Department of Education

Annual Report and Accounts 2022-23
For the year ended 31 March 2023

DEPARTMENT OF EDUCATION

ANNUAL REPORT AND ACCOUNTS 2022-23
For the year ended 31 March 2023

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	Abbreviations and terms used
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
AMPS	Assembly Members' Pension Scheme
ARAC	Audit and Risk Assurance Committee
ASB	Aggregated Schools' Budget
AWPU	Age Weighted Pupil Unit
BREEAM	Building Research Establishment Environmental Assessment Method
C&AG	Comptroller and Auditor General
CAP	Climate Action Plans
CARE	Career Average Revalued Earnings
CCEA	Council for the Curriculum, Examinations and Assessment
CCMS	Council for Catholic Maintained Schools
CEO	Chief Executive Officer
CETV	Cash Equivalent Transfer Value
CFERs	Consolidated Fund Extra Receipts
CnaG	Comhairle na Gaelscolaíochta
CoA	Court of Appeal
CPD	Construction and Procurement Delivery
CPI	Consumer Prices Index
CPN	Competitive Procedure with Negotiation
CRR	Corporate Risk Register
CSCS(NI)	Civil Service Compensation Scheme (Northern Ireland)
CSP	Civil Service Pension
CYPS	Children and Young People's Strategy
DAERA	Department of Agriculture, Environment and Rural Affairs
DE	Department of Education
DEL	Departmental Expenditure Limits
DfC	Department for Communities
DfE	Department for the Economy
DfI	Department for Infrastructure
DoF	Department of Finance
DoH	Department of Health
DoJ	Department of Justice
DP	Development Proposal
DSO	Departmental Solicitors' Office
EA	Education Authority
EdIS	Education Information Solutions
EFDNI	Employers for Disability NI
ETI	Education and Training Inspectorate
EU	European Union
FReM	Financial Reporting Manual
FRS	Financial Reporting Standard

	Abbreviations and terms used
FSM	Free School Meals
FUI	Follow up Inspection
GAD	Government Actuary's Department
GAR	Governance and Accountability Review
GB	Great Britain
GCE	General Certificate of Education
GCSE	General Certificate of Secondary Education
GDPR	General Data Protection Regulation
GMI	Grant Maintained Integrated
GRAANI	Government Resources and Accounts (Northern Ireland) Act 2001
GTCNI	General Teaching Council for Northern Ireland
HHM	Healthy Happy Minds
HMT	His Majesty's Treasury
HR	Human Resources
IAS	International Accounting Standard
IC	Integrated College
ICO	Information Commissioner's Office
ICT	Information and Communication Technology
IFRIC	International Financial Reporting Interpretations Committee
IFRP	Independent Financial Review Panel
IFRS	International Financial Reporting Standards
InsPIRE	Inspection Planning, Insight and Reporting Environment
IPS	Integrated Primary School
IT	Information Technology
LCM	Legislative Consent Motion
LPS	Land and Property Services
MCA	Middletown Centre for Autism
MLA	Member of Legislative Assembly
MPMNI	Managing Public Money Northern Ireland
NDNA	New Decade New Approach
NDPB	Non Departmental Public Bodies
NEBM	Non-Executive Board Members
NEST	National Employment Savings Trust
NI	Northern Ireland
NIAO	Northern Ireland Audit Office
NICIE	Northern Ireland Council for Integrated Education
NICS	Northern Ireland Civil Service
NICSHR	Northern Ireland Civil Service Human Resources
NILGOSC	Northern Ireland Local Government Officers' Superannuation Committee Scheme
NISRA	Northern Ireland Statistics and Research Agency
NISTR	NI Supply Teacher Register

	Abbreviations and terms used
NITC	Northern Ireland Teachers' Council
NITPS	Northern Ireland Teachers' Pension Scheme
NJC	National Joint Council
ONS	Office of National Statistics
PAC	Public Accounts Committee
PCSPS	Principal Civil Service Pension Scheme
PfG	Programme for Government
PFI	Private Finance Initiative
PPE	Post Project Evaluation
PSNI	Police Service of Northern Ireland
PSP&JO	Public Service Pensions and Judicial Offices Bill
RMF	Risk Management Framework
RoFP	Review of Financial Process
SAP	Strategic Area Plan
SCS	Senior Civil Servant(s)
SEN	Special Educational Needs
SOAS	Statement of Outturn against Assembly Supply
SOCNE	Statement of Comprehensive Net Expenditure
SOFP	Statement of Financial Position
SSEC	Strule Shared Education Campus
TEO	The Executive Office
TME	Total Managed Expenditure
TNC	Teachers' Negotiating Committee
UG	Uniform Grant
UK	United Kingdom
UNCRC	United Nations Convention on the Rights of the Child
UTU	Ulster Teachers' Union
VAT	Value Added Tax
VG	Voluntary Grammar
VPGA	Valuation Practice Guidance – Applications
YCNI	Youth Council for Northern Ireland

PERFORMANCE REPORT

1. Overview

This section outlines the Department of Education's ("DE" or "the Department") purpose, key objectives and key risks, and how the Department performed during the year. For the first time the Department has prepared Consolidated Annual Report and Accounts for the Departmental Group i.e. the Department and its Non-Departmental Public Bodies (NDPBs).

1.1 Statement from the Permanent Secretary

The education and wider public sector has recently experienced some of the most significant challenges faced for a generation. Not only has the COVID-19 pandemic fundamentally changed the way we live, work, and interact with public services, but as a society we have also faced soaring inflation and a cost-of-living crisis, and a climate crisis along with rising energy costs as a result of the Russian invasion of Ukraine. Most recently, this has been compounded by a very challenging budget position for public services in Northern Ireland (NI).

How we deliver public services for our children and young people is therefore even more critical, and I am incredibly proud of how staff in my Department and across the education sector have responded. At the outset of this report, I would like to put on record my thanks to the dedication and hard work of staff in these challenging times and particularly the partnership working which has been a cornerstone during such instability.

In response to the increasing financial challenges families have been facing in recent years, the Department has taken a number of steps to support vulnerable children and young people. In 2022-23, this included, amongst other things: progressing 48 Fair Start actions including; Special Educational Needs (SEN) Early Years support to address specific needs earlier in children's lives; increasing support for pre-term babies through TinyLife; continuing delivery of Nurture Groups; providing 6,000 new digital devices to support children's learning in class and at home; increasing collaboration between nursery and primary schools through Pathways to Partnerships; continuation of the Engage Programme and the Healthy Happy Minds (HHM) primary age counselling and therapy pilot; increasing the rates of school Uniform Grants (UG); and providing additional funding for special schools, including for enhanced summer provision. Additional supports also continued either directly to families or via schools through the School Holiday Food Grant scheme, and the Extended Schools programme.

