO also participated in the Summer Diversity Internship Programme, and was able to offer three roles across a range of policy areas.

The Northern Ireland Office is committed to being an inclusive employer with a diverse workforce, and has continued in 2021-22 to hold a Diversity & Inclusion Charter Mark. We are also an accredited Disability Confident Leader organisation. The department encourages applications from people from the widest possible diversity of backgrounds, cultures, and experiences to join the Northern Ireland Office. The department focused on building an organisation that understands and values staff with a diversity of backgrounds, ideas, skills, and experience, as they contribute to greater creativity, innovation, and effective decision making in meeting our strategic objectives.

Public Appointments

As at 31 March 2022, the Northern Ireland Office sponsored three executive Non-Departmental Public Bodies, an advisory Non-Departmental Public Body, and a range of smaller bodies and office holders. In addition, the Northern Ireland Office has responsibility for making appointments to the Equality Commission for Northern Ireland.

During the reporting period, the Secretary of State for Northern Ireland appointed a new Chief Commissioner to the Northern Ireland Human Rights Commission, and agreed to the reappointment of the UK Government and Northern Ireland Executive nominees to the Independent Reporting Commission. The department also launched three new competitions during the reporting period to appoint a new Civil Service Commissioner for Northern Ireland, a Human Rights Commissioner for Northern Ireland, and to make eight new appointments to the Equality Commission for Northern Ireland.

The Commissioner for Public Appointments publishes further information on the department's regulated appointments, including statistical information, which can be found at:

<https://publicappointmentscommissioner.independent.gov.uk/publications/>

In addition to regulated appointments, the Secretary of State for Northern Ireland also has responsibility for making appointments to a number of statutory and non-statutory positions in public life. In 2021-22, the Secretary of State for Northern Ireland agreed that the functions of the Independent Reviewer of National Security Arrangements should be undertaken by the Independent Reviewer of the Justice and Security (Northern Ireland) Act 2007. The appointment

of the Chair of the Northern Ireland Committee on Protection was also extended until 31 March 2022.

The department routinely publishes details of all new and renewed appointments in the news section of our website. Further information on the appointments made in the reporting period are available at:

<https://www.gov.uk/search/news-and-communications?organisations%5B%5D=northern-ireland-office&parent=northern-ireland-office>

Employee Consultation

The Northern Ireland Office recognises the importance of sustaining good employee relations to achieve its objectives. Facilitating a culture of constructive challenge and ongoing consultation with employees, and their representation, is central to that work.

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

During the year, the department worked closely with the Staff Engagement Group, which represents staff from across all grades, and took their views on issues, ranging from wellbeing and diversity & inclusion initiatives, as well as proposed changes to staff policies. Throughout the year, close engagement with all colleagues has been crucial in helping the department manage the impacts of the pandemic on staff well-being, and to ensure that all colleagues' views were heard on how to operate flexibly throughout this challenging period, and to then move forward to embed our new hybrid working model as Covid-19 restrictions were lifted. We also introduced a mirror Board in the reporting period, so that staff can provide views on wider operational and policy matters, and contribute to shaping strategic decision-making.

There are a number of internal staff networks representing particular groups of employees, and other groups that our staff can access through our relationship with the Ministry of Justice and the wider Civil Service, including the Northern Ireland Civil Service.

The Northern Ireland Office runs an annual people survey that captures employees' views on a number of issues. The results from the people survey form the basis of the department's annual People Plan. The latest Civil Service people survey report is available at:

<https://www.gov.uk/government/publications/civil-service-people-survey-2021-results>

The department's commitment to our People Plan priorities contributed to an overall engagement score of 68%, which is slightly down on 2021 (71%), but remains higher than the Civil Service benchmark (66%). This year's people survey recorded positive increases in the section on

Learning & Development, but with room for further progress next year. It also highlighted the impact of remote working, and the need for improvements in some areas, particularly performance management.

Managing Attendance

Throughout 2021-22, the Northern Ireland Office kept a strong focus on the well-being of its staff and the impact of the Covid-19 pandemic. The majority of staff were able to fulfil their roles whilst working flexibly from home, and for those staff who had to come into the office, care was taken to ensure that the accommodation was Covid-secure in line with government guidelines. Sickness absence figures for the reporting year are included in the Staff Report and show that attendance was better than the Civil Service average for the last reporting period to March 2021.

Diversity and inclusion policy

The Northern Ireland Office recognises the importance of embedding diversity in everything that the department does. Madeleine Alessandri is the department's overall diversity champion on the Board. The department's directors each champion various protected characteristics, and we have an active and enthusiastic diversity & inclusion network, supported by advocates for various protected characteristics.

The Northern Ireland Office is committed to:

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

The Northern Ireland Office is committed to being an organisation where everyone is:

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

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

Our People Plan communicates our ongoing commitment to a zero tolerance of unfair discriminatory behaviour, harassment, bullying or victimisation, and we will ensure that any allegations are dealt with sensitively and fairly.

Employment, training and advancement of disabled persons

The Northern Ireland Office is an accredited Disability Confident Leader, and is committed to securing, retaining, and developing people with a disability.

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

Our Diversity & Inclusion Group includes advocates for the promotion of diversity and inclusion across the whole department, including a lead on disability issues.

Pensions

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

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

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

The pension benefits of Northern Ireland Office Board members are outlined in the [Remuneration Report](#).

Capabilities, learning and development

The Northern Ireland Office is committed to supporting the learning and development of all staff to enable them to do their jobs to the best of their ability and to develop the necessary skills for the present and future. The department encourages staff to take up a minimum of five days each

year to focus on learning and development, and we maintain a ring-fenced budget for this. Staff at all grades can make use of the Civil Service learning portal, as well as face to face learning.

The department monitors the progression of individual learning against agreed personal development plans, supported by the coaching focus of the department's performance development scheme.

Health and Safety

The Northern Ireland Office recognises its obligations under Health and Safety at Work legislation for ensuring, so far as is reasonably practicable, the development of an effective health and safety regime. During the period, the department has ensured that it complied with all Covid-19 specific recommendations in relation to health and safety, to ensure it provides a safe working environment for all.

All staff are required to complete annual mandatory Health & Safety training, and the department keeps its health and safety guidance under review, and makes policies available to all staff on the department's intranet. During 2021-22, there were no accidents reported to the relevant authorities (nil in 2020-21).

Social, community and environmental responsibility

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

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

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

Whistleblowing/Raising a Concern

The Northern Ireland Office has robust arrangements in place for the prevention, detection and reporting of fraud, and is committed to the highest possible standards of openness, honesty, and accountability. Our arrangements follow the principles outlined in the HM Treasury's publication *Managing Public Money*, and Civil Service policies on whistleblowing or raising a concern about

any suspicions on matters that staff think are wrong, illegal or endangers others, including fraud, bribery or corruption. During the reporting period, the department refreshed its policy and the nominated officers. There were no reported cases of fraud or whistleblowing during the reporting period (nil in 2020-21).

Estates management strategy

The Northern Ireland Office's accommodation in London and Belfast is maintained under lease arrangements. In February 2022, the departmental workspace in Belfast relocated from Stormont House to Erskine House, the new UK Government hub in Belfast city centre. Some accommodation, and a small office for ministers, are also available at Hillsborough Castle, however, responsibility for the management and day-to-day running of Hillsborough Castle rests with the charity, Historic Royal Palaces.

Payment of suppliers

The Northern Ireland Office paid on average 85% (81% in 2020-21) of invoices within five working days, 92% (92% in 2020-21) within 10 working days, and 98% (97% in 2020-21) within 30 working days, during the reporting period.

Better Regulation

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

During the reporting period, the Northern Ireland Office published one consultation. All Northern Ireland Office consultations are available on our website at:

https://www.gov.uk/government/publications?departments%5B%5D=northern-ireland-office&publication_filter_option=consultations

Parliamentary Questions

The UK Government has committed to providing departmental Parliamentary Question statistics to the Procedure Committee of the House of Commons on a sessional basis. Northern Ireland Office statistics for the 2021-22 are intended for publication on the Committee's website in due course.

Complaints to the Parliamentary Ombudsman

No complaints were made to the Parliamentary Ombudsman about the department during the reporting period.

Political and Charitable Donations

The department did not make any political or charitable donations in 2021-22 (nil in 2020-21).

Freedom of Information requests

Statistics on Freedom of Information requests in central government, including those for the Northern Ireland Office, are published quarterly at:

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

Transparency

The Northern Ireland Office, in line with the UK Government's transparency agenda, regularly publishes information on any significant areas of expenditure, and other items of public interest at: <https://www.gov.uk/government/latest?departments%5B%5D=northern-ireland-office>

Sustainable development

The Northern Ireland Office is exempt from complying with HM Treasury guidance on sustainability reporting; to collate the figures would be disproportionately expensive relative to the size of the department. The department is, however, committed to making our estate and operations low impact on the environment and more sustainable and, where possible, we support the delivery of the UK Government's Greening Government Commitments (GGCs). As an illustration, the department has adopted a virtual by default approach, ensuring that essential business travel is kept to a minimum, and operates out of two government hubs that are managed in accordance with sustainable standards.

We recognise that improving sustainability and the drive to Net Zero is a universal agenda. We have established a Sustainability Group to guide the department as we endeavour to model the behaviours and values underpinning the UN's Sustainable Development Goals (SDGs). Moreover, we support the development and delivery of sustainable policies and programmes in Northern Ireland and encourage the Northern Ireland Executive to uphold its UK and international obligations, including representation overseas, with regard to the achievement of the UKs GGCs and UNs SDGs.



Madeleine Alessandri
Accounting Officer
22 June 2022

ACCOUNTABILITY REPORT

Governance Report

Ministers

Ministerial titles and names of all ministers who had responsibility for the Northern Ireland Office during the year, and to the date of this report, can be found in the [Directors' Report](#).

Permanent Secretary

The Permanent Secretary and Accounting Officer for the Northern Ireland Office is Madeleine Alessandri. Further information about the department's Permanent Secretary can be found in the [Directors' Report](#).

Other Reporting Entities

The names of the chair and chief executive, or equivalent, of the Northern Ireland Office's other reporting entities as at 31 March 2022 were:

Northern Ireland Human Rights Commission:

Chief Commissioner: Alyson Kilpatrick
Director/Chief Executive: Dr David Russell

Parades Commission for Northern Ireland:

Chief Commissioner: Very Revd Dr Graham Forbes CBE
Secretary: Sarah Teer

Independent Reporting Commission:

Chief Commissioner: Not Applicable
UK Joint Secretary: Chris Atkinson

Further information on the performance and governance of each of these entities can be found in their respective Annual Reports & Accounts. The latest reports are available on their websites.

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 ("the GRAA"), HM Treasury has directed the Northern Ireland Office to prepare, for each financial year, consolidated resource accounts. These accounts must detail 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 sponsored bodies designated by order made under the GRAA by Statutory Instrument 2021 number 265. The 'departmental group', comprises the department and sponsored bodies listed at note 18 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 income and expenditure,

Statement of Financial Position, Statement of Changes in Taxpayers' Equity, and cash flows of the departmental group for the financial year.

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

- observe the Accounts Direction issued by HM 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 sponsored 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;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Reports and Accounts as a whole is fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

The Principal Accounting Officer and the Board confirms that this Annual Report and Accounts as a whole is fair, balanced, and understandable. The Principal Accounting Officer takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

HM Treasury appointed Madeleine Alessandri as Principal Accounting Officer of the Northern Ireland Office with effect from 6 March 2020.

The Principal Accounting Officer of the department has also appointed the Chief Executives or equivalents of its sponsored non-departmental and other bodies as Accounting Officers of those bodies. During the reporting period, David Russell was Accounting Officer for the Northern Ireland Human Rights Commission, Sarah Teer succeeded Nuala Higgins as the Accounting Officer for the Parades Commission for Northern Ireland, and Chris Atkinson succeeded Marie Patterson as the Accounting Officer for the Independent Reporting Commission.

The Principal Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purposes intended, and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper

records, and for safeguarding the assets of the department or sponsored body, are set out in *Managing Public Money*, published by HM Treasury.

As the Principal Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Northern Ireland Office's auditors are aware of that information. As far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

Introduction

The Northern Ireland Office governance statement records the stewardship of the organisation, drawing together evidence on governance and risk management, to give a sense of how successfully the department has responded to the challenges and changes faced during the year.

As Principal Accounting Officer, this governance statement represents my assurance to Parliament that I am satisfied that the department's system of internal control is effective and supports good decision making. This statement is in accordance with HM Treasury guidance. It sets out the governance structures, the internal control and risk management procedures that have operated within the Northern Ireland Office during the financial year 2021-22, up to the date of approval of the Annual Report and Accounts. The systems in place, as outlined in this statement, are designed to manage risk to a reasonable level rather than to eliminate all risks of failure to achieve policies, aims, and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.

This statement covers the core department, with the following three sponsored public bodies producing their own governance statements, which are published in their Annual Report and Accounts:

- The Northern Ireland Human Rights Commission;
- The Parades Commission for Northern Ireland; and
- The Independent Reporting Commission.

My relationship with the Accounting Officers of these bodies is set out in the respective Framework Agreements and designator letters.

Compliance with the Corporate Governance Code

The Northern Ireland Office abides by the principles and spirit of the principles set out in: *Corporate Governance in Central Government Departments: Code of Good Practice 2017*.