Despite providing this extra support to children and young people, 2022-23 saw unprecedented financial challenges, not least the absence of an agreed budget until very late in the financial year. In addition, the lack of an Executive also meant that normal monitoring rounds to enable re-allocations of funding could not take place. Throughout 2022-23, rising inflation placed further pressure on the Group's already stretched capital and resource budgets.

As the Department has moved into 2023-24, the degree of challenge facing the Group's finances has increased as opposed to abated. This has required me to take a number of very difficult, but necessary, decisions in order to remain within budget, such as the cessation of School Holiday Food Grant payments, the ending of support for interventions such as HHM and the Engage programme, and reductions in funding across a wide range of educational services and schemes.

Engagement continued during the year between Management Side and the recognised trade unions of the NI Teachers' Council on a teachers' pay settlement. Given the cost-of-living pressures and the expectations of a significant pay increase, it has not been possible to reach a resolution given the current budgetary constraints and the NI Pay Policy requirement to provide an assurance that a pay award would be affordable. Unfortunately, this has led to an escalation of industrial action. The position in relation to teachers' pay remains an issue, and discussions will continue between the Department, other Management Side colleagues and the Teachers' Unions, with the aim of reaching a satisfactory resolution.

In spite of these many challenges, the Department and wider Group continued to develop education policy and improve operational delivery of education during the year, including in the key areas of SEN, Shared and Integrated Education, other key commitments under New Decade, New Approach (PDF 595KB) (opens in new window) (NDNA), the Children and Young People's Strategy 2020-2030 (PDF 2.4MB) (opens in new window) (CYPS) and the development of an Executive Early Learning and Childcare Strategy.

The Independent Review of Education, with its focus on securing greater efficiency in delivery costs, raising standards, access to the curriculum for all pupils, and the prospects of moving towards a single education system, continued to progress during 2022-23, with the panel tasked with reporting later in 2023.

The Department also undertook a "Landscape Review" of the Education Authority (EA) which reported in June 2022. The Landscape Review of the Education Authority (EA) (PDF 2.5MB) (Opens in new window) found that, whilst progress had been made in recent years, there is a need for the EA to improve communications and responsiveness; to better meet the expectations of its many stakeholders; and to make education services more child centric. The Department is fully committed to working with the EA to address the recommendations and to shape the EA's continuing improvement, a joint Action Plan has been developed and this will be implemented during 2023-24.

Looking ahead to 2023-24, the Department and education sector will undoubtedly continue to face further financial pressures and budgetary challenges, operating against the backdrop of an uncertain political landscape (with the Department having operated without a Minister since the end of October 2022). In such a difficult environment, with more finite resources, it is imperative that we set a clear strategic direction and focus on what we can achieve to deliver positive outcomes for children and young people. The development of Every CHILD, a new Corporate Plan which takes effect from 2023-24, sets out our new strategic priorities for the next five years as we strive for a future in which every child and young person is happy, learning and succeeding.

Mark Browne (Dr)
Accounting Officer
18 October 2023

1.2 Non-Executive Board Members' (NEBM) Report

Introduction

During the year we saw the final easement of COVID-19 restrictions, the introduction of hybrid working and the return to in person meetings and working. Additional challenges have arisen with the collapse of the Assembly around governance and direction arrangements in the absence of a Minister, as well as significant budgetary pressures. The Board and the Audit and Risk Assurance Committee (ARAC) are grateful to all staff for their support in helping to address these challenges. A major focus going forward will be carefully managing the impact of continued budgetary pressures in the absence of an Assembly.

Departmental Board

The Board met remotely eight times in 2022-23 and was pleased to welcome Paul Corrigan as its new non-executive member in May 2022. Focus on COVID-19 management reduced in line with guidelines and Board updates were no longer required by the summer. The lifting of COVID-19 restrictions also allowed the Board to meet in person from October onwards. In addition to regular updates on Finance, Human Resources (HR), progress against the Business Plan and NDPBs, the Board also received briefings on Shared Education, Area Planning, the CYPS and in particular, on the Strule programme. The Board also signed off the Corporate Plan 2023-28 "Every CHILD" (Championing, Helping, Inspiring, Learning, Delivering) and was updated on both the Landscape Review of the EA and the Independent Review of Education during the year. In addition to regular risk management updates, the Board also carried out a review of its approach to risk management and carried out a refresh of the Corporate Risk Register (CRR), which included a Corporate Risk Workshop attended by both Non-Executive Board Members (NEBMs). There has also been a review of the Department's approach to School Governance in the latter part of the year, and in particular an investigation into the approach to School Governor vetting prior to appointment.

Both NEBMs were pleased to have the opportunity to visit the Shared Education Campus at Limavady and engage with the principals, teaching staff and pupils on the positive out workings of shared education.

With regard to financial performance, the year-end outcome for the Department Group was a small underspend against Resource budget, however the Department exceeded its AME budget by £7.4m.

During the year schools returned to a more "business as usual" environment, however, they faced unprecedented financial pressures due to a combination of the removal of COVID-19 funding that supported schools in the preceding two financial years and the impact of rising inflation which in part contributed to schools overspending against their delegated budgets by c£26m in 2022-23.

It is important to note that this overspend for schools was in fact reduced by c£17.4m due to a non-recurring schools' stock adjustment exercise carried out by the EA. Without such an exercise, schools would have been overspent against their delegated budgets by c£43.4m.

With regard to the EA, it also experienced significant financial pressures emanating from the impact of high inflation, non-teaching pay awards, the increasing demand and cost of SEN and delivery of other services such as school meals and home to school transport. Whilst the EA managed to live within its allocated block grant budget, this was due to the delivery of in-year non-recurring savings totalling c£26.7m (including £17.4m schools stock adjustment) and additional block grant funding provided by the Department following the late 2022-23 budget outcome.

ARAC

The ARAC held four online meetings during the year, plans to restore face to face meetings were taken forward with the first ARAC meeting of 2023-24 held in Rathgael House in May 2023. The Committee welcomed new members, Paul Corrigan joining in his role as NEBM, and Patrick Butler, an independent member from the Department of Justice (DoJ) replacing Mandy Kilpatrick, who retired in the autumn. Throughout the year the Committee was regularly appraised of the current status on Strule, given the scale and significance of the programme both in terms of the financial risk involved and the work required on the anticipated benefits. Given the ongoing challenges with the programme, the ARAC continues to seek assurance on the risks around programme governance and control.