The Code recognises there is not a 'one size fits all model' for boards, and the 'comply or explain' mechanism enables departments to deviate from the principles and supporting provisions, if justifiable, for good governance of the department. Given that the department is considerably

smaller than most central government departments, and has a limited budget and responsibilities by comparison, it would be disproportionate to implement some of the detailed provisions in the Code when good governance can be achieved by other, more proportionate means. I am satisfied that where the department deviates from the Code, that there is a proportionate and justifiable rationale to do so.

Northern Ireland Office Board

The Northern Ireland Office Board forms the collective strategic and operational leadership of the department, bringing together its executive leaders with non-executives from outside government. Its purpose is to provide advice, challenge, and assurance on the department's Outcomes Delivery Plan, to monitor performance, and to advise on significant risks. An independent Audit & Risk Committee (ARC) and an Executive Committee (ExCo) support the Board.

While our Ministers do not generally sit on the Board, there is an open invitation to them to attend any meeting, and regular updates on departmental performance are provided to our Ministers through the Principal Accounting Officer.

During the reporting period, the Board met three times, considered a wide range of strategic and corporate issues, and scrutinised performance and risk management. The Board was fully engaged in monitoring the use of resources, the impact of Covid-19, including how the department was responding to the unique challenges to deliver the priorities in the Outcome Delivery Plan. Further information on performance during the year is reported in the [Strategic Performance Analysis](#) section.

The Board took particular assurance from regular deep dives that scrutinised the delivery performance of business areas and sponsored bodies. A particular focus at each Board meeting was the scrutiny of the corporate risk register; this was refreshed during the reporting period to realign to the priorities and objectives set out in the Outcome Delivery Plan. The non-executive directors played a key role in challenging the comprehensiveness and accuracy of the risk register.

Further information on how the Board operated, assessed its effectiveness in-year, and assessed the quality of the information and support it received, can be found in the [Lead Non-Executive Director's report](#).

Board membership and attendance

During the reporting period, there were two changes to the Board membership: Andy Pike left the department in July 2021 and was replaced by Tom Carney. Nick Payne joined the department in February 2022.

The table below sets out attendance for Board meetings attended by members from 1 April 2021 to 31 March 2022:

Name	Date joined or departed	Number of eligible meetings	Absent
Madeleine Alessandri		3	0
Les Philpott		3	0
Louise Wilson		3	0
Mark Larmour		3	0
Colin Perry		3	1
Chris Flatt		3	0
Andy Pike	Departed July 2021	1	1
Tom Carney	Joined July 2021	2	0
Nick Payne	Joined February 2022	0	0

Executive Committee

The Executive Committee (ExCo) is the senior executive leadership of the Northern Ireland Office, chaired by the Permanent Secretary. It operates under delegated authority of the Board, and within the overall strategic context set by ministers, with particular responsibility for delivering on operational priorities, and setting the culture and tone for the department. It makes collective decisions on corporate issues, and actively monitors departmental delivery and performance. ExCo also provides leadership on diversity and inclusion, and the health and wellbeing of departmental staff.

During the year, ExCo focused on developing new reporting arrangements for delivering the priorities in the department's Outcome Delivery Plan, as well as reviewing plans for a new communications strategy based on the ODP, and monitored the delivery of the successful Centenary Programme. Staff wellbeing and resourcing was also a key priority for ExCo throughout the year.

Northern Ireland Office Audit and Risk Committee

The Audit and Risk Committee (ARC) supports the Board and Principal Accounting Officer by providing an independent view of the risk, internal control, and governance arrangements, and assessing the comprehensiveness, reliability, and integrity of those assurances. The Committee also reviews and makes recommendations to the Principal Accounting Officer on the preparation and sign-off of the annual accounts. In line with the requirements of the Corporate Governance in Central Government Departments: Code of Good Practice 2017 and HM Treasury's Audit and risk assurance handbook the ARC is chaired by a non-executive board member, the current chair is the Lead Non-Executive Director, Les Philpott.

The table below sets out the attendance of members from 1 April 2021 to 31 March 2022:

Name	Date joined or departed	Number of eligible meetings	Absent
Les Philpott		4	0
Louise Wilson	Joined September 2021	2	1
Neil Sayers	Joined October 2021	1	0
Ian Summers	Departed September 2021	3	0

During the reporting year, regular reports on the ARCs work were provided to the Principal Accounting Officer and the Board.

Further information on the membership and work of the ARC can be found in the [Lead Non-Executive Director's report](#).

Register of Interests

The Northern Ireland Office maintains a register of Board and Committee members' interests, with details of company directorships and other significant interests held by members. The register is a living document and all interests declared by members are considered by the Principal Accounting Officer, who must be satisfied that any potential conflict can be managed. Declarations of any new interests is a standing agenda item for all Board and Committee meetings.

The interests registered by Board members as at 31 March 2022 are set out below:

Name	Position/Interest
Madeleine Alessandri	Chair, Civil Service Retirement Fellowship
Les Philpott	Non-Executive Board Chair, Government Actuary's Department Chair, National Examination Board in Occupational Safety and Health (NEBOSH) Non-Executive Director, Benenden Healthcare Society Ltd
Louise Wilson	House of Commons Commission, External Member Non-Executive Director, National Emergencies Trust Campaign Board Member, Historic Royal Palaces Governor, St Mary's RC School Ascot

The Northern Ireland Office's processes for registering outside interests and employments apply to all executive and non-executive members of the Board and Committees, and to all Senior Civil Servants working in the department. For those staff below the Senior Civil Service, the declaration and management of interests is in line with MoJ policies and the requirements of the Civil Service Management Code.

In addition to the requirements set out above for the register of interests, and in line with the current Declaration of Interests policy for Special Advisers, all Special Advisers have declared any relevant interests, or confirmed they do not consider they have any relevant interests. The Principal Accounting Officer has considered these returns, and there are no relevant interests to be published.

Business Appointment Rules

In compliance with Business Appointment rules, the department is transparent in the advice given to individual applications for senior staff, including Special Advisers, and this information is published at:

<https://www.gov.uk/search/transparency-and-freedom-of-information-releases?organisations%5B%5D=northern-ireland-office&parent=northern-ireland-office>

During 2021-22, the department did not issue any decision on any application submitted under the Business Appointment Rules.

Risk management, Internal control, and the work of Internal Audit

HM Treasury mandates that internal audit must give a year-end assurance on the effectiveness of a department's governance, risk, and internal control environment, and this assurance is a source of evidence underpinning the Principal Accounting Officer's Governance Statement.

Internal audit services are provided to the Northern Ireland Office by the Government's Internal Audit Agency, who work in accordance with Public Sector Internal Audit Standards. The work of internal auditors includes reviewing information and holding meetings with senior management, to look at the governance, risk, and internal control framework.

The Head of Internal Audit from the Government's Internal Audit Agency provides an annual assurance to the department's Principal Accounting Officer, by way of an independent opinion on the adequacy and effectiveness of governance, risk, and internal control arrangements. Their internal audit opinion is informed by the internal audit work carried out throughout the reporting period. Their annual work plan is developed in agreement with senior management, the Principal Accounting Officer and the ARC, and is informed by an analysis of the risks to which the Northern Ireland Office is exposed.

The Internal Audit opinion for 2021-22 reported no significant control issues, and gave a "moderate" level of assurance that the Northern Ireland Office's overall risk, internal control, and governance framework is adequate to enable the achievement of its objectives, and that the department's key risks are being effectively managed.

Capacity to handle risk

During the year, the Board reviewed risks associated with the delivery of its strategic priorities and objectives at each of its meetings. The Board also regularly reviewed its approach to risk management to ensure that key risks had been identified and appropriate actions were in place to manage the level of risk to an acceptable level. During the reporting period, the department completed an extensive review of its approach to risk management, and the accuracy and comprehensiveness of the corporate risk register. Work was also taken forward to ensure that risks were captured and aligned to the department's new Outcome Delivery Plan, and that risk was managed across the department at the right level.

Further information on how the department managed risk, and delivered its strategic priorities and objectives, can be found in the [Strategic Performance Analysis](#) section.

During the year, the Board also took assurance from ExCo on the effectiveness of the internal controls to manage operational level risk, and from the Audit and Risk Committee on the adequacy and effectiveness of the overall risk management framework.

Information and tools for effective risk management are available to all staff on the department's intranet. Our Risk Management Policy includes advice on maintaining risk registers, risk escalation, risk mitigation, and communication processes. At regular intervals, assurance is sought from each business area that risk management requirements are being complied with. A risk champion at Board level supports the department's approach to managing risk.

Information Assurance

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

Although the department does not handle large quantities of personal data, we maintain robust internal processes and provide training and guidance to all staff on General Data Protection Regulation (GDPR). Our Data Protection Officer, also provides advice and support to our sponsored bodies and monitors compliance.

During the year, one data breach was reported to the Information Commissioner's Office (ICO); the ICO confirmed that they were content with the actions taken in response to the breach, and that no further action was required. No data breaches were reported during 2020-21.

Stewardship Statements

Each Deputy Director in the core department, and the senior official in each sponsored body, signs an annual stewardship statement providing assurance to the Principal Accounting Officer on governance, risk management, and the operation of internal controls within their business areas. These stewardship statements clearly set out the internal controls that should be in place, and the steps taken to monitor the effectiveness of those controls.

The statements are normally reviewed in-year, and an assessment of the effectiveness of those controls is also carried out at the end of the reporting year. The Board and the ARC review a summary report of the effectiveness of the internal control measures at mid-year and the year-end.

For 2021-22, no significant concerns were identified as part of the end of year review.

Sponsored Bodies

During 2021-22, the Northern Ireland Office's senior management team regularly engaged with senior officials from our sponsored bodies; these meetings covered a wide range of operational and governance matters. Assurances were also sought that each sponsored body was operating sound governance arrangements through the stewardship statement arrangements. In addition to reviewing these assurances, the Board and the Audit and Risk Committee received quarterly

updates on general governance matters, and engaged directly with a number of sponsored bodies.

I took assurance from the Audit and Risk Committee, senior sponsors, and the governance statements produced by the three Non-Departmental Public Bodies (which are subject to review by both internal and external auditors) that all the department's sponsored bodies were continuing to operate effectively and efficiently.

Summary of effectiveness

For the period 2021-22, I am able to report that there were no significant weaknesses in the Northern Ireland Office's system of internal controls, which affected the achievement of its key policies, aims, and objectives.

In-year, the departmental Board of the Northern Ireland Office kept its effectiveness, its approach to risk management, and how it operated, under review. I am satisfied with the quality of the information presented to the Board, and that its leadership, performance, and approach to business, provided effective support to ministers and senior officials in directing the business of the department.

In respect of the Northern Ireland Office's sponsored bodies that are required to publish separate audited accounts, no material issues have been reported to me, and all the department's sponsored bodies accounts are currently on target to be published by July 2022.

In addition to the audited accounts for sponsored bodies, the department also has responsibility for electoral policy in Northern Ireland, and for publishing the expenses of the Returning Officer for Northern Ireland. From this year, the department has agreed with HM Treasury that these costs will be consolidated and reported on through the Northern Ireland Office group accounts (see Note 19).

No Ministerial directions were issued to me in my role as the Principal Accounting Officer for the Northern Ireland Office during the reporting period.



Madeleine Alessandri
Accounting Officer
22 June 2022

REMUNERATION AND STAFF REPORT

Remuneration Report

In accordance with the requirements of Schedule 7A to the Companies Act 1985 (as amended) only certain sections of the Remuneration Report have been subject to full external audit.

The following sections are all subject to audit: ministers' remuneration, Board members' remuneration, pay multiples, fees paid to Non-Executive Board Members, ministers' pension benefits, Board members' pension benefits, compensation for loss of office, staff costs, reporting of Civil Service and other compensation schemes and average number of persons employed.

Service contracts

The Constitutional Reform and Governance Act 2010 require Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found here:

<https://civilservicecommission.independent.gov.uk/>

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

Remuneration policy

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

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

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

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services;

- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

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

Performance appraisal

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

Remuneration (including salary) and pension entitlements

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

Remuneration (salary and payments in kind)

[Audited]

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ⁹		Total (to nearest £1,000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Minister 1 Rt Hon Brandon Lewis MP - Secretary of State for Northern Ireland (from 13 February 2020)	67,505	67,505	-	-	17,000	17,000	84,000	84,000
Minister 2 Robin Walker MP - Minister of State for Northern Ireland (from 13 February 2020 to 15 th September 2021 and previously Parliamentary Under- Secretary of State for Northern Ireland from 27 July 2019 to 12 February 2020)	15,840 (31,680 FTE)	31,680	-	-	4,000	8,000	20,000	39,000
Minister 3 Rt. Hon. Conor Burns MP – Minister of State for Northern (from 16 th September 2021)	17,160 (31,680 FTE)	-	-	-	4,000	-	21,000	-
Minister 4 Lord Caine Parliamentary Under Secretary of State (from 5 th November 2021) ¹⁰	-	-	-	-	-	-	-	-

⁹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

¹⁰ Lord Caine does not receive a salary for his work in the department.