Following the suspension of the General Teaching Council for Northern Ireland (GTCNI) by the Minister in December 2021, the Department explored oversight and governance arrangements to maintain the functionality of teacher registration and regulation. In agreement with Internal Audit and the Northern Ireland Audit Office (NIAO), the ARAC agreed to perform an oversight role as part of a new governance arrangement to effectively manage the function in the interim period until decisions can be made on how best to maintain those statutory functions supporting the wider education system. The Committee receives briefings on teacher registration and regulation at every meeting from Departmental officials now managing the function, seeking assurance around risk and performance management.

The ARAC concluded a satisfactory assessment of its own effectiveness during the year through the self-assessment process and undertook effective ARAC training on risk management and governance. The Committee was unfortunately unable to host its annual workshop with ARAC Chairs during the 2022-23 financial year, but plans are underway to host the event later in 2023.

The volume of work undertaken by the ARAC has increased during the year as a result of the changes relating to GTCNI and the need to provide effective assurance to the Board on significant programmes, in an increasingly uncertain environment. The Committee continues to seek assurance around the specific projects highlighted in this report and also the ongoing risks in the EA and around child protection and safeguarding of vulnerable children.

The ARAC is grateful to the Internal Audit team who have continued to provide independent assurance throughout the year.

Looking Ahead

The focus for the year ahead will undoubtedly be on managing the significant financial pressures on the Department and its Arm's Length Bodies (ALBs), and the difficult decisions that lie ahead around the funding of services and protecting those who are most vulnerable. The Strule programme remains the Department's single biggest financial commitment and will require continued scrutiny to ensure effective governance supports decision-making. Going forward, a priority will be managing the impact and recommendations from the Report of the Independent Review of Education due in the coming year and the impact of the Integrated Education Bill once the Assembly is restored.

The Department and its staff have worked hard to manage the challenges of the past year, ensure the safeguarding of children and young people, and support the delivery of educational outcomes under difficult conditions. The experience gained from navigating these challenges will be valuable in managing the uncertainties in the year ahead.

Joan McEwan
Lead Non-Executive Board Member

1.3 Purpose, objectives and strategy

DE is responsible for setting policy, strategy and for the central administration of education and related services in NI. Its vision is "every child and young person is happy, learning and succeeding".

The Department, supported by a number of NDPBs, performs a wide and complex range of functions, impacting on all areas of a child's wellbeing. The Department is responsible and accountable for the delivery of a high quality education across grant-aided schools, youth organisations and early years' providers. The Department also has responsibility for leading the development of the Executive's CYPS and an Early Learning and Childcare Strategy. The EA is the largest NDPB and is responsible for securing adequate provision for primary and secondary education; and for recreational, social, physical, cultural and youth service activities for grant-aided schools and other grant-aided educational establishments.

During the 2022-23 financial year, DE was headed by the Minister of Education; Michelle McIlveen, Member of Legislative Assembly (MLA), who held the position until 27 October 2022. This time in office included a pre-election period before Assembly elections took place on 5 May 2022 and a further period following those elections when no new Executive was formed but Ministers' remained in place until October. During the pre- and post-election periods, NI Ministers were unable to make any new significant decisions due to the absence of an NI Executive. NI has subsequently been without Executive Ministers since the end of October 2022. During her period in post, the Minister's principal advisor was the Permanent Secretary, Dr Mark Browne. The Northern Ireland (Executive Formation etc) Act 2022 subsequently provided for some decisions, normally taken by a Minister, to be taken by the Permanent Secretary, due to the absence of Ministers.

In normal circumstances a Programme for Government (PfG) would outline the Executive's priorities and give clear strategic direction to the policies, programmes, services and actions of government Departments and their NDPBs and provide a basis for allocating resources. A draft Outcomes Framework was consulted on in 2021 as the first step in the PfG development process but had not been agreed when the Executive collapsed in February 2022. Decisions regarding a future PfG will need to be taken in due course by an incoming Executive.

In the absence of a PfG there are a number of key Executive documents which set out a range of strategic issues being taken forward across government. These include: Building Forward - Consolidated COVID-19 Recovery Plan (PDF 657KB) (opens in new window), which aims to deliver societal, economic and health recovery. This Plan provided for the implementation of actions over a two-year period focusing on both immediate priorities and longer-term interventions and was designed in the context of the draft PfG Framework.

The Department is also taking forward a number of actions pertaining to education contained within the NDNA agreement. In particular, the A Fair Start – Final Report & Action Plan (PDF6.6MB) (opens in new window) compiled by an Expert

Panel on educational underachievement. The report identified 8 key areas of focus underpinned by 47 actions spanning a number of Departments including DE, Department of Health (DoH), The Executive Office (TEO), Department for the Economy (DfE) and numerous ALBs involving collaboration across the public sector and beyond. The report also contained a costed programme of work to deliver these actions spanning through to 2026-27 and beyond. Work continued on the delivery of these Fair Start actions throughout 2022-23.

More recently, the Department has developed 'Every CHILD', its Corporate Plan for the period 2023-28. Every CHILD contains a fresh vision for education. The Plan is structured around five new Strategic Priorities for education, using the CHILD acronym, as follows:

- **CHAMPIONING** the needs and aspirations of all our children and young people and the positive impact of education;
- **HELPING** all our children and young people by supporting their well-being and learning;
- **INSPIRING** all our children and young people to make a positive contribution to society;
- Meeting the **LEARNING** needs of our children and young people and developing their knowledge and skills, enabling them to fulfil their potential; and
- **DELIVERING** an effective, child-first, collaborative and high-quality education system.

While Every CHILD was being developed, the Department and its NDPBs maintained their strategic focus by way of annual Business Plans.

Further details on the Department's Annual Business Plan 2022-23 (PDF 326KB) (opens in new window) and performance is at paragraph 1.10 (Performance Summary).

1.4 Key Activities

To aid achievement of the Department's key commitments and priority outcomes, the main areas of responsibility relate to:

- The Executive Children and Young People's Strategy 2020-2030;
- Curriculum and learning;
- Pupils and parents;
- Teaching and non-teaching staff;
- Schools and infrastructure;
- SEN;
- Area planning;
- Youth services;
- Early years' Provision;
- The Executive Early Learning and Childcare Strategy;
- Support and development;
- Statistics and research; and
- Good relations and social change.

The key activities of the Department, which enable it to address these responsibilities, are supported by a clearly defined structure which operates at every level of the Department.

The Department is ultimately accountable, through the Minister, to the NI Assembly for the effective delivery of its commitments and goals and for the effective use of the public funds for which it is responsible. The Permanent Secretary is the Minister's principal advisor, the administrative head of the Department and the Accounting Officer.

The Permanent Secretary is supported by three Deputy Secretaries/Grade 3s and the Chief Inspector of the ETI.

In addition to the ETI, the Department has sixteen Directorates, each of which deals with specific areas of work. These fall under three Groups; Education and Children's Services; Resources and Reform; and Infrastructure, Transport, Food and Recovery Group, each headed by a Grade 3.

Education and Children's Services Group

- Curriculum
- Inclusion
- Professional Learning and Collaboration
- Early Years, Childcare and Children and Young People's Strategy
- Qualifications, 14-19 Strategy and Youth Work Policy
- Raising Aspirations, Supporting Learning, Empowering Improvement

Resources and Reform Group

- Sustainable Schools Policy and Planning Directorate
- Corporate Services and Governance
- Education Workforce
- Finance Directorate
- Internal Audit
- Independent Review of Education

Infrastructure, Transport, Food and Recovery Group

- Strule Shared Education Campus Programme Directorate
- Transport and Food in Schools Directorate
- Investment and Infrastructure
- Climate Change, Integrated Review and COVID Inquiry

The Departmental Board operates as a collegiate forum, under the leadership of the Permanent Secretary, to manage the running of the Department. It operates within a wider Corporate Governance Framework (PDF 431KB) (opens in new window).

The Department's governance arrangements reflect the guidance set out by the Department of Finance (DoF) on Governance and Risk | Department of Finance (finance-ni.gov.uk) including the key principles in Corporate governance in central government departments: Code of good practice NI (2013)(PDF101KB) (opens in new window).

1.5 Key issues and risks

Overview of risk management in DE

In its approach to risk management, the Departmental group has adhered to The Orange Book: Management of Risk- Principles and Concepts (His Majesty's (HM) Treasury: February 2020 (PDF 1070 KB) (opens in new window). The DE Risk Management Framework (RMF) sets out the Department's approach to risk and the mechanisms through which potential risks to the achievement of Departmental objectives are identified and evaluated. Risk management is applied in a consistent way in DE, the EA and across the other NDPBs.

In DE, the Departmental Board oversees the development and management of the CRR. Each year, the process usually commences in tandem with the agreement of the Department's annual Business Plan, whereby any new or existing risks associated with delivery are identified and assessed and, if appropriate, are included in the CRR.

Throughout the year, any risks significant to the Department's delivery of its core business, including new risks arising, are considered and monitored by both the ARAC and the Departmental Board as part of their ongoing review of both the Business Plan and the CRR.

The risks contained in the CRR link to the Department's Strategic Priorities.

Overview of risk management in NDPBs

As the Department is dependent on its NDPBs (for the most part) for delivery of policy and services, and allocates the majority of its budget through them, there is a need for NDPBs to provide assurances that risk is being managed and escalated appropriately. The RMF sets out how the Department obtains these assurances, including through risk management being a standing item at formal Governance and Accountability Review (GAR) meetings.

1.6 Key risks in 2022-23

The Department's key corporate risks (as amended throughout the year) are summarised below:

- Failure to successfully deliver a balanced 2022-23 Resource Budget;
- Delays to the Strule Shared Education Campus (SSEC) programme;
- Failure to procure and deliver key IT contracts;
- Failure to deliver the Together: Building a United Community headline action relating to Shared Education Campus projects;
- Failure to design and deliver effective COVID-19 responses (risk removed from CRR January 2023);
- Failure to resolve ongoing industrial action across the education workforce (risk included in CRR January 2023);

- Inadequate application of the child protection and safeguarding framework;
- Rising costs of living impacts negatively on children and young people's access to education (risk included in CRR January 2023);
- Ineffective area planning;
- Governance and accountability weaknesses in respect of the Department's ALBs;
- Departmental policies and strategies do not ensure that we give children and young people the best start in life;
- Ineffective management of the education capital programme;
- Ineffective alignment of resources to strategic priorities;
- Ineffective information management arrangements; and
- Ineffective arrangements for managing major incidents or emergencies.

The Department's CRR and RMF were shared with its NDPBs to promote a joined up understanding of risk across the Group. DE also carried out an annual alignment exercise which confirmed that there was good alignment between the key DE risks and those in the Risk Registers of all its NDPBs.

Details of key risks managed by NDPBs during 2022-23 are set out within their respective Governance Statements which can be located within each of their Annual Report and Accounts for 2022-23.

1.7 Key issues impacting on DE in 2022-23

During 2022-23, the Department managed a number of significant issues which are detailed in the Governance Statement.

1.8 Future issues which may impact on performance

The year ahead will present a variety of significant challenges, with the Department facing a £66.4m or 2.5% reduction in funding against a backdrop of political uncertainty, rising inflation driven by the cost-of-living crisis and ongoing Industrial Action.

Aside from the certainty of working within a significantly constrained budget, the extent and impact of other key challenges in the coming year(s) is somewhat uncertain and will be dependent upon:

- the future of the devolved political institutions;
- the content and out-workings of a PfG;
- the vision and direction of a new Minister of Education; and
- resolving industrial disputes with Teaching and Non-Teaching Unions.

1.9 Going concern

For the Core Department, the Statement of Financial Position at 31 March 2023 shows negative taxpayers' equity of £19m. This reflects the inclusion of liabilities falling due in future years which are to be financed mainly by drawings from the NI Consolidated Fund. Such drawings will be from grants of Supply approved annually by the NI Assembly to meet the Department's Net Cash Requirement.

Under the Government Resources and Accounts Act (NI) 2001, no money can be drawn from the fund other than that required for the specified year or retained in excess of that need. All unspent monies, including those derived from the Department's income, must be surrendered to the Fund.

In common with other government Departments, it is considered appropriate to adopt a "going concern" basis for the preparation of the financial statements as the Department is Supply financed and draws its funding from the Consolidated Fund. There is, therefore, no liquidity risk in respect of the liabilities due in future years.

Each of the Department's NDPBs is required to consider the appropriateness of adopting a going concern basis in preparation of their annual accounts. The Department's operational NDPBs have prepared 2022-23 accounts on a going concern basis. However, a number of bodies have highlighted the potential impact of reduced budget allocations in future years.

1.10 Performance summary

The Department's 2022-23 Business Plan set out the actions that it undertook to deliver on its Strategic Priorities. There were a total of 37 actions contained in the Business Plan. The Plan included some of the educational attainment targets which are outlined in more detail in the Performance Analysis section of this report.

The table below sets out a summary of performance against 2022-23 Business Plan actions:

DE Year-End Status of Business Plan Actions	Number	%
Achieved	23	62
Substantially achieved	7	19
Likely to be achieved but with some delay	5	14
Not achieved	2	5
Total	**37**	**100**

The table below sets out a summary of the EA's performance against 2022-23 Business Plan actions:

EA Year-End Status of Business Plan Actions	Number	%
Achieved	13	35
Substantially achieved	13	35
Likely to be achieved but with some delay	11	30
Not achieved	0	0
Total	**37**	**100**

Across DE's other six operational NDPBs, overall performance was positive, with Business Plan actions achieved, or substantially achieved during 2022-23 ranging from 77% to 93%.