[Audited]

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus Payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ¹		Total (£'000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Permanent Secretary Madeleine Alessandri	155-160	155-160	-	10-15	14,700	17,000	-	-	170-175	185-190
Director Colin Perry	100-105	100-105	10-15	0-5	-	-	9,000	99,000	120-125	200-205
Director Mark Larmour	90-95	90-95	-	0-5	-	-	19,000	45,000	110-115	140-145
Director Chris Flatt	90-95	90-95	10-15	-	-	-	26,000	42,000	130-135	135-140
Director Andrew Pike (From 17th February 2020 to 5 November 2021)	70-75 (110-115 FTE)	110-115	-	-	-	-	9,000	71,000	80-85	140-145
Director Nicholas Payne (From 14 th February 2022)	10-15 (125-130 FTE)	-	-	-	-	-	2,000	-	15-20	-
Director Tom Carney (From 12th July 2021) ¹¹	-	-	-	-	-	-	-	-	-	-
Non-Executive Director Dawn Johnson (From 1 st June 2013 to 8 th October 2020)		5-10 (10-15 FTE)	-	-	-	-	-	-	-	5-10
Non-Executive Director David Brooker (From 4 th January 2016 to 31 st August 2020)		0-5 (5-10 FTE)	-	-	-	-	-	-	-	0-5
Director General Lindy Cameron (from 17 July 2019 to 5 th October 2020)		60-65 (120-125 FTE)	-	-	-	-	-	28,000	-	85-90
Non-Executive Director Les Philpott (From 1 st October 2020)	10-15	5-10 (10-15 FTE)	-	-	-	-	-	-	-	5-10
Non-Executive Director Louise Wilson (From 1 st October 2020)	5-10	0-5 (5-10 FTE)	-	-	-	-	-	-	-	0-5

⁷ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual).

¹¹ Tom Carney is paid by the Cabinet Office during his time in the Department.

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 (£81,932 from 1 April 2020) and various allowances to which they are entitled are borne centrally. However the arrangements for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures above.

Benefits in Kind

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

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2021-22 relate to performance in 2020-21 and the comparative bonuses reported for 2020-21 relate to the performance in 2019-20.

Pay Multiples [Audited]

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

The banded remuneration of the highest-paid official in the Northern Ireland Office in the financial year 2021-22 was £170,000-£175,000. (2020-21: £185,000 - £190,000). This was 4.1 times (2020-21: 5.35) the median remuneration of the workforce, which was £41,747 (2020-21: £35,037). The decrease in pay multiple is due to a decrease in the banded remuneration of the highest paid individual and an increase in median remuneration of the workforce.

In 2021-22, no (2020-21, nil) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £14,000 to £173,000 (2020-21: £16,000 to £189,000) as set out in page 52.

The percentage change in the highest paid director's salary and allowance was (1.3) % and the percentage change in performance pay and bonuses payable was (100) % for the highest paid director.

For employees of the entity taken as a whole, the average percentage changes from the previous financial year of salary and allowances was 20% and the percentage change in performance pay and bonuses payable was (7.5) %.

The ratio between the highest paid director's remuneration and the pay and benefits of the employee on the 25th percentile of pay and benefits of the entity's employees for the financial year was 5.1:1. The ratio between the highest paid director's remuneration and the pay and benefits of the employee on the 75th percentile of pay and benefits of the entity's employees for the financial year was 3.2:1. The lower quartile remuneration (representing the 25th percentile of the linear distribution) was £34,262 (the salary component of this was £34,262) and the upper quartile remuneration (representing the 75th percentile of the linear distribution) was £54,484 (the salary component of this was £54,274). The salary component of the median was £41,747.

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

Pension Benefits

[Audited]

Minister	Accrued pension at age 65 as at 31/3/22	Real increase in pension at age 65	CETV at 31/3/22	CETV at 31/3/21	Real increase in CETV
	£000	£000	£000	£000	£000
Minister 1 Rt Hon Brandon Lewis MP - Secretary of State for Northern Ireland (from 13 February 2020)	5-10	0-2.5	91	71	8
Minister 2 Robin Walker MP - Minister of State for Northern Ireland (from 13 February 2020 to 15 September 2021) and previously Parliamentary Under-Secretary of State for Northern Ireland (from 27 July 2019 to 15 September 2021)	0-5	0-2.5	26	22	1
Minister 3 Rt. Hon. Conor Burns MP – Minister of State for Northern (from 16 th September 2021)	0-5	0-2.5	9	-	2

Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). Pension scheme administration is provided by Buck Pensions UK who are retirement plans administrators. The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available here:

<http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

Those ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were aged 55 or older on 1st April 2013 have transitional protection to remain in the previous final salary pension scheme.

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

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

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

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

[Audited]

Officials*	Accrued pension at pension age at 31/03/22 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/22	CETV at 31/03/21	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Mark Larmour Director	40-45	0-2.5	626	584	9	-
Colin Perry Director	45 - 50 plus a lump sum of 130 - 135	0-2.5 plus a lump sum of 0	1,123	1,061	-5	-
Chris Flatt Director	25 - 30 plus a lump sum of 40 - 45	0 - 2.5 plus a lump sum of 0	405	372	9	-
Nicholas Payne (From 14 th February 2022) Director	75-80	0-2.5	1,330	1,325	0	-
Andrew Pike Director	55-60 plus a lump sum of 140-145	0-2.5 plus a lump sum of 0	1,238	1,174	-6	-
Madeleine Alessandri Permanent Secretary	-	-	-	-	-	28,200

*Tom Carney is paid by Cabinet Office and disclosure can be found in Cabinet Office Accounts

Civil Service Pensions

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

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

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, the discrimination identified by the Courts in the way that the 2015 pension reforms were introduced must be removed by the. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g. legacy PCSPS & PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS & PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS & PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022.

This completes Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS & PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy.

Employee contributions are salary related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up

in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death-in-service and ill-health retirement).

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

Further details about the Civil Service pension arrangements can be found at:

<http://www.civilservicepensionscheme.org.uk>

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Compensation for loss of office [Audited]

No compensation for loss of office was paid by the department during the financial year (2020-21: Nil).

Ministers

No Ministers left under severance terms during the year (2020-21: Nil).

Staff Report

Departmental Group Staff costs [Audited]						2021-22	2020-21
						£000	£000
	Total	Permanently employed and inward seconded staff	Others	Ministers	Special Advisors		Total
Wages and salaries	17,138	14,592	2,327	219	-		15,774
Social security costs	1,681	1,613	56	12	-		1,486
Other pension costs	4,021	3,992	29	-	-		3,579
Sub Total	22,840	20,197	2,412	231	-		20,839
Less recoveries in respect of outward secondments	(421)	(421)	-	-	-		(289)
Total net costs	22,419	19,776	2,412	231	-		20,550

Special Advisers are temporary civil servants. In order to improve efficiency, the administration of staff costs for all Special Advisers across government was moved to the Cabinet Office in July 2019, with corresponding budget cover transfers. Therefore, special adviser costs are now reported in the Cabinet Office Annual Report and Accounts. Special Advisers remain employed by the respective departments of their appointing Minister.

Pensions [Audited]

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

These are unfunded multi-employer defined benefit schemes in which the Northern Ireland Office is unable to identify its share of the underlying assets and liabilities.

Full actuarial valuations of both the PCSPS and PCSPS (NI) were carried out as at 31 March 2016. Details of the PCSPS and CSOPS can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions). Details of the PCSPS (NI) are available in the PCSPS (NI) resource accounts.

For 2021-22, total employers' contributions of £3,972,509 (2020-21: £3,578,704) were payable at rates in the range 26.6% to 30.3% of pensionable pay for CSOPs and 28.7% to 34.2% per cent of pensionable pay for CSOPs (NI), based on salary bands. The schemes' actuaries review employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the costs of the benefits accruing during 2021-22 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 £47,271 (2020-21: £36,295) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and ranged from 11.1% to 18.5% pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings.

In addition, employer contributions of £1,450 (2020-21: £1,161), 0.5% of pensionable earnings, were payable to CSOPs and to the CSOPs (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 £4,369. Contributions prepaid at that date were £nil.

No person (2020-21: Nil persons) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £nil (2020-21: £nil).

Staff Numbers [Audited]

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

		Permanent	Inward			2021-22	2020-21
	Total	Staff	Secondments	Others	Ministers	Number Special Advisors	Number Total
NIO Core Department	181	164	11	-	2	4	168
NIO sponsored NDPBs	50	23	9	18	-	-	44
Other NIO sponsored ALBs*	109	2	107	-	-	-	116
Total	340	189	127	18	2	4	328

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

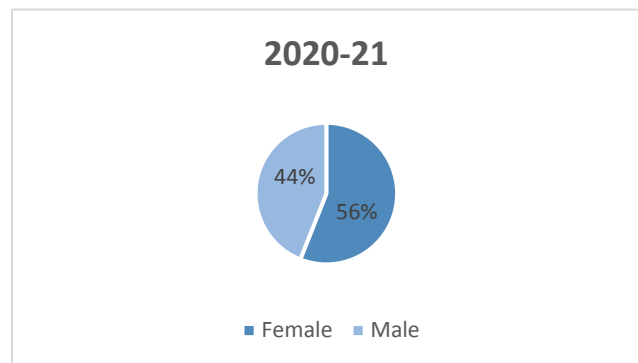
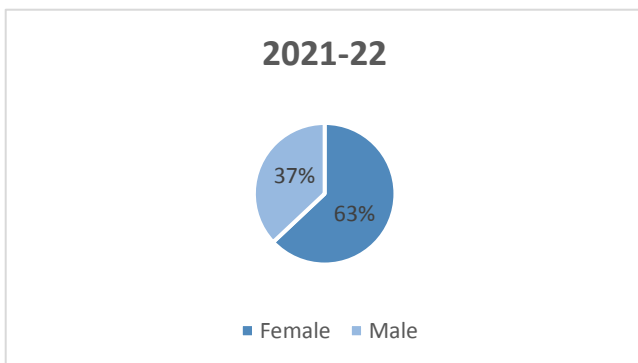
Staff turnover during 2021-22 (unaudited) was 6.39% (based on an average employee figure of 172 staff with 11 NIO staff having left the civil service during the year).

Staff Composition

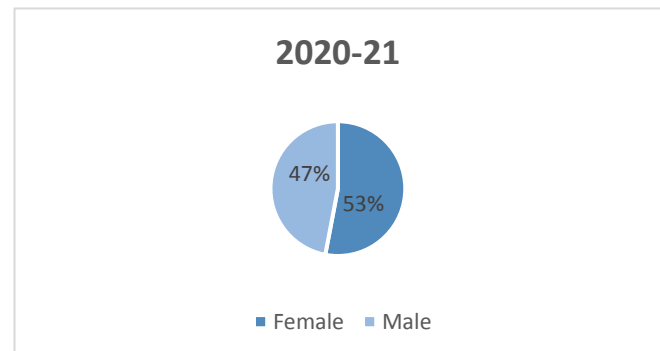
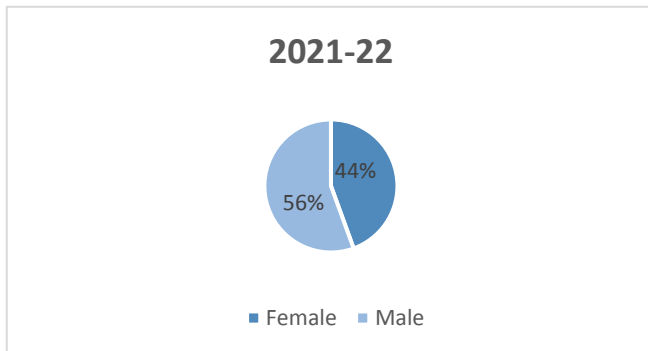
Senior Civil Service by Grade

	2021-22	2020-21
Permanent Secretary	1	1
Director	5	4
Deputy Director	12	12
Total	18	17

Staff Composition (Gender Analysis)



Senior Civil Service Staff Composition (Gender Analysis)



Sickness Absence

Throughout 2021-22, the department has continued to take a robust approach to managing attendance. There are a range of policies and procedures to support line managers to address this key area of their responsibilities. These policies are aimed at ensuring staff are afforded every opportunity of returning to the workplace as soon as possible. Data from the latest 12 month rolling period ending March 2021 shows that the Northern Ireland Office had an average working days lost figure of 1.5 (March 2020: 6.2), below the 6.1 (March 2020 7.4) Civil Service-wide average.

Employment of People with Disabilities and Other Employee Matters

Employment training and advancement of disabled persons and other employee matters are reported on in the Directors' Report.

Trade Union (Facility Time Publication Requirements) Regulations 2017 (Statutory Instruments 328)

No official in the department spent time on trade union activities. The Ministry of Justice as the HR and payroll provider provide trade union representation for staff.

Consultancy Expenditure

The department incurred £304.4k of consultancy expenditure in 2021-22 mostly on procurement of a new electoral management system (2020-21:£270.5k).

Off-Payroll Arrangements

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

Reporting of Civil Service and other compensation schemes – exit packages [Audited]

There were no civil service or other compensation schemes exit packages during the current or prior year.

COVID-19 Government Support Schemes

The department did not furlough any staff under the Coronavirus Job Retention Scheme (CJRS) nor reclaim any statutory sick pay from HMRC under the Coronavirus Statutory Sick Pay Rebate Scheme (CSSPRS).

**PARLIAMENTARY ACCOUNTABILITY AND AUDIT
REPORT**

STATEMENT OF OUTTURN AGAINST PARLIAMENTARY SUPPLY (AUDITED)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Northern Ireland Office to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons. The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise.

The Estimate details supply and is voted on by Parliament at the start of the financial year. Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion. The format of the SOPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn. The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOPS to the financial statements (note 2); a reconciliation of outturn to net cash requirement (note 3); and an analysis of income payable to the Consolidated Fund (note 4).