1.11 Significant issues

During 2022-23, the Departmental Group managed a number of significant issues which are listed and detailed within the DE Governance Statement (Section 3.3) and the EA's Annual Report and Accounts for 2022-23 which can be accessed at EA (opens in new window).

The Department has been significantly impacted by energy and utility price increases following Russia's invasion of Ukraine, and also by general inflationary pressures. Despite the impact of the United Kingdom (UK) Government's Energy Bill Relief scheme, the EA faced significant residual financial pressures in 2022-23 for which funding of c£17m was allocated to mitigate against rises in natural gas, heating oil and electricity costs faced by schools and the provision of EA services such as school meals and home to school transport.

In addition, there are ongoing issues impacting the Department in respect of outstanding pay awards for both Teaching and Non-Teaching Staff, with the potential for further industrial action if ongoing negotiations are unsuccessful.

Funding in the region of c£58m was allocated to the EA for the National Joint Council (NJC) 2022-23 non-teaching pay award and the impact of a 1.25% increase in Employers National Insurance Contributions (April 2022-October 2022). The 2022-23 NJC pay award of £1,925 on all NJC pay points significantly impacted upon the EA's financial position in 2022-23 as it equated to a c8.7% rise for the average non-teaching employee compared to 1.2% increase for the previous year. In addition, given that there is c24k non-teaching staff employed across the EA, the pay award has had a significant impact on the Department's budget, as approximately 80% of the overall Education Budget is expended on pay costs.

1.12 Reporting for COVID-19 Government Support Schemes

Neither the COVID-19 Job Retention Scheme nor the Statutory Sick Pay Rebate Scheme were available to government Departments, and were therefore not accessed by DE.

PERFORMANCE ANALYSIS

2. Overview

The purpose of this analysis section is to outline the Departmental Group's performance against targets, corporate goals and commitments.

2.1 Performance management arrangements

The Department's annual Business Plan is drafted by senior management for review and agreement by the Departmental Board. Once cleared by the Board, the Business Plan is submitted to the Minister for comment and approval. The Minister approved the 2022-23 DE Business Plan in July 2022.

Throughout the year, DE officials monitored progress against Business Plan actions and reported quarterly to the Departmental Board. Mid and end-year progress reports were published on the Department's website.

In relation to the Department's NDPBs, DE commissioned the development of 2022-23 Business Plans in November 2021, with a view to having approved Plans in place as close to the start of the 2022-23 business year as possible. NDPBs prepared their Business Plans, which were subject to consideration and agreement by their respective Boards/Councils, and scrutiny and approval by the Department. In particular, the Department ensured that DE and NDPB Plans were in full alignment and that all Plans were delivering on Departmental and Ministerial key Strategic Priorities.

The Department commissioned quarterly progress reports of NDPB Business Plans and once received, provided constructive feedback. This helped ensure that DE and its NDPBs remained focused on delivering successful outcomes for all children and young people and that any issues of concern could be dealt with promptly.

2.2 Analysis of educational performance against targets

The most recent statistical bulletin in respect of School Leavers can be accessed at School Leavers - 2021-22 (PDF 1.3MB) (opens in new window).

A detailed analysis of Educational Performance for 2022, compared to previous years, is provided in the EA Annual Report and Accounts for 2022-23 which can be accessed at EA (opens in new window).

2.3 Analysis of 2022-23 performance against corporate goals and commitments

As was the case in the previous year, DE and NDPB Business Plans for 2022-23 were structured around the following eight Strategic Priorities:

1. Make learning accessible to all We give all children and young people access to pre-school, school and youth education provision.
2. Improve the quality of learning for our children & young people

We ensure that education provision is of a high quality and supports learning and progression.
3. Look after our children & young people We support and promote positive physical and emotional health and wellbeing and support high-quality affordable childcare.
4. Support those who need more help with learning Working with health & education partners, we deliver high quality services for children & young people, including those with Special Educational Needs.
5. Improve the learning environment We promote equality of opportunity, respect for others, good relations and inclusivity and we provide modern, sustainable educational settings which are fit-for-purpose and facilitate shared learning.
6. Tackle Disadvantage and Underachievement We improve developmental and learning outcomes for all children & young people, with a particular focus on those who are underachieving, at risk of underachieving, or disadvantaged.
7. Support and develop our education workforce We develop and deploy teachers, other education professionals and support staff effectively, promoting high standards and leadership and improving health & wellbeing.
8. Effectively manage, review and transform our education system We deliver our corporate governance and finance responsibilities while seeking to improve efficiency, increase sustainability and introduce new ways of learning.

These Strategic Priorities were considered to provide a sound focus for the work of the Department and its NDPBs during 2022-23, while new Priorities were being developed for Every CHILD, the Department's new Corporate Plan 2023-2028. Each of these Strategic Priorities linked to key priority areas within the draft PfG. All Business Plans also showed how actions linked to Outcomes in the Children and Young People's Strategy. As has been the case in recent years, all Business Plans maintained a focus on delivering successful outcomes, rather than just identifying and reporting on outputs.

A summary of how the Department and the EA performed in relation to delivering on their 2022-23 Business Plan actions is provided at paragraph 1.10.

Department of Education Performance

For the Department, some key achievements during 2022-23 were as follows.

- DE, CCEA and the EA worked closely together with a range of other stakeholders to review and support effective monitoring of the NI Curriculum and to inform the strategic prioritisation of curricular areas for review, development and implementation.

- DE and CCEA ensured the awarding of fair and robust qualification outcomes in August 2022 and made a return to more normal examination arrangements in the 2022-23 academic year following the disruption caused by the COVID-19 pandemic. Additional targeted support for learners was provided through the Qualifications Support Programme.

- The Engage programme delivered high quality educational interventions to support educational recovery and offset the impact of the COVID-19 pandemic. It was used by more than 1,700 education settings across NI.

- New admissions arrangements for pre-schools and primary schools in 2022-23 to implement the School Age (NI) Act 2022 were successfully delivered.

- Working with the EA, annual Regional and Local Youth Development Plans were delivered to meet agreed priority needs across the youth sector.

- DE worked with the EA to ensure learners had access to IT resources, which supported delivery of the curriculum. 172 schools were provided with more than 5,000 digital devices. More than 4,000 new digital devices were also procured in February 2023, for delivery to schools in 2023-24.

- A review of Free School Meals (FSM) and UG eligibility criteria was carried out in preparation for a public consultation.