Summary of Resource and Capital Outturn 2021-22

Summary table, 2021-22, all Figures presented in £'000's

Type of Spend	Outturn			Estimate			Outturn vs Estimate, saving/ (excess)		Prior Year Outturn 2020-21	
	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total		
Departmental Expenditure Limit										
Resource	1.1	35,107	-	35,107	40,850	-	40,850	5,743	5,743	29,142
Capital	1.2	1,594	-	1,594	1,967	-	1,967	373	373	703
Total		36,701	-	36,701	42,817	-	42,817	6,116	6,116	29,845
Annually Managed Expenditure										
Resource	1.1	33,601	-	33,601	749,316	-	749,316	715,715	715,715	535,648
Capital		-	-	-	-	-	-	-	-	-
Total		33,601	-	33,601	749,316	-	749,316	715,715	715,715	535,648
Total Budget										
Resource	1.1	68,708	-	68,708	790,166	-	790,166	721,458	721,458	564,790
Capital		1,594	-	1,594	1,967	-	1,967	373	373	703
Total Budget Expenditure		70,302	-	70,302	792,133	-	792,133	721,831	721,831	565,493
Non-Budget Expenditure	1.1	19,972,000	-	19,972,000	20,975,101	-	20,975,101	1,003,101	1,003,101	19,627,239
Total Budget and Non Budget		20,042,302	-	20,042,302	21,767,234	-	21,767,234	1,724,932	1,724,932	20,192,732

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament.

Net cash requirement 2021-22, all figures presented in £'000s

	SoPS Note	Outturn	Estimate	Outturn vs Estimate: saving/(excess)	Prior Year Outturn total, 2020-21
Net Cash Requirement	3	20,007,275	21,580,940	1,573,665	19,656,262

Administration Costs 2021-22 all figures presented in £000's

	SoPS Note	Outturn	Estimate	Outturn vs Estimate: saving/(excess)	Prior Year Outturn total, 2020-21
Administration costs	1.1	21,327	24,159	2,832	21,821

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote. Explanations for variations between estimate and outturn are set out on pages 20-21.

NOTES TO THE STATEMENT OF OUTTURN AGAINST PARLIAMENTARY SUPPLY 2021-22 (£000'S)

SOPS1. Outturn detail, by Estimate Line

SOPS1.1 Analysis of resource outturn by Estimate Line

Type of Spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate, saving/ (excess)	Prior Year Outturn Total, 2020-21
	Administration			Programme			Total	Total	Virements	Total Including Virements		
	Gross	Income	Net	Gross	Income	Net						
Spending in Departmental Expenditure Limits (DEL)												
Voted Expenditure:												
A - Northern Ireland Office	25,561	(4,559)	21,002	11,161	(392)	10,769	31,771	36,396	-	36,396	4,625	26,405
B - NIHRC	-	-	-	2,327	-	2,327	2,327	2,711	-	2,711	384	1,636
C - PCNI	-	-	-	675	-	675	675	841	-	841	166	732
D - IRC				334	-	334	334	902		902	568	335
Total voted DEL	25,561	(4,559)	21,002	14,497	(392)	14,105	35,107	40,850	-	40,850	5,743	29,108
Non-voted Expenditure:												
E - Funding of elections	-	-	-	-	-	-	-	-	-	-	-	35
Total non-voted DEL	-	-	-	-	-	-	-	-	-	-	-	35
Total Spending DEL	25,561	(4,559)	21,002	14,497	(392)	14,105	35,107	40,850	-	40,850	5,743	29,143
Annually Managed Expenditure (AME)												
Voted												
F - Northern Ireland Office	325	-	325	33,276	-	33,276	33,601	749,316	-	749,316	715,715	535,648
Total voted AME	325	-	325	33,276	-	33,276	33,601	749,316	-	749,316	715,715	535,648
Non-budget												
G - Grant Payable to the Northern Ireland Consolidated Fund	-	-	-	19,972,000	-	19,972,000	19,972,000	20,975,101	-	20,975,101	1,003,101	19,627,000
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-	-	239
Total non-budget	-	-	-	19,972,000	-	19,972,000	19,972,000	20,975,101	-	20,975,101	1,003,101	19,627,239
Total Resource	25,886	(4,559)	21,327	20,019,773	(392)	20,019,381	20,040,708	21,765,267	-	21,765,267	1,724,559	20,192,030

SOPS1.2 Analysis of net capital outturn by Estimate Line

	Outturn			Estimate			Outturn vs Estimate saving/ (excess)	Prior Year Outturn Total, 2020-21
	Gross	Income	Net	Net	Virements	Net total compared to Estimate, adjusted for virements		
Spending in Departmental Expenditure Limits (DEL)								
<i>Voted Expenditure:</i>								
A - Northern Ireland Office	1,583	-	1,583	1,967	(11)	1,956	373	172
B - Northern Ireland Human Rights Commission	11	-	11	-	11	11	-	531
C - Parades Commission	-	-	-	-	-	-	-	-
D - Independent Reporting Commission	-	-	-	-	-	-	-	-
Total Voted DEL	1,594	-	1,594	1,967	-	1,967	373	703
<i>Non-voted Expenditure:</i>								
E - Funding of elections	-	-	-	-	-	-	-	-
Total non-voted DEL	-	-	-	-	-	-	-	-
Total spending in DEL	1,594	-	1,594	1,967	-	1,967	373	703

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on gov.uk. The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament.

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

			2021-22 £'000 Outturn	2020-21 £'000 Outturn
		Note		
Total resource outturn in Statement of Outturn Parliamentary Supply				
Budget	1.1		68,708	564,791
Non-budget	1.1		19,972,000	19,627,239
			20,040,708	20,192,030
Capital provision NIHRC			-	(75)
Prior Period Adjustment	1.1		-	(239)
Net operating expenditure in Consolidated Statement of Comprehensive Net Expenditure			20,040,708	20,191,716

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

SOPS3. Reconciliation of net resource outturn to net cash requirement

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

		Estimate	Outturn	2021-22 Net total outturn Compared with Estimate: saving/(exc ess) £000
	Note	£000	£000	
Resource Outturn	SOPS 1.1	21,765,267	20,040,708	1,724,559
Capital Outturn	SOPS 1.2	1,967	1,594	373
<i>Adjustments for ALBs:</i>				
Remove voted resource and capital		(4,454)	(3,347)	(1,107)
Add Cash grant-in-aid		3,165	3,474	(309)
Accruals to cash adjustments:				
<i>Adjustment to remove non-cash items:</i>				
Depreciation/Amortisation		(2,249)	(2,193)	(56)
New Provisions and adjustments to previous provisions		(749,316)	(33,601)	(715,715)
Other non-cash items	4	-	(700)	700
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables	12	-	295	(295)
(Increase)/decrease in payables	13	-	767	(767)
Use of provisions	14	566,560	396	566,164
		21,580,940	20,007,393	1,573,547
Removal of non-voted budget items:				
Consolidated Fund Standing Services		-	(118)	118
Net cash requirement		21,580,940	20,007,275	1,573,665

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

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

	Outturn 2021-22		Outturn 2020-21	
	Income	£000 <i>Receipts</i>	Income	£000 <i>Receipts</i>
Operating income outside the ambit of the estimate	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
Total income payable to the Consolidated Fund	-	-	-	-

SOPS4.2 Consolidated Fund Income

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

	2021-22	2020-21
	£000	£000
Income from Election Office activities funded by the Consolidated Fund	-	353
Amount payable to the Consolidated Fund	-	353
Balance held at the start of the year	-	39
Payments into the Consolidated Fund	-	(392)
Balance held in trust at the end of the year	-	-

All income for the prior year shown above had been received at 31 March 2021.

Parliamentary Accountability Disclosures (Audited)**Losses and special payments**

There are no losses or special payments, individually or in aggregate in excess of £300,000, which would require separate disclosure during the year to 31 March 2022 (2020-21: £nil), or that have been recognised since that date. All expenditure has been incurred in line with underlying Parliamentary authority.

Fees and charges

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

	2021-22 £000			2020-21 £000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
Crown Solicitor's Office	4,420	(5,095)	(675)	3,943	(4,529)	(586)
Total	4,420	(5,095)	(675)	3,943	(4,529)	(586)

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

The Crown Solicitor's Office (CSO) generates income for legal work undertaken for all clients other than the Northern Ireland Office, for which no charges are made. The financial objective is to recover all costs associated with delivering these services. Due to the unforeseeable impact of Covid-19, CSO were subject to a decline in income during the year due to courts closures. Funding was received via the supplementary estimates process to cover this shortfall as described in the Spending Review. A schedule of fees is determined at the beginning of each financial year based on estimated costs and forecast activity levels.

Remote Contingent Liabilities

There were no remote contingent liabilities in 2021-22 (2020-21: nil).

Notation of Gifts

There were no gifts made over the limits prescribed in Managing Public Money or Managing Public Money Northern Ireland in 2021-22 (2020-21: nil).

Public Sector Bodies outside the Departmental Boundary

There were no public sector bodies outside the boundary of the department where the NIO had lead policy responsibility in the year 2021-22 (2020-21: nil).



Madeleine Alessandri
Accounting Officer
22 June 2022

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

Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Office and of its Departmental Group for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000. The Department comprises the core Department. 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 2021.

The financial statements comprise the Department's and the Departmental Group's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department and the Departmental Group's affairs as at 31 March 2022 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn Against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2022 and shows that those totals have not been exceeded: and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Department and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Northern Ireland Office and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Northern Ireland Office or its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Northern Ireland Office and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report but does not include the financial statements nor my auditor's certificate. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Office and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Northern Ireland Office or returns adequate for my audit have not been received from branches not visited by my staff; or

- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Northern Ireland Office and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Northern Ireland Office and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Northern Ireland Office and its Group's accounting policies;
- inquiring of management, the Northern Ireland Office's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Northern Ireland Office and its Group's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Northern Ireland Office and its Group's controls relating to the Northern Ireland Office's compliance with the Government Resources and Accounts Act 2000, Supply and Appropriation (Main Estimates) Act 2021 and Managing Public Money; and
- discussing among the engagement team and involving relevant internal specialists, including property valuations, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Northern Ireland Office and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of the Northern Ireland Office and Group's framework of authority as well as other legal and regulatory frameworks in which the Northern Ireland Office and Group operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Northern Ireland Office and Group.

The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2021, employment law and tax legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against 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.

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

Report

I have no observations to make on these financial statements.

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

Date: 24 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE For the Year Ended 31 March 2022

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure

	Note	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Income	5	(84,905)	(84,905)	(98,871)	(98,871)
Total operating income		(84,905)	(84,905)	(98,871)	(98,871)
Staff costs	3	20,104	22,419	18,759	20,550
Other expenditure	4	20,102,204	20,103,194	20,269,127	20,270,037
Grant in aid to NDPBs		3,474	-	2,833	-
Total operating expenditure		20,125,782	20,125,613	20,290,719	20,290,587
Net operating expenditure for the year ended 31 March 2022		20,040,877	20,040,708	20,191,848	20,191,716
Other comprehensive net expenditure					
Items that will not be reclassified to net operating expenditure:					
Net gain on:					
Revaluation of property, plant and equipment	6	-	(29)	(17)	(17)
Comprehensive net expenditure for the year ended 31 March 2022		20,040,877	20,040,679	20,191,831	20,191,699

The above income and expenditure is derived from continuing operations.

The notes on pages 85-113 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

This statement presents the financial position of the departmental group. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity

	Note	31 March 2022		31 March 2021	
		£000	£000	£000	£000
		Core Department	Departmental Group	Core Department	Departmental Group
Non-current assets					
Property, plant and equipment	6	83,049	83,586	79,087	79,673
Intangible assets	7	3	6	2	10
Financial assets	10	1,428,517	1,428,517	1,485,386	1,485,386
Total non-current assets		1,511,569	1,512,109	1,564,475	1,565,069
Current assets					
Trade and other receivables	12	4,401	4,485	4,106	4,165
Financial assets	10	134,819	134,819	144,704	144,704
Cash and cash equivalents	11	93,311	93,845	187,485	187,825
Total current assets		232,531	233,149	336,295	336,694
Total assets		1,744,100	1,745,258	1,900,770	1,901,763
Current Liabilities					
Trade and other payables	13	233,090	233,419	337,916	338,279
Provisions	14	99,353	99,353	535,605	535,680
Total current liabilities		332,443	332,772	873,521	873,959
Non-current assets plus/less net current assets/liabilities		1,411,657	1,412,486	1,027,249	1,027,804
Non-current liabilities					
Other payables	13	1,428,517	1,428,517	1,485,386	1,485,386
Provisions	14	469,457	469,532	-	-
Total non-current liabilities		1,897,974	1,898,049	1,485,386	1,485,386
Total liabilities		(486,317)	(485,563)	(458,137)	(457,582)
Taxpayers' deficit/equity					
General fund		(527,318)	(526,595)	(497,287)	(496,733)
Revaluation reserve		41,001	41,032	39,150	39,151
Total deficit		(486,317)	(485,563)	(458,137)	(457,582)

Madeleine Alessandri

Signed:
Madeleine Alessandri
Accounting Officer
22 June 2022

The notes on pages 85-113 form part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS**For the Year Ended 31 March 2022**

The Statement of Cash Flows shows the changes in cash and cash equivalents of the departmental group during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the departments' future public service delivery.