- Working with CnaG and NICIE, DE continued to deliver the statutory duties to encourage and facilitate the development of integrated and Irish-medium education and implementation of the requirements of the Integrated Education Act (NI) 2022, including the preparation of a strategy and action plan. There are now 7,310 pupils being educated in Irish-medium schools and units (an increase of around 78 pupils from the previous year), and 27,183 pupils being educated in integrated schools (an increase of around 1,389 pupils from the previous year).

- Mainstreamed Shared Education (SE) 2022-23 Phase 1, was progressed, with 339 schools engaged in SE. The EA's Steps into Sharing Programme supported a further 229 schools. Through the Peace IV SE Programme 346 primary and post-primary schools and 81 early years settings were involved. Evaluations to date have been very positive, with SE continuing to deliver educational benefits for children and young people, contributing to cross-community friendships and supporting children's ability to acknowledge and promote differences.

- 48 actions contained within the report "A Fair Start" were progressed, publishing progress reports to the NI Executive and NI Assembly as at 30 June 2022 and 31 December 2022.

- The eight reviews progressed under the Teachers' Pay and Workload Agreement 2017-19 Workforce Review Project were completed. Some 279 recommendations (including sub-proposals or options) are contained within the reports and have the potential to deliver real change to teacher and school leader workloads and make efficiencies across the system.

- There was continued support towards increasing the network and number of sustainable schools (including SEN and sustainable rural provision) with almost 40 published Development Proposals being progressed to recommendations at the end of 2022-23.

- A prioritised capital programme consisting of major works, Fresh Start projects, School Enhancement Projects, a wide range of minor works, Information and Communication Technology (ICT) infrastructure and a variety of other smaller projects was successfully delivered within budget. A significant number of Fresh Start projects and major works progressed to site, including projects for Millstrand Integrated Primary School (IPS), Phoenix IPS, Shimna Integrated College (IC) and New-Bridge IC, as well as 13 conventional major works in construction contract.

- The work of the Panel undertaking the Independent Review of Education through stakeholder engagement, evidence gathering and analysis of best practice continued during 2022-23. The Panel expects to publish its Report in autumn 2023.

- The first ‘Landscape Review’ of the EA was completed, with DE and the EA jointly taking forward an Action Plan to deliver changes that will support improved outcomes for children and young people.

- Public consultation and further subsequent engagement with the teaching profession, including a survey, took place in relation to future delivery of the key functions currently carried out by GTCNI.

Some key actions were unable to be fully progressed during 2022-23 due to the lack of a Minister and Executive. These included:

- The first NI Executive report on the operation of the CYPS 2020-2030 was prepared but cannot be published until considered by the NI Executive.

- Development of costed proposals for the Executive Early Learning and Childcare Strategy, although work continued to develop costed actions and a Review of Childcare Services was completed.

- Some progress was made towards strengthening SEN provision through the EA SEND Strategic Delivery Programme, commencing the new SEN Policy Framework and addressing the findings of an independent review of SEN. Draft regulations are being prepared but cannot be progressed until an Assembly is in place. Funding of £6.1m was allocated to the SEND Transformation Programme for 2022-23, although was not fully utilised due to challenges in recruitment of staff resources.

The two actions which were not achieved were:

- Awarding of the contract for the SSEC Programme Main Works. Global volatility in the construction market has led to an extended tendering process and entering Competitive Procedure with Negotiation (CPN) with a single tenderer. The award of the Main Works contract is programmed for autumn 2023 with a view to commencing work on site by Quarter 1 2024.

- Proposals to complete a Newcomers Policy review were unaffordable and undeliverable in the absence of budgetary cover and Ministerial approval during 2022-23.

EA's Performance

The EA's Strategic Plan 2017-2027 sets out how it carries out core business, achieves priorities, and contributes to key partnerships. The EA's efforts focus on helping children and young people to have the maximum opportunity to LEARN and to develop into our citizens of tomorrow. The Strategic Priorities summarise what the EA will do to deliver its Vision, which is: "*to inspire, support and challenge all our children and young people to be the best that they can be*."

In alignment with the EA's and the Department's strategic priorities, in 2022-23 the EA set the following five focused strategic priorities within its annual Business Plan:

- Delivering to all children and young people by:
  - Facilitating access to learning for ALL Children and Young People and providing support to meet their learning needs;
  - Continuing to deliver services and drive improvements in an environment of increased financial pressure; and
  - Developing a confident and skilled workforce.

- Improving the organisation to deliver excellence by:
  - Better use and management of assets and resources to provide a safe and sustainable environment to learn and work; and
  - Further strengthening accountability, governance, and assurance in relation to controlling expenditure and delivering services.

As with the Department, the EA faced significant challenges during 2022-23. The key factors behind Business Plan activities not reported as 'Achieved' related most notably to:

- Budget uncertainty;
- Industrial action;
- Actions already implemented in line with the Savings and Sustainability plan (e.g. recruitment pause); and
- Inflationary pressures.

Further details are contained within the EA's Annual Report and Accounts for 2022-23 which can be accessed at EA (opens in new window).

2.4 Summary of financial performance

Statement of Comprehensive Net Expenditure (SOCNE)

A summary of the SOCNE for the year to 31 March 2023 is set out below:

	2022-23 £m	2021-22* £m	Variance £m	Variance %
Net expenditure including notional costs for the year ended 31 March	3,021	2,831	190	6.7

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Income was mainly received for catering operations (£32.5m), recoupment of costs (£21.3m), Co-funded ALBs (£12.5m), European funds (£8.3m) and sale of property by NDPBs (£5.4m).

Total staff costs in 2022-23 amounted to £1,799m (compared to £1,659m in 2021-22) of which £10.8m (compared to £9.7m in 2021-22) was capitalised. Total staff costs have increased by £140m (8.4%) in line with increased staff numbers and pay awards/pay increases. Of the increase, £46.4m related to increases in teaching costs and £93.6m in non-teaching costs (a result of in-year pay awards including Joint Negotiating Committee applied to all pay points, and increased staff headcount).

Purchase of goods and services amounted to £598m in 2022-23 compared to £565m in 2021-22, an increase of £33m, due to price increases largely owing to the high level of inflation. The main increases were £19m in relation to premises and ground costs and £17m in increased transport costs.

Depreciation, amortisation and impairment charges amounted to £138m in 2022-23 compared to £109m in 2021-22. The increase was due to increased investment in plant and equipment (e.g. ICT and transport) and a number of projects previously under construction completing in 2022-23.

Statement of Financial Position (SoFP)

A summary of the SoFP for the year to 31 March 2023 is set out below.