		2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Core Department
	Note				
Cash flows from operating activities					
Net operating expenditure		(20,040,877)	(20,040,708)	(20,191,848)	(20,191,716)
Adjustment for non-cash transactions	3,4	36,643	36,738	537,962	538,124
(Decrease)/Increase in trade and other receivables	12	(295)	(320)	1,995	1,976
(Increase)/Decrease in trade payables	13	(104,819)	(104,853)	178,501	178,560
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	13	104,059	104,059	(182,296)	(182,296)
Use of provisions	14	(396)	(396)	(12)	(12)
Net cash outflow from operating activities		(20,005,685)	(20,005,480)	(19,655,698)	(19,655,364)
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(1,590)	(1,601)	(172)	(779)
Purchase of intangible assets	7	-	-	-	1
Loans to other bodies	10	(80,000)	(80,000)	-	-
Repayment from other bodies - capital	10	146,754	146,754	144,861	144,861
Repayment from other bodies – interest		49,413	49,413	53,638	53,638
Net cash inflow from investing activities		114,577	114,566	198,327	197,721
Cash flows from financing activities					
From the Consolidated Fund (Supply) – current year		19,913,101	19,913,101	19,838,715	19,838,715
From the Consolidated Fund (non-supply)		-	-	-	-
Loans received from the National Loans Fund	10	80,000	80,000	-	-
Repayments of loans from the National Loans Fund - Capital	10	(146,754)	(146,754)	(144,861)	(144,861)
Repayments of loans from the National Loans Fund - Interest		(49,413)	(49,413)	(53,638)	(53,638)
Net financing		19,796,934	19,796,934	19,640,216	19,640,216
Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(94,174)	(93,980)	182,845	182,573
Payments of amounts due to the Consolidated Fund		-	-	(392)	(392)
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(94,174)	(93,980)	182,453	182,181
Cash and cash equivalents at the beginning of the period	11	187,485	187,825	5,032	5,644
Cash and cash equivalents at the end of the period	11	93,311	93,845	187,485	187,825

The notes on pages 85-113 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For year ended 31 March 2022 – Core Department

This statement shows the movement in the year on the different reserves held by the department analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2020		38,426	39,133	77,559
Net Parliamentary Funding - drawn down		19,838,715	-	19,838,715
Net Parliamentary Funding - deemed		5,032	-	5,032
Consolidated Fund Standing Services	4	120	-	120
Unspent Supply payable to the Consolidated Fund	13	(187,485)	-	(187,485)
Excess cash paid to the Consolidated Fund		(392)	-	(392)
		19,655,990	-	19,655,990
Changes in taxpayers' equity for 2020-21				
Net gain on revaluation of property, plant and equipment		-	17	17
Net gain on revaluation of intangible assets		-	-	-
Non-cash charges - auditor's remuneration		145	-	145
Net operating cost for the year		(20,191,848)	-	(20,191,848)
Total recognised income and expense for 2020-21		(20,191,703)	17	(20,191,686)
Balance at 31 March 2021		(497,287)	39,150	(458,137)
Net Parliamentary Funding - drawn down		19,913,101	-	19,913,101
Net Parliamentary Funding - deemed		187,485	-	187,485
Consolidated Fund Standing Services	4	118	-	118
Unspent Supply payable to the Consolidated Fund	13	(93,311)	-	(93,311)
Excess cash paid to the Consolidated Fund		-	-	-
		20,007,393	-	20,007,393
Changes in taxpayers equity for 2021-22				
Transfers between reserves		3,335	(3,335)	-
Net gain on revaluation of property, plant and equipment		-	5,186	5,186
Net gain on revaluation of intangible assets		-	-	-
Non-cash charges - auditor's remuneration	4	118	-	118
Net operating cost for the year		(20,040,877)	-	(20,040,877)
Total recognised income and expense for 2021-22		(20,037,424)	1,851	(20,035,573)
Balance at 31 March 2022		(527,318)	41,001	(486,317)

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

The notes on pages 85-113 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For year ended 31 March 2022 – Departmental Group

This statement shows the movement in the year on the different reserves held by the departmental group analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2020		38,848	39,134	77,982
Net Parliamentary Funding - drawn down		19,838,715	-	19,838,715
Net Parliamentary Funding - deemed		5,032	-	5,032
Consolidated Fund Standing Services	4	120	-	120
Unspent Supply payable to the Consolidated Fund	13	(187,485)	-	(187,485)
Excess cash paid to the Consolidated Fund		(392)	-	(392)
		19,655,990	-	19,655,990
Changes in taxpayers equity for 2020-21				
Net gain on revaluation of property, plant and equipment		-	17	17
Net loss on revaluation of intangible assets		-	-	-
Non-cash charges - auditor's remuneration	4	145	-	145
Net operating cost for the year		(20,194,549)	-	(20,194,549)
Adjustment for NDPBs		2,833	-	2,833
Total recognised income and expense for 2020-21		(20,191,571)	17	(20,191,554)
Balance at 31 March 2021		(496,733)	39,151	(457,582)
Net Parliamentary Funding - drawn down		19,913,101	-	19,913,101
Net Parliamentary Funding - deemed		187,485	-	187,485
Consolidated Fund Standing Services	4	118	-	118
Unspent Supply payable to the Consolidated Fund	13	(93,311)	-	(93,311)
Excess cash paid to the Consolidated Fund		-	-	-
		20,007,393	-	20,007,393
Changes in taxpayers equity for 2021-22				
Transfers between reserves	4	3,335	(3,335)	-
Net gain on revaluation of property, plant and equipment		-	5,216	5,216
Net gain on revaluation of intangible assets		-	-	-
Non-cash charges - auditor's remuneration	4	118	-	118
Net operating cost for the year		(20,040,708)	-	(20,040,708)
Total recognised income and expense for 2021-22		(20,037,255)	1,881	(20,035,374)
Balance at 31 March 2022		(526,595)	41,032	(485,563)

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

The notes on pages 85-113 form part of these accounts.

NOTES TO THE DEPARTMENTAL ACCOUNTS

Statement of accounting policies 2021-22

1. Basis of Preparation

The financial statements have been prepared in accordance with the 2021-22 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Northern Ireland Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

The financial statements 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).

The financial statements for 2021-22 have been prepared on a going concern basis. The department has Parliamentary approval for its 2022-23 budget and a 3-year Spending Review letter was received in December 2021 securing funding each year up to and including the 2024-25 financial year. The department has a statutory basis for its function and related funding and there is no reason this would not continue.

The recognition of a provision for the PEACE PLUS programme in the 2020-21 financial year and the subsequent increase in this provision in the 2021-22 financial year gives rise to a material liability in the Statement of Financial Position. The Department anticipates that funding for the programme will be fully met via the HM Treasury Estimates processes, however the Department cannot yet accrue it as income, which gives rise to the material net liability. The agreement underpinning PEACE PLUS is due to be signed and the treaty ratified during the 2022-23 financial year.

Based on the above assessment the accounting officer has concluded that it appropriate to prepare the financial statements on a going concern basis and does not consider there are any material uncertainties around the Core Department or the Departmental Group's going concern status.

1.1 Accounting convention

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

1.2 Basis of consolidation

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

1.3 Property, plant and equipment

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

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

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

Consolidation of asset categories

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

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

1.3.1 Valuation of property, plant and equipment

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.

Property, plant and equipment are stated at fair value, which is deemed to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

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

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

1.4 Heritage assets

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

Hillsborough Castle is a facility used as a Royal residence and is considered as a specialised operational asset. The last valuation was carried out by Land Property Services (LPS) – Department of Finance – NI, as at 31 March 2022. The basis of valuation is current value in existing use. Current Value has regard to the service potential that an asset provides in support of the entity's service delivery. The measurement approach used to arrive at the Current Value of 'in use' assets for specialised operation assets is Depreciated Replacement Cost as defined in RICS Guidance Note: Depreciated Replacement Cost Method of Valuation for Financial Reporting (effective January 2019).

Arts and antiques are not depreciated and are subject to quinquennial professional valuations. The last professional valuation was carried out on 31 March 2022 by Ross' Auctioneers and Valuers.

When heritage assets are revalued, the carrying amount is adjusted to the revalued amount and the accumulated depreciation is eliminated against the gross carrying amount of the asset.

1.5 Intangible assets

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

1.6 Depreciation/Amortisation

Property, plant and equipment and intangible assets, with the exception of land, are depreciated/amortised 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:

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

1.7 Realised Element of Depreciation from Revaluation Reserve

Depreciation and amortisation are charged to expenditure on the re-valued amount of property, plant and equipment and intangibles. An element of depreciation or amortisation therefore arises due to the increase in valuation and is in excess of the depreciation or amortisation that would be charged on the historical cost of assets.

On disposal of a previously revalued asset, the amount relating to this excess is a realised gain on disposal and is transferred from the Revaluation Reserve to the General Fund.

1.8 Employee Benefits

From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher). From that date all newly-appointed civil servants, and the majority of those already in service, joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium and classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65. These defined benefit schemes are unfunded. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the schemes of the amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the pension schemes.

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

1.9 Early departure costs

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

1.10 Financing and Operating income

Financing

The department is primarily 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.

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

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

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

- Administration income
- Programme income

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

1.11 Administration and Programme expenditure

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

1.12 Grants payable and paid

The Core department recognises the grants due to its executive Non-Departmental Public Bodies, (the Northern Ireland Human Rights Commission, the Independent Reporting 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 and the Independent Reporting Commission. Grant-in-aid paid during the year is calculated by recording the details of payments processed and cash that has been paid out. NIHRC receive a cash grant-in-aid as NIO do not make payments on their behalf.

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

1.13 Leases

Leases where substantially all of the risks and rewards are held by the lessor are classified as operating leases. Rentals are charged to the Consolidated Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease. This treatment has continued in the 2021-22 financial year. The future lease policy that will apply on implementation of IFRS 16: *Leases* is outlined in note 1.22 below: *Accounting standards, interpretations and amendments to published standards not yet effective*

1.14 Provisions

The department provides for legal or constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. For any provisions extending beyond one year discount rates quoted in PES (2021) 10 DISCOUNT RATES FOR GENERAL PROVISIONS, POST EMPLOYMENT BENEFITS, FINANCIAL INSTRUMENTS AND LEASES (UNDER IFRS 16): ANNOUNCEMENT OF RATES have been used.

1.15 Contingent liabilities

Contingent liabilities are disclosed in the notes to the financial statements in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. 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.

Remote contingent liabilities outside the scope of IAS 37 but requiring Parliamentary reporting in accordance with the requirements of *Managing Public Money* are disclosed in the Parliamentary Accountability and Audit section of the Accountability Report.

1.16 Value Added Tax

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

1.17 Notional charges

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

1.18 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.

1.19 Financial Instruments

IFRS 9 requires an entity to recognise a financial asset or a financial liability in its Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities which arise from the purchase and sale of non-financial items such as goods or services, which are entered into in accordance with the Northern Ireland Office's normal purchase, sale or usage requirement, are recognised when, and to the extent to which, performance occurs. All other financial assets and liabilities are recognised when the Northern Ireland Office becomes party to the contractual provisions to receive or make cash payments. Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Financial Assets

Loans and receivables

Loans and receivables comprise trade receivables, other receivables and loans that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method net of impairment. Interest is recognised by applying the effective interest rate. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating the interest revenue or expense over the relevant period using the estimated future cash flows.

IFRS 9 requires an entity to produce an expected loss impairment model for financial instruments held. Under the FReM, balances with core central government departments, the Government's Exchequer Funds (including the National Loans Funds) are excluded from recognising impairments.

The department's main financial instrument is loans from the National Loans Fund. There is no loss allowance for these loans as NLF loans can only be made where there is a reasonable expectation that they will be serviced and repaid on the due dates as the NLF is not legally allowed to make a loss.

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.

Financial Liabilities

Trade and other payables

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

Loans and other borrowings

Loans and other borrowings are initially recognised at fair value plus directly attributable transaction costs

1.20 Critical accounting estimates and key judgements

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

(i) – Provisions

Provisions have been made for obligations 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.

The most significant provision relates to PEACE PLUS which is a cross-border peace and reconciliation programme in Northern Ireland and the border region of Ireland whereby the UKG must provide funding in Euros as it is an EU programme.

The provision has been measured as the Euro commitment, discounted over the period it is payable (i.e. 6-years) using PES (2021) 10 *Discount rates for General Provisions, Post Employment Benefits, Financial Instruments and Leases (under IFRS 16)*. The discounted Euro (€) figure has then been translated to Sterling (£) using the Bank of England spot rate as at 31 March 2022. The Department anticipates that funding for the programme will be fully met via the HM Treasury Estimates processes. The agreement underpinning PEACE PLUS is due to be signed and the treaty ratified during the 2022-23 financial year.

Dilapidations provisions are recognised reflecting the best estimate made by a third party supplier of the obligatory costs due to the lessor upon exiting the premises currently occupied under leasehold agreement by the department.

The NIO has recognised a remediation provision, the details of which are not given to avoid prejudicing the department in disclosing sensitive information.

This remediation provision reflects the best estimate made by management of the future costs. Given that there is a continuous range of possible outcomes on a number of variables, and each point in the range is as likely as any other, the mid-point in the range has been used to estimate the cost reflected in the provision, as required by IAS 37.

(ii) – Work in Progress

The Crown Solicitor's Office accrues for the income relating to the cost of solicitor activity in relation to cases that have not completed at the reporting date. This is an estimate of the fees earned as a result of work undertaken up to the reporting date using an estimate of cost based on a combination of actual bills issued, solicitor time recording, average billing and an assessment of

the progress on the case to date. Account has been taken of the estimated recoverability of the receivable in the calculation. Any differences between the amount charged to the client upon the completion of the case and the value recognised as work in progress will be accounted for in the accounting period when the client invoice is raised.

1.21 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2022

The department has reviewed the standards, interpretations and amendments to published standards that became effective during 2021-22 and which are relevant to its operations. There is no impact on the department's financial position or results.