	31 March 2023 £m	31 March 2022 £m	Variance £m	Variance %
Total assets less total liabilities	3,489	2,438	1,051	43.1

Property, plant and equipment has increased to £3,772m from £3,440m in March 2022. This increase of £332m was mainly due to:

- additions of £137m including £46m for land and buildings, £6m for transport equipment, £23m for Information Technology, £13m for plant and machinery and £49m for assets under construction;

- an increase of £326m as a result of the quinquennial revaluation exercise completed by the Land and Property Services (LPS) on the schools' estate;

- less depreciation of £127m.

Intangible assets increased by £15m from £37m at 31 March 2022 to £52m at 31 March 2023 due to additions of £18m, plus a revaluation increment of £1m, less depreciation of £4m.

Inventories increased by £18m from £36m at 31 March 2022 to £54m as a result of increased school stocktake values.

Trade and other payables due within one year have increased by £42m from £316m at 31 March 2022 to £358m at 31 March 2023 because of the timing of payments at year-end.

The Group Pension Liability has decreased by £715m from a liability of £691m at 31 March 2022 to an asset of £24m at 31 March 2023. This decrease is primarily the result of a triennial full valuation by an independent actuary of the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC). Factors including inflation, increased membership and a funding surplus contributed to the increased value.

2.5 Commentary on significant variances between Estimates and Outturn

Budgeting Framework

The DoF is responsible for management of the NI Budget process in line with a budgetary framework set by Treasury.

The total amount a Department spends is referred to as the Total Managed Expenditure (TME). This is split into:

- Annually Managed Expenditure (AME); and

- Departmental Expenditure Limit (DEL).

Treasury, and in turn DoF, do not set firm AME budgets. They are volatile or demand-led in a way that Departments cannot control. The Department monitors AME forecasts closely and this facilitates reporting to DoF, who in turn report to Treasury.

As DEL budgets are understood and controllable, Treasury sets firm limits for DEL budgets for Whitehall Departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive Departments. In the event that no Executive is in place, then the Secretary of State for NI may act to set the budget for the NI departments.

DEL budgets are classified into resource and capital.

- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs, and separately ringfenced resource that covers non-cash charges for depreciation and impairment of assets; and

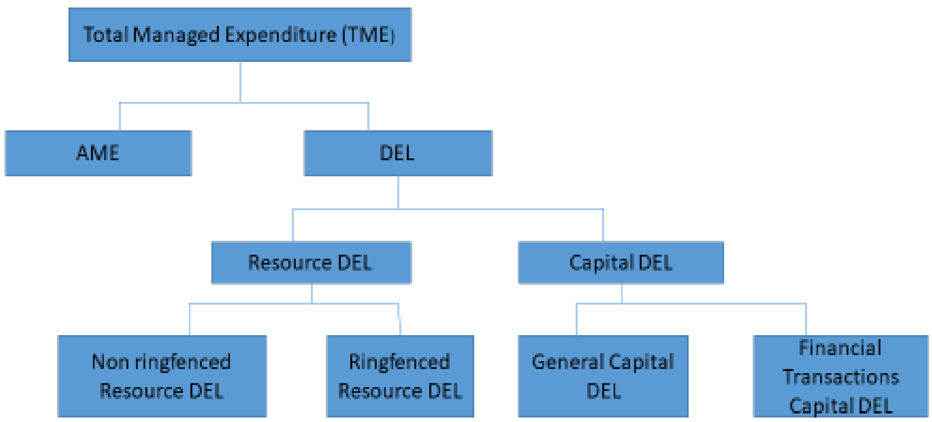
- Capital DEL is split into 'financial transactions' for loans given or shares purchased and 'general capital' for spending on all other assets or investments.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury.

Consolidated budgeting guidance 2022 to 2023 (PDF 1.61MB) (opens in new window)

Previously the information contained within budgetary controls did not read directly to financial information presented in Financial Statements due to a number of misalignments. The Executive's Review of Financial Process (RoFP), which was implemented in 2022-23, has helped to address these differences and improve transparency. Further information on the Executive's Review of Financial Process can be found on the NI Assembly website.

Budget Structure



Budgetary Performance

Details of the Departmental Group's performance against Budgetary Control totals is set out in the table below.

	Final Plan* 2022-23 £000	Final Outturn 2022-23 £000	Underspend/ (Overspend) £000
Resource DEL	**2,650,242**	**2,649,847**	**395**
including			
Non-ringfenced	2,647,854	2,647,490	364
Ringfenced D/I	2,388	2,357	31
Capital DEL	**211,983**	**211,804**	**179**
including			
General Capital	211,983	211,804	179
Total DEL	**2,862,225**	**2,861,651**	**574**
AME	**282,301**	**289,681**	**(7,380)**
including			
AME Resource	282,301	289,681	(7,380)
AME Capital	-	-	-
Total AME	**282,301**	**289,681**	**(7,380)**
Total Managed Expenditure	**3,144,526**	**3,151,332**	**(6,806)**

*****Final Plan is the final updated budget position for the year.

Explanation of Variances

Resource DEL underspend

The Resource DEL underspend does not consist of any significant items but rather is made up of a number of small over/under spends netting to an underspend of £0.395m. This underspend is well within the 1% tolerance set out in the Departmental business plan.

Capital DEL underspend

As above, the Capital DEL underspend does not consist of any significant items but rather is made up from a number of over/under spends across a number of Units of Business netting to an overall underspend of £0.179m, which falls well within the Departmental target of achieving 98% of Capital Spend against budget.

AME Overspend

The AME overspend of £7.4m includes c£3.9m in respect of depreciation due to the impact of increased valuations of the EA school estate, and c£1.8m in respect of impairments. Also included is c£1.7m as a result of year-end NILGOSC pension adjustments in respect of actuarial valuations and increasing current service costs, movement in provisions and other sundry amounts.

A detailed analysis of Outturn against Budgets/Estimate by function can be found in the Statement of Outturn against Assembly Supply (SOAS) and notes SOAS 1.1 and SOAS 1.2 within the Accountability Report.

The further key control is the net cash requirement (note SOAS 3 in the Accountability Report) which is summarised in the table below.