1.22 Accounting standards, interpretations and amendments to published standards not yet effective

The following standards or interpretations have been issued by the International Accounting Standards Board but have not been adopted:

IFRS 17 – Insurance contracts replaces IFRS 4 and has an effective date of 1 April 2025. The new standard combines current measurement of future cash flows with profit recognition over the period of contractual service provision, present insurance service results separately and elect whether to recognise insurance finance income and expenditure in profit and loss or other comprehensive income. Given that the department do not issue insurance policies, no material impact is expected on the financial statements as a result of this standard.

IFRS 16 – Leases replaces IAS 17 Leases and related interpretations and has an effective date of 1 January 2019. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The new standard was initially due to be applied from 1 April 2021, however due to Covid-19 the implementation of IFRS 16 for bodies applying the Government Financial Reporting Manual has been delayed until 1 April 2022.

The Departmental group has assessed the impact that the application of IFRS 16 will have on the comprehensive net expenditure for the financial year ending 31 March 2023 and on the statement of financial position at 1 April 2022. The figures below are for existing leases as at 31 March 2022. The standard is expected to increase total expenditure in 2022/23 by approximately £14k. The recognition of right-of-use assets associated with existing operating leases, is expected to increase the value of non-current assets by £3,822k while liabilities will increase by £3,822k.

SoCNE Impacts IFRS 16	£,000
Depreciation expected – 2022/23	1,565
Interest expense expected – 2022/23	45
IAS 17 basis Rental payments expected – 2022/23	(1,536)
Increased Expenditure	74

SoFP Impacts IFRS 16	£,000
Existing IAS 17 Operating Leases – Right of Use Assets – 1 April 2022	3,781
Existing IAS 17 Operating Leases – Lease Liabilities – 1 April 2022	(3,781)

When IFRS 16 is implemented in the 2022-23 financial year the following lease policy will apply.

All lease contracts are assessed at inception to determine whether they constitute, or contain, a lease. If so, then a right-of-use asset and a corresponding lease liability are recognised, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as assets with a value less than the applicable capitalisation threshold – see capitalisation threshold policy); for these leases, the lease payments are recognised as an operating expense on a straight-line basis over the term of the lease.

Although agreements between UK government bodies are not legally enforceable, any intra-UK government lease agreements are treated as if they constituted a legally enforceable contract, and therefore a lease liability and a corresponding right-of-use asset are recognised.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the incremental borrowing rate, as promulgated by HM Treasury, is used. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The lease liability is re-measured (with a corresponding adjustment being made to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value;
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

Right-of-use assets are initially measured at the value of the corresponding lease liability, plus lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, unless they are considered long term (defined as leases with a term of 25 years or more), in which case they are carried at fair value/current value in existing use, in accordance with the revaluation model in IAS 16.

Whenever an obligation is incurred for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects the expectation that a purchase option will be exercised, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Leases for which the Department group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Department group net investment in the leases.

2. Statement of Operating Costs by Operating Segment

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

- Centrally Managed Expenditure (CM)
- Engagement Group (EnG);
- Political Strategy and Implementation Group (PSIG);
- Economic and Constitutional Group (ECG);
- Legacy Group (LG);
- Security and Protection Group (SPG); and
- Crown Solicitor's Office (CSO).

Core staff costs, legal costs and depreciation are managed centrally.

Information on amounts paid to the Northern Ireland Consolidated Fund (NICF) is included as a separate operating segment below.

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

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

	2021-22								2021-22
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	NICF	CM	EnG	PSIG	ECG	LG	SPG	CSO	Total
Gross expenditure	19,972,000	23,726	1,815	1,940	6,495	220	733	5,096	20,012,025
Receipts	-	(137)	-	(1)	(336)	(66)	(2)	(4,405)	(4,947)
Total net operating expenditure	19,972,000	23,589	1,815	1,939	6,159	154	731	691	20,007,078
	2020-21								2020-21
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	NICF	CM	EnG	PSIG	EPG	LG	SPG	CSO	Total
Gross expenditure	19,627,000	25,184	193	441	2,607	107	563	4,529	19,660,624
Receipts	-	(235)	-	-	(122)	(169)	(2)	(3,943)	(4,471)
Total net operating expenditure	19,627,000	24,949	193	441	2,485	(62)	561	586	19,656,153

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

	2021-22	2020-21
	£000	£000
	Total	Total
Total net expenditure by operating segment	20,007,078	19,656,153
Reconciling items:		
AME and non-voted expenditure not included in analysis	33,601	535,533
Accounting adjustments	-	30
Total net expenditure per statement of comprehensive net expenditure	20,040,679	20,191,716

3. Staff costs

More detail on staff numbers can be found in the Remuneration and Staff Report.

Core staff costs	2021-22					2020-21
	Total	Permanently employed and inward seconded staff	Others	Ministers	Special Advisors	Total
	£000					£000
Wages and salaries	15,389	13,101	2,069	219	-	14,394
Social security costs	1,501	1,448	41	12	-	1,351
Other pension costs	3,635	3,635	-	-	-	3,303
Sub Total	20,525	18,184	2,110	231	-	19,048
Less recoveries in respect of outward secondments	(421)	(421)	-	-	-	(289)
Total net costs	20,104	17,763	2,110	231	-	18,759

Departmental Group Staff costs	2021-22					2020-21
	Total*	Permanently employed and inward seconded staff	Others	Ministers	Special Advisors	Total
	£000					£000
Wages and salaries	17,138	14,592	2,327	219	-	15,774
Social security costs	1,681	1,613	56	12	-	1,486
Other pension costs	4,021	3,992	29	-	-	3,579
Sub Total	22,840	20,197	2,412	231	-	20,839
Less recoveries in respect of outward secondments	(421)	(421)	-	-	-	(289)
Total net costs	22,419	19,776	2,412	231	-	20,550

*2021-22 staff costs include staff costs of £128k for Returning Officers Expenses relating to the 2022 assembly elections as outlined in note 19.

4. Other Expenditure

		2021-22 £000		2020-21 £000	
Note	Core Department	Departmental Group	Core Department	Departmental Group	
Other Expenditure*					
	Communications, office supplies and services	1,858	1,931	1,719	1,899
	Events and conferences	37	37	21	27
	Legal costs	1,539	1,619	1,977	2,028
	Maintenance and utilities	2,770	2,874	2,675	2,867
	Professional fees	3,114	3,216	1,058	1,316
	Audit Fees - ALBs	-	43	-	41
	Other contracted out services	252	253	208	209
	Subscriptions to professional bodies	199	199	158	158
	Training costs	86	104	170	170
	Travel, subsistence and hospitality	636	665	172	180
	All other expenditure**	2,945	3,345	1,523	1,606
Non-cash items					
6	Depreciation	2,193	2,284	2,100	2,178
7	Amortisation	-	4	6	15
	Loss on disposal	594	594	-	-
6,7	Revaluation	18	18	-	3
14	Provisions provided in year (provisions for staff costs are included at note 3)	33,693	33,693	535,585	535,585
	Auditor's remuneration and expenses	118	118	145	145
Rentals under operating Leases:					
	Hire of plant and machinery	1	8	9	9
	Other Operating Leases	197	235	166	166
Consolidated Fund Standing Services:					
	Election Funding	(118)	(118)	(85)	(85)
	Consolidated Fund Standing Services	118	118	120	120
		50,250	51,240	547,727	548,637
Northern Ireland Consolidated Fund:					
	Grant	19,972,000	19,972,000	19,627,000	19,627,000
	National Loans Fund interest	49,413	49,413	53,638	53,638
	EU grants	30,541	30,541	40,762	40,762
		20,051,954	20,051,954	19,721,400	19,721,400
Total Expenditure		20,102,204	20,103,194	20,269,127	20,270,037

*2021-22 Expenditure includes c£57k relating to Returning Officers expenses as outlined in Note 19.

** 2021-22 Other expenditure includes significant expenditure on EONI Canvass 2021 for printing c£268k and postage c£904k of flyers which is one off expenditure for the update of the Electoral register which happens once every 10 years.

During the year the department did not purchase any non-audit services from its auditor, the National Audit Office (2020-21: nil).

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 Consolidated Funds Standing Services along with election running costs. As the cash for the CEO's salary does not pass through the department's accounts, the expenditure is accounted for as a non-cash item.

Pension benefits for the CEO are on a broadly by-analogy to the Principal Civil Service and Others Pension Scheme (CSOPS) basis. This provides for benefits on a final salary basis accruing at 1/80th 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.

5. 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 2021-22, all operating income was within the budget (2020-21: all operating income was within the budget).

	2021-22 £000	2021-22 £000	2020-21 £000	2020-21 £000
	Core Department	Departmental Group	Core Department	Core Department
Administration income:				
Professional Fees	4,420	4,420	3,943	3,943
Other administrative income	139	139	235	235
	4,559	4,559	4,178	4,178
Programme income:				
Other	392	392	293	293
National Loans Fund interest	49,413	49,413	53,638	53,638
Income from EU for NI programmes	30,541	30,541	40,762	40,762
	80,346	80,346	94,693	94,693
Total	84,905	84,905	98,871	98,871

Note:

Programme 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 4.

6. Property, plant and equipment – Departmental Group

	Heritage Assets £000	Antiques £000	Leasehold improvements £000	Plant & Machinery £000	Information Technology £000	Assets Under Construction £000	Total £000
Cost or valuation							
At 1 April 2021	84,558	1,718	2,215	1,028	2,446	355	92,320
Transfers	-	-	13	150	192	(355)	-
Additions	-	-	453	(10)	1,151	-	1,594
Net Revaluations to SoCNE	-	-	-	-	(21)	-	(21)
Disposals	-	(14)	(461)	(480)	(608)	-	(1,563)
Revaluations	(5,551)	63	93	6	40	-	(5,349)
At 31 March 2022	79,007	1,767	2,313	694	3,200	-	86,981
Depreciation							
At 1 April 2021	9,142	-	1,032	656	1,817	-	12,647
Transfers	-	-	-	-	-	-	-
Charged in year	1,505	-	239	75	465	-	2,284
Net Revaluation to SoCNE	-	-	-	-	(3)	-	(3)
Disposals	-	-	(162)	(320)	(487)	-	(969)
Revaluation	(10,647)	-	50	3	30	-	(10,564)
At 31 March 2022	-	-	1,159	414	1,822	-	3,395
Carrying Amount							
At 31 March 2022	79,007	1,767	1,154	280	1,378	-	83,586
Carrying Amount							
At 31 March 2021	75,416	1,718	1,183	372	629	355	79,673
Of the total:							
Department	79,007	1,767	700	218	1,362	(5)	83,049
Other designated bodies	-	-	454	62	16	5	537
Carrying amount at 31 March 2022	79,007	1,767	1,154	280	1,378	-	83,586

Note 6

	Heritage Assets £000	Antiques £000	Leasehold improvements £000	Plant & Machinery £000	Information Technology £000	Assets Under Construction £000	Total £000
Cost or valuation							
1 April 2020	84,564	1,718	1,702	1,176	3,040	718	92,918
Transfers	(6)	-	75	77	332	(328)	150
Additions	-	-	629	118	66	(35)	778
Disposals	-	-	(194)	(351)	(1,015)	-	(1,560)
Revaluation	-	-	3	8	23	-	34
At 31 March 2021	84,558	1,718	2,215	1,028	2,446	355	92,320
Depreciation							
At 1 April 2020	7,682	-	892	915	2,499	-	11,988
Transfers	(45)	-	115	(7)	(48)	-	15
Charged in year	1,505	-	218	93	362	-	2,178
Disposals	-	-	(194)	(349)	(1,008)	-	(1,551)
Revaluation	-	-	1	4	12	-	17
At 31 March 2021	9,142	-	1,032	656	1,817	-	12,647
Carrying Amount							
At 31 March 2021	75,416	1,718	1,183	372	629	355	79,673
Carrying Amount							
At 31 March 2020	76,882	1,718	810	261	541	718	80,930
Of the total:							
Department	75,416	1,718	687	309	610	347	79,087
Other designated bodies	-	-	496	63	19	8	586
Carrying amount at 31 March 2021	75,416	1,718	1,183	372	629	355	79,673

All of the assets above are fully owned, there are no finance arrangements in place. Heritage assets and antiques comprise Hillsborough Castle and its surrounding estate. Hillsborough Castle is a facility used as a Royal residence and is considered as a specialised operational asset. 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 19th and 20th century additions. It passed into public ownership in the 1920s and was used, until direct rule, as the residence of the Governors of Northern Ireland. Currently, the Castle is the venue for official functions including supporting many Royal and other distinguished visitors. In 2014, the department entered into new arrangements with Historic Royal Palaces (HRP) to ensure that the Castle was opened up to the public and run on as efficient a basis as possible. For the period of the licence granted to HRP, capital expenditure on the Castle is incurred by and treated as an asset of HRP not NIO, however, the underlying asset rests with NIO.

The most recent valuation of Hillsborough Castle has been carried out by Land and Property Services (LPS) – Department of Finance NI as at 31 March 2022, in line with standards published by the Royal Institute of Chartered Surveyors (RICS) and the antiques are valued by John Ross

and Company for the purposes of these accounts. Valuations are carried out every five years. The most recent valuation was carried out as at 31 March 2022.

7. Intangible assets – Departmental Group

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

	Software Licences	Software Licences
	2021-22 £000	2020-21 £000
Cost or valuation		
Opening balance	208	549
Transfers	-	(150)
Additions	-	-
Disposals	(26)	(191)
Revaluation	-	-
Closing balance	182	208
Amortisation		
Opening balance	198	389
Transfers	-	(15)
Charged in year	4	15
Disposals	(26)	(191)
Revaluation	-	-
Closing balance	176	198
Carrying Amount at 31 March 2022 and 2021	6	10
Carrying Amount at 31 March 2021 and 2020	10	160
Of the total:		
Department	3	2
Other designated bodies	3	8
	6	10

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

8. Capital and Other commitments

8.1 Operating leases

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

	2021-22 £000	2021-22 £000	2020-21 £000	2020-21 £000
	Core Department	Departmental Group	Core Department	Departmental Group
Obligations under operating leases for the following periods comprise:				
<i>Buildings:</i>				
Not later than one year	1,412	1,540	1,365	1,445
Later than one year and not later than 5 years	2,120	2,622	2,224	2,724
Later than five years	-	189	-	378
	3,532	4,351	3,589	4,547
<i>Other:</i>				
Not later than one year	2	2	12	12
Later than one year and not later than 5 years	6	6	48	48
Later than five years	-	-	10	10
	8	8	70	70
Total	3,540	4,359	3,659	4,617

9. Financial Instruments

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

10. Investments and loans in other public sector bodies

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

	2021-22 £000	2020-21 £000
Balance at 1 April	1,630,090	1,774,951
Additions	80,000	-
Repayments	(146,754)	(144,861)
Balance at 31 March	1,563,336	1,630,090

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:

	2021-22 £000	2020-21 £000
Current assets	134,819	144,704
Non-current assets	1,428,517	1,485,386
Balance at 31 March	1,563,336	1,630,090

11. Cash and cash equivalents

	2021-22 £000	2021-22 £000	2020-21 £000	2020-21 £000
	Core Department	Departmental Group	Core Department	Departmental Group
Balance at 1 April 2021	187,485	187,825	5,032	5,644
Net change in cash balance	(94,174)	(93,980)	182,453	182,181
Balance at 31 March 2022	93,311	93,845	187,485	187,825
The following balances at 31 March are held at:				
Government Banking Service	91,004	91,004	185,039	185,039
Commercial banks and cash in hand	2,307	2,841	2,446	2,786
Balance at 31 March 2022	93,311	93,845	187,485	187,825

12. Trade receivables, financial and other assets

	2021-22 £000	2021-22 £000	2020-21 £000	2020-21 £000
	Core Department	Departmental Group	Core Department	Departmental Group
Amounts falling due within one year:				
VAT receivables	448	452	48	48
Trade receivables	2,639	2,639	2,567	2,569
Other receivables	127	127	144	144
Prepayments and accrued income*	1,187	1,267	1,347	1,404
Total	4,401	4,485	4,106	4,165

*£0.5 million of this balance represents work in progress not yet billed (2020-21, £0.75m).

13. Trade payables and other current liabilities

	2021-22 £000	2021-22 £000	2020-21 £000	2020-21 £000
	Core Department	Departmental Group	Core Department	Departmental Group
Amounts falling due within one year:				
Taxation and social security	547	586	428	453
Trade and other payables	46	47	1,674	1,721
Accruals and deferred income	3,594	3,883	3,616	3,907
Accruals and deferred income relating to ROE for 2022 assembly election	176	176	-	-
Property, plant and equipment accruals	597	597	9	9
Current element of repayment of National Loans Fund	134,819	134,819	144,704	144,704
Amounts issued from the Consolidated Fund but not spent at year end	93,311	93,311	187,485	187,485
	233,090	233,419	337,916	338,279
Amounts falling due after more than one year:				
Repayment of National Loans Fund	1,428,517	1,428,517	1,485,386	1,485,386

14. Provisions for liabilities and charges

2021-22										
£000										
	Remediation Work		Litigation Claims		Grant Commitments		Leasehold Dilapidation		Total	
	Core	Dept	Core	Dept	Core	Dept	Core	Dept	Core	Dept
Balance at 1 April 2021	-	-	169	169	535,000	535,000	436	511	535,605	535,680
Provided in the year	2,821	2,821	35	35	30,500	30,500	337	337	33,693	33,693
Provisions not required written back	-	-	(92)	(92)	-	-	-	-	(92)	(92)
Provisions utilised in the year	-	-	(71)	(71)	-	-	(325)	(325)	(396)	(396)
Balance at 31 March 2022	2,821	2,821	41	41	565,500	565,500	448	523	568,810	568,885
2020-21										
£000										
	Compensation Payments		Litigation Claims		Grant Commitments		Leasehold Dilapidation		Total	
	Core	Dept	Core	Dept	Core	Dept	Core	Dept	Core	Dept
Balance at 1 April 2020	12	12	20	20	-	-	-	-	32	32
Provided in the year	-	-	149	149	535,000	535,000	436	511	535,585	535,660
Provisions utilised in the year	(12)	(12)	-	-	-	-	-	-	(12)	(12)
Balance at 31 March 2021	-	-	169	169	535,000	535,000	436	511	535,605	535,680

Analysis of expected timing of discounted flows:

	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Not later than one year	99,353	99,353	535,605	535,680
Later than one year and not later than five years	385,400	385,400	-	-
Later than five years	84,057	84,132	-	-
Balance at 31 March	568,810	568,885	535,605	535,680

	Remediation Work	Litigation Claims	Grant Commitments	Leasehold Dilapidations	Total 2021-22 £000
Not Later than one year	1,411	41	97,901	-	99,353
Later than one year and not later than five years	1,410	-	383,953	37	385,400
Later than five years	-	-	83,646	486	84,132
Balance at 31 March 2022	2,821	41	565,500	523	568,885

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

14.1 Provision for Litigation Claims: £41k (2020-21: £169k)

A provision was created in 2019-20 for a liability of £20k relating to claims for civil damages cases pertaining to the 1972 Claudy bombings jointly against the NIO, PSNI and Catholic Church. This was settled during the 2021-22 financial year and the provision was utilised.

The remaining opening provision of £149k related to a judicial review challenge which was allowed on the Boundary Commission of Northern Ireland's Final Recommendations Report relating to the configuration of Northern Ireland constituencies. This was also settled during the year for £51k.

In the 2021-22 financial year a new provision for £35k has been created for a challenge to the Renewable Heat Incentive (RHI) provisions within the Regional Rates and Energy (RRE) Act 2019.

14.2 Provision for Grant Commitments: £565,500k (2020-21: £535,000k)

On the 7th September 2020, the Prime Minister made a written statement in respect of a machinery of government change transferring responsibility for the PEACE PLUS Programme from the Department of Business, Energy and Industrial Strategy to the Northern Ireland Office effective immediately. During the 2020-21 financial year, a public commitment was made to provide funding in excess of £500m to the programme. The UK (including match funding from the Northern Ireland Executive) confirmed a final contribution to the Programme on 4th September 2021. This confirmed contribution from the UK government would be €681m from NIO and €170m from the Northern Ireland Executive.

During the 2021-22 financial year the NIO have advanced UK-EU negotiations on the Financing Agreement (an international treaty). The future UK-EU Finance Agreement on PEACE PLUS will require a legislative vehicle to bring into effect the relevant regulations that underpin the programme, as well as undertaking the necessary parliamentary procedure to bring the treaty into force. This means that the Agreement, even if signed, is not brought into force until these processes have concluded in Parliament. This has not happened as at 31 March 2022.

Given that the essence of a constructive obligation is the creation of a valid expectation that the entity is irrevocably committed to accepting and discharging its responsibilities, the publicly announced UKG commitment of €681m funding is considered to create such an expectation. As payment will be made over a 6 year period the commitment of €681m has been discounted to present value using rates outline in PES (2021) 10 DISCOUNT RATES FOR GENERAL PROVISIONS, POST EMPLOYMENT BENEFITS, FINANCIAL INSTRUMENTS AND LEASES (UNDER IFRS 16): ANNOUNCEMENT OF RATES. The discounted Euro (€) figure has then been translated to Sterling (£) using the Bank of England spot rate as at 31 March 2022 resulting in a closing provision of £565.5m.

Funding for the programme will be fully met via HMT Estimates processes but this cannot be accrued as income. The agreement is due to be signed and treaty ratified during the 2022-23 financial year, at which point the provision will crystallise into a payable. The recognition of this liability does not raise any uncertainty in relation to the department's going concern status.

14.3 Provision for Leasehold dilapidation: £523k (2020-21: £511k)

Dilapidations reports were commissioned during the 2020-21 financial year setting out the cost to make good the premises occupied by the department upon exiting the relevant lease and a provision recognised to reflect the estimated future outlay as a result of the leasehold conditions. Of the four premises included in last year's provision, the provision for two of these premises was updated during the 2021-22 year due to additional capital works being completed. The third premises provision was moved to accruals as the premises was exited on 31 March 2022 and the costs of dilapidations became a payable at year end. In addition, one new dilapidation report was commissioned during the 2021-22 financial year for a new premises which was occupied by the NIO from February 2022 and a new provision was created for this in the 2021-22 financial year.

14.4 Provision for remediation work (£2,821k)

The NIO has recognised a remediation provision, the details of which are not given to avoid prejudicing the department in disclosing sensitive information.

This remediation provision of £2,821k reflects the best estimate made by management of the future costs. Given that there is a continuous range of possible outcomes on a number of variables, and each point in the range is as likely as any other, the mid-point in the range has been used to estimate the cost reflected in the provision, as required by IAS 37.

15. Contingent liabilities disclosed under IAS 37

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

(a) Finucane Judicial Review

In November 2020, the Secretary of State announced his decision not to establish a public inquiry into the murder of the Belfast solicitor Patrick Finucane at this time. He committed to reassess whether a public inquiry is necessary to resolve any outstanding obligations under Article 2 of the European Convention on Human Rights in light of the PSNI review process and the ongoing Police Ombudsman investigations into the case. In April 2021, Geraldine Finucane was granted leave at the High Court to seek a judicial review of the Secretary of State's decision.

(b) Internment and potential claims for compensation

As at 31 March 2021, there are Internment cases pending against the department or the Secretary of State which could result in damages against the department for false imprisonment of individuals who are claiming their detention was unlawful. At this point, no damages have been brought and it is not possible to effectively quantify the level of potential liability at this point within a reasonable range.

(c) Employment and personnel cases

There are a number of cases pending against the department. It has not been possible to accurately estimate the value of these cases and there is continuing uncertainty over the expected date of settlement in respect of these cases at the reporting date.

(d) Others

There are a substantial number of other cases pending against the department or the Secretary of State for which it is not possible to quantify any potential liability at this point. The cases largely relate to legacy and security matters and it is not possible to effectively quantify the level of potential liability at this point.

16. Related-party transactions

The Northern Ireland Office funds the Northern Irish government and is the parent department of three 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, the Northern Ireland Parades Commission and the Independent Reporting Commission.

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

No Board members, key managerial staff or other related parties have undertaken any other material transactions with the NIO during the year. The remuneration report sets out compensation paid to management.

17. Third-party assets

The department does not hold as custodian or trustee monies belonging to third parties.

18. Entities within the Departmental boundary

The entities within the boundary during 2021-22 were as follows:

Executive

Parades Commission for Northern Ireland *
Northern Ireland Human Rights Commission *
Independent Reporting Commission*

Non-executive / Advisory

Boundary Commission for Northern Ireland
Chief Electoral Officer for Northern Ireland
Civil Service Commissioners for Northern Ireland
Crown Solicitor for Northern Ireland
Sentence Review Commissioners
Independent Commission for the Location of Victims' Remains
District Electoral Areas Commissioner (ad-hoc)
Independent Reviewer of Police and Military Powers under the Justice and Security Act 2007
Remission of Sentences Act Commissioners
Independent Chairman of the Northern Ireland Committee on Protection (non-statutory)
Veteran's Commissioner (non-statutory)
Independent Reviewer of National Security Arrangements in Northern Ireland (non-statutory)

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

<http://www.paradescommission.org>

<http://www.nihrc.org>

<https://www.ircommission.org>

In previous years the Statement of Accounts for the Returning Officers' Expenses (RoE) for Northern Ireland have been presented as a stand-alone set of financial accounts. These accounts

showed the expenditure associated with running elections by local authorities in Northern Ireland. However, in 2021-22, HM Treasury amended the department's accounts direction so that with effect from 2021-22 RoE is now consolidated into the NIO accounts and is included with Core figures in these financial statements. The individual figures for ROE are shown separately in note 19 to the financial statements. Due to the immaterial value comparative core figures have not been amended but are disclosed in note 19.

19. Returning Officers' Expenses (RoE)

The Secretary of State for Northern Ireland has responsibility for electoral policy in Northern Ireland. As a result, the responsibility for setting the expenses of the Returning Officer for Northern Ireland rests with the Secretary of State for Northern Ireland. The electoral administration system in Northern Ireland is administered centrally by the Chief Electoral Officer for Northern Ireland who is an office holder independent of government. She is assisted by the staff of the Electoral Office for Northern Ireland (the "EONI"), the administrative structure created to support her in the discharge of her duties.

The Chief Electoral Officer is both the electoral registration officer for all 18 constituencies in Northern Ireland and returning officer for all elections and referenda in Northern Ireland. The cost of running Parliamentary Elections is funded by the UK Consolidated Fund, as was European elections. Funding for the Northern Ireland Assembly Elections is provided to the Northern Ireland Office by the Northern Ireland Executive through agreed funding mechanisms. The costs of local elections are funded by local authorities.

The Secretary of State for Northern Ireland is accountable to Parliament for all expenditure by the Chief Electoral Officer.

There were no elections held during the 2021-22 year, costs paid during the year relate to elections held in previous years or in the 2022-23 year as outlined below.

Statement of Comprehensive Net Expenditure	2021-22	2020-21
	£	£
2019 Euro Election		
Expenditure – conduct of the poll*	(1,197)	1,419
<i>Net Expenditure</i>	(1,197)	1,419
2019 Parliamentary Election		
Expenditure – conduct of the poll*	(238)	19,872
<i>Net Expenditure</i>	(238)	19,872
2022 Assembly Election		
Expenditure – conduct of the poll	186,418	-
<i>Net Expenditure</i>	186,418	-
Net expenditure for the year ended 31 March	184,983	21,291

Election Expenses

	2022 Assembly Election £	2019 Parliamentary Election £	2019 Euro Election £	Total 2021-22 £	Total 2020-21 £
Belfast East	10,290	-	-	10,290	982
Belfast North	9,792	-	-	9,792	1,214
Belfast South	8,983	-	-	8,983	881
Belfast West	9,506	-	-	9,506	683
East Antrim	9,577	-	-	9,577	635
East Londonderry	10,171	-	-	10,171	711
Fermanagh & South Tyrone	10,945	-	-	10,945	2,373
Foyle	10,434	-	-	10,434	783
Lagan Valley	10,159	-	-	10,159	1,280
Mid Ulster	10,260	-	-	10,260	1,074
Newry & Armagh	11,319	-	-	11,319	1,094
North Antrim	11,422	-	-	11,422	1,113
North Down*	9,980	(1)	-	9,979	512
South Antrim	9,244	-	-	9,244	1,098
South Down	11,537	-	-	11,537	1,213
Strangford	9,256	-	-	9,256	734
Unspecified*	2,604	(109)	-	2,495	-
Upper Bann	11,145	-	-	11,145	1,455
West Tyrone	9,794	-	-	9,794	2,037
SOFP Northern Ireland*	-	(128)	(1,197)	(1,325)	1,419
Total	186,418	(238)	(1,197)	184,983	21,291

* Immaterial negative expenditure relates to accruals reversals where estimates of expenditure were made in prior year and were immaterially higher than actual bill.

20. Events after the reporting period date

In accordance with IAS 10, events after the reporting period are considered up to date on the date at which the accounts are authorised for issue. There were no material events after the reporting period to report.

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.

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

ANNEX I: REGULATORY REPORTING 2021-22

(Unaudited)

Spending by Northern Ireland Office & Northern Ireland Executive 2016-17 to 2022-23

	2016-17 Outturn £'000	2017-18 Outturn £'000	2018-19 Outturn £'000	2019-20 Outturn £'000	2020-21 outturn £'000	2021-22 Plans £'000	2021-22 Outturn ⁽⁷⁾ £'000	2022-23 Plans £'000
Northern Ireland Office Expenditure								
Resource expenditure within Administration Costs	12,907	14,243	17,925	23,769	22,147	20,441	22,062	23,802
Other resource expenditure	11,524	10,720	6,444	16,850	6,568	14,609	13,015	17,389
Northern Ireland Office Resource ⁽²⁾	24,431	24,963	24,369	40,619	28,715	35,050	35,077	41,191
Northern Ireland Office Capital	445	1,496	451	825	852	260	1,576	1,719
Northern Ireland Office Resource + Capital DEL ⁽²⁾	24,876	26,459	24,820	41,444	29,567	35,310	36,653	42,910
<i>less depreciation & impairments</i>	-1,956	-1,872	-1,920	-2,100	-2,106	-2,046	-2,268	-3,687
Northern Ireland Office DEL ⁽³⁾	22,920	24,587	22,900	39,344	24,761	33,264	34,385	39,223
Northern Ireland Executive Expenditure (The Northern Ireland Block) ⁽⁶⁾								
Resource	10,475,282	10,624,949	11,006,279	11,944,961	15,525,442	15,296,061	14,441,438	14,595,923
Capital	1,005,419	1,147,995	1,297,127	1,346,216	1,716,054	1,942,257	1,820,709	2,064,103
Total Resource + Capital ⁽⁸⁾	11,480,701	11,772,944	12,303,406	13,291,177	17,241,496	17,238,318	16,262,147	16,660,026
<i>less depreciation & impairments</i>	-590,316	-546,594	-525,327	-584,321	-640,941	-1,056,565	-319,709	-1,162,390
Northern Ireland Executive DEL ^{(3) (5)}	10,890,385	11,226,350	11,778,079	12,706,856	16,600,555	16,181,753	15,942,438	15,497,636

(1) Totals may not sum due to roundings.

(2) Including depreciation & impairments

(3) Resource + capital - depreciation & impairments (includes Student Loans)

(4) 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.

(5) DEL figures for outturn years have been adjusted to reflect subsequent budgeting

(6) From the 2015 Spending Review, Northern Ireland Office expenditure no longer forms part of the Northern Ireland Block

(7) Northern Ireland Office outturn data represent final outturn and will accord with the accounts published elsewhere in this document. The Northern Ireland Executive data shows provisional outturn as the Northern Ireland Executive have yet to finalise their accounts

Cash grant paid to the Northern Ireland Consolidated Fund 2020-21: Provision and Estimated outturn

	Original Provision £ million	Final Provision £ million	Outturn £ million
Departmental Expenditure Limit (Resource DEL + Capital DEL) (2) (4)	15,349.8	18,152.4	17,241.5
Annually Managed Expenditure (inc Other AME)	11,958.8	12,145.3	10,957.0
Expenditure Financed by Regional Rates	652.7	316.7	312.1
Expenditure Financed by RRI Borrowing	200.0	0.0	0.0
Total Managed Expenditure (DEL, AME & Other AME)	28,161.2	30,614.4	28,510.6
Less Non Cash charges	-5,803.5	-5,561.7	-4,449.9
Less Non Voted (DEL, AME & Other AME)	-303.8	-15,341.9	-15,508.2
Voted Other Expenditure outside DEL		11,085.2	10,442.9
Utilisation of Provisions	1,392.6	1,480.6	1,476.7
Movement in debtors/creditors (Z999)	44.2	827.3	-260.9
Supply Expenditure	23,490.8	23,103.9	20,211.2
Interest Payable to National Loans Fund	53.8	53.7	53.7
District Council Rates	662.9	664.7	664.7
Repayment of Principal of RRI Loans (financed by Regional Rates inc	124.1	124.1	124.1
Other Services (Statutory Salaries & Miscellaneous Receipts)	9.5	9.2	9.4
Loans Issued	0.0	0.0	17.0
Sums Repaid	0.0	0.0	50.0
Temporary Investments	0.0	0.0	5,764.0
Advances from the Consolidated fund	0.0	0.0	210.3
Total Expenditure	24,341.2	23,955.7	27,104.3
Income			
RRI Borrowing from National Loans Fund	200.0	0.0	0.0
District Rates	662.9	664.7	1,057.1
Regional Rates	776.8	440.8	
Interest Receivable in respect of loans made from NI Consolidated Fu	36.9	36.3	36.9
NICF Loan Repaid			67.9
Internal Departmental Funds			39.0
Temporary Investments			5,764.0
Advances from NI Consolidated Fund			252.6
Excess of Capital Receipts over capital issues			0.8
Miscellaneous receipts	61.7	211.5	259.0
<i>of which:</i>			
<i>NICF Balance</i>	0.5	0.5	0.6
<i>Continental Shelf</i>	1.7	2.0	2.0
<i>Misc - NIHE, Land Annuities etc</i>	3.5	6.0	6.7
<i>Excess Accruing Resources</i>	3.0	3.0	61.3
<i>CFERS</i>	50.0	200.0	187.4
<i>EU CFERS</i>	3.0	0.0	1.0
Total Income	1,738.3	1,353.3	7,477.3
Underspend of cash grant			
Cash Grant payable to Northern Ireland	22,602.9	22,602.3	19,627.0

(1) Totals may not sum due to roundings

(2) Resource and capital DEL including depreciation

(3) Northern Ireland Act 1998, Section 58

(4) Includes provision for expenditure implied by Fresh Start Agreement and New Decade New Approach

(5) All components of this calculation refer to expenditure incurred by/income received by the Northern Ireland Executive

Cash grant paid to the Northern Ireland Consolidated Fund 2021-22: Provision and Estimated outturn

	Original Provision £ million	Final Provision £ million	Estimated Outturn £ million
Departmental Expenditure Limit (Resource DEL + Capital DEL) (2) (4)	16,673.6	17,338.4	17,338.4
Annually Managed Expenditure (inc Other AME)	12,786.2	12,293.4	12,293.4
Expenditure Financed by Regional Rates	580.1	396.2	396.2
Expenditure Financed by RRI Borrowing	170.0	80.0	80.0
Total Managed Expenditure (DEL, AME & Other AME)	30,210.9	30,108.1	30,108.1
Less Non-Cash charges	-556.3	-6,022.8	-6,022.8
Less Non Voted (DEL, AME & Other AME)	-14,265.8	-15,695.6	-15,695.6
Voted Other Expenditure outside DEL	10,462.0	11,159.1	11,159.1
Utilisation of Provisions	1,383.0	1,569.5	1,569.5
Movement in debtors/creditors (Z999)	70.8	471.8	471.8
Supply Expenditure	22,303.6	21,590.0	21,590.0
Interest Payable to National Loans Fund	49.1	48.3	48.3
District Council Rates	677.2	689.2	689.2
Repayment of Principal of RRI Loans (financed by Regional Rates income)	127.3	124.1	124.1
Other Services (Statutory Salaries & Miscellaneous Receipts)	10.0	10.5	10.5
Total Expenditure	23,167.2	22,462.1	22,462.1
Income			
RRI Borrowing from National Loans Fund	170.0	80.0	80.0
District Rates	677.2	689.2	689.2
Regional Rates	707.4	396.2	396.2
Interest Receivable in respect of loans made from NI Consolidated Fund	33.5	33.5	33.5
Miscellaneous receipts	113.2	288.1	288.1
<i>of which:</i>			
<i>NICF Balance</i>	0.5	0.5	0.5
<i>Continental Shelf</i>	2.0	1.7	1.7
<i>Misc - NIHE, Land Annuities etc</i>	6.7	7.0	7.0
<i>Excess Accruing Resources</i>	3.0	3.0	3.0
<i>CFERS</i>	100.0	275.8	275.8
<i>EU CFERS</i>	1.0	0.1	0.1
Total Income	1,701.3	1,487.0	1,487.0
Underspend of cash grant			1,003.1
Cash Grant payable to Northern Ireland Consolidated Fund by Northern Ireland Office	21,465.9	20,975.1	19,972.0

(1) Totals may not sum due to roundings

(2) Resource and capital DEL including depreciation

(3) Northern Ireland Act 1998, Section 58

(4) Includes provision for expenditure implied by Fresh Start Agreement and New Decade New Approach

(5) All components of this calculation refer to expenditure incurred by/income received by the Northern Ireland Executive

(6) A detailed breakdown of the 2021-22 outturn for Northern Ireland Executive Expenditure is not yet available

Calculation of Grant Payable to Northern Ireland Consolidated Fund 2022-23

	£ million
Departmental Expenditure Limit (Resource DEL + Capital DEL)	16,660.0
Annually Managed Expenditure (inc Other AME)	13,669.8
Expenditure Financed by Regional Rates	577.2
Expenditure Financed by RRI Borrowing	140.0
Total Managed Expenditure (DEL, AME & Other AME)	30,329.8
Less: non-cash expenditure (depreciation, impairments etc)	-5,177.0
Less: Resource consumption of NDPBs (DEL, AME & Other AME)	-4,508.9
<i>Other Voted Expenditure outside DEL</i>	0.0
Utilisation of Provisions	1,467.9
Movement in debtors/creditors	322.9
Total Supply Expenditure	22,434.6
Interest Payable to National Loans Fund	49.5
District Council Rates	706.9
Repayment of Principal of RRI Loans (financed by Regional Rates income)	117.7
Other Services (Statutory Salaries & Miscellaneous Receipts)	10.3
Total Expenditure	23,319.0
Less Income	
RRI Borrowing from National Loans Fund	140.0
District Rates	706.9
Regional Rates	694.9
Interest Receivable in respect of loans made from NI Consolidated Fund	30.5
Miscellaneous receipts	113.4
<i>of which:</i>	
<i>NICF Balance</i>	1.0
<i>Continental Shelf</i>	1.7
<i>Misc - NIHE, Land Annuities etc</i>	6.7
<i>Excess Accruing Resources</i>	4.0
<i>CFERS</i>	100.0
<i>EU CFERS</i>	0.0
Total Income	1,685.6
Cash Grant payable to Northern Ireland Consolidated Fund by Northern Ireland Office	21,633.5

Notes

1. All items forming this calculation refer to expenditure incurred by/income received by the Northern Ireland Executive
2. Totals may not sum due to rounding

ANNEX II: ALB REPORTING 2021-22 (Unaudited)

	Total Operating Income £000	Total Operating Expenditure £000	Net Expenditure for the year (including financing) £000	Permanently Employed Staff		Other Staff	
				Number of Employees	Staff Costs £000	Number of Employees	Staff Costs £000
NIO Core incl. other NIO sponsored bodies¹²	(84,905)	20,125,783	20,038,086	284	17,763	6	2,341
NIHRC	-	2,328	2,328	23	1,348	9	225
PCNI	-	675	675	6	478	6	22
IRC	-	334	334	3	187	3	55

E02726214
978-1-5286-3425-0