	2022-23 Estimate £000	2022-23 Outturn £000	Estimate vs Outturn, saving/ (excess) £000
Net Cash Requirement	2,929,383	2,858,876	70,507

The Net Cash Requirement shows a variance of £71m (2.4%) against the Estimate for the year. This was due to:

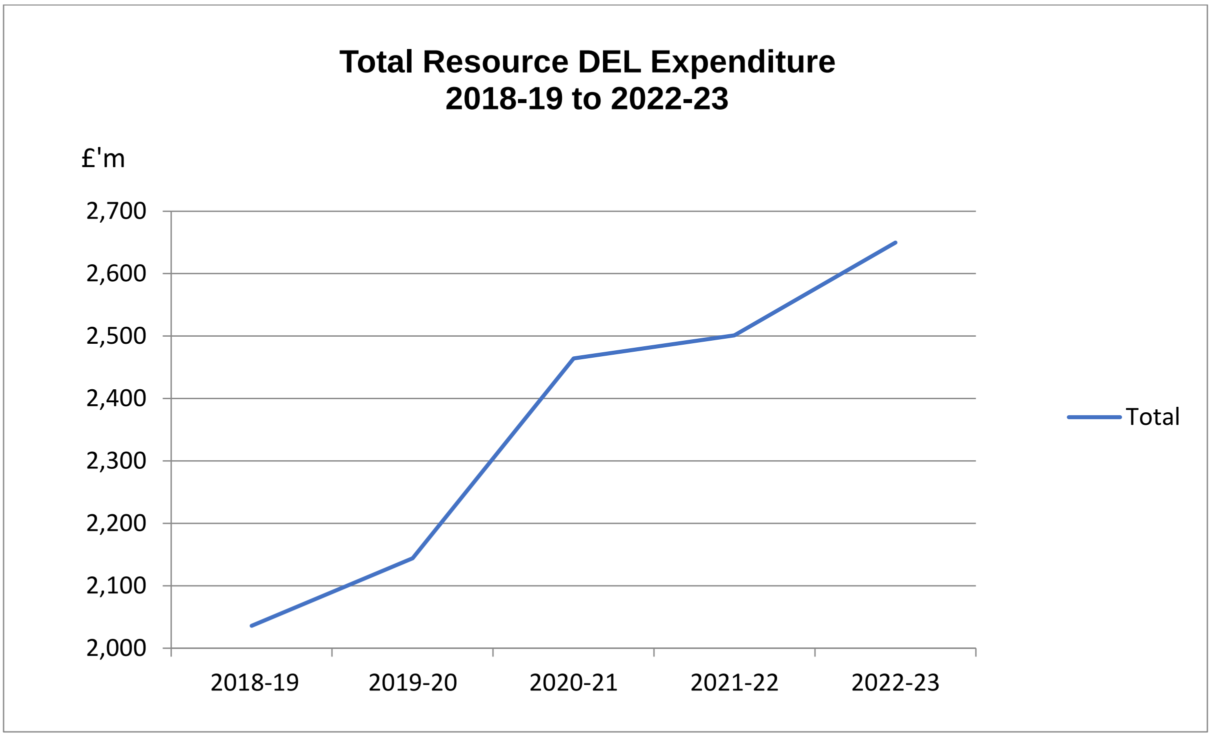
- cash grant-in-aid was £40m less than the Estimate. The Estimate figure each year includes the best forecast of grant-in-aid i.e. the cash required by the Department and its NDPBs, when the Estimates were prepared. As cash is only drawn down as required, this variance reflects the difference between the estimated cash requirement and the actual amount of cash required in-year. The variance between the Estimate and net resource outturn *does not* represent an under-spend against the DE budget; and

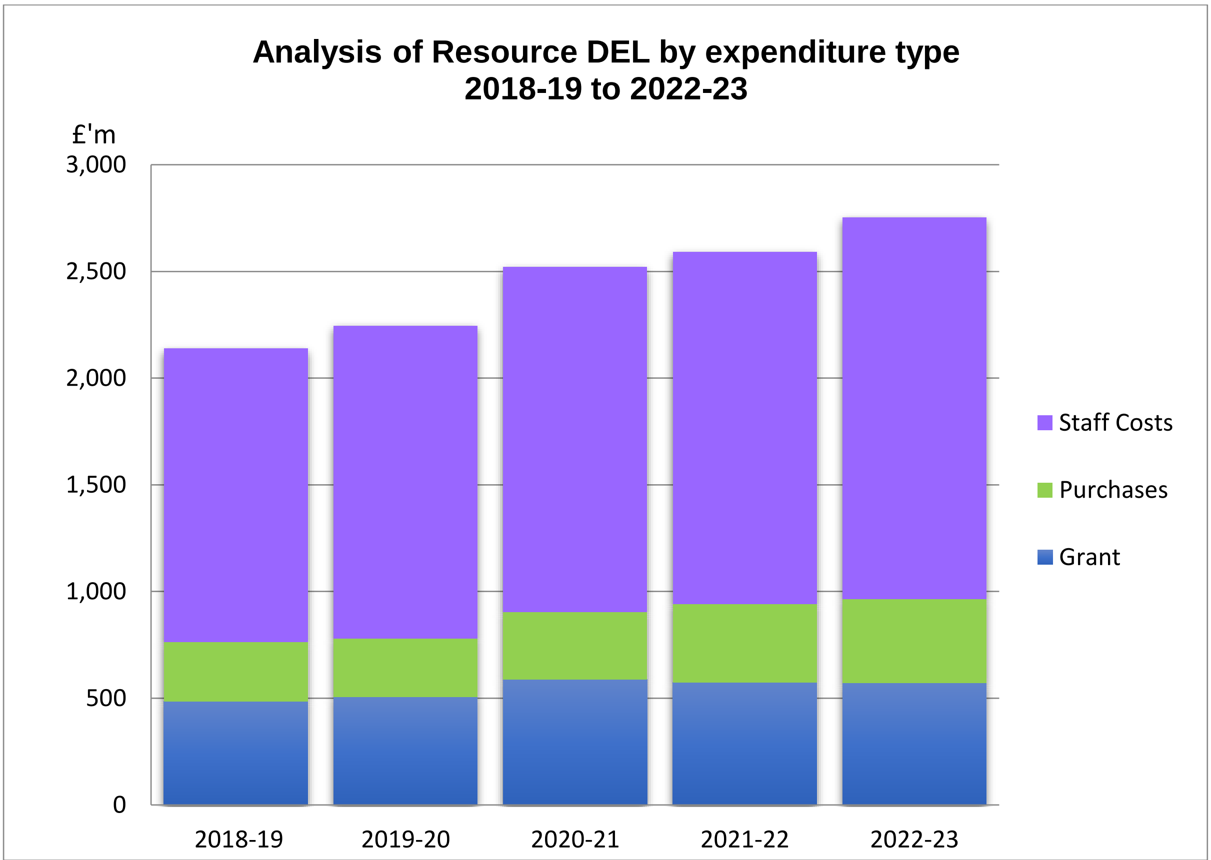
- changes in working capital balances were less than the Estimate by £28m largely due to a lower than expected decrease in "trade payables" due to the timing of payments.

2.6 Long term expenditure trends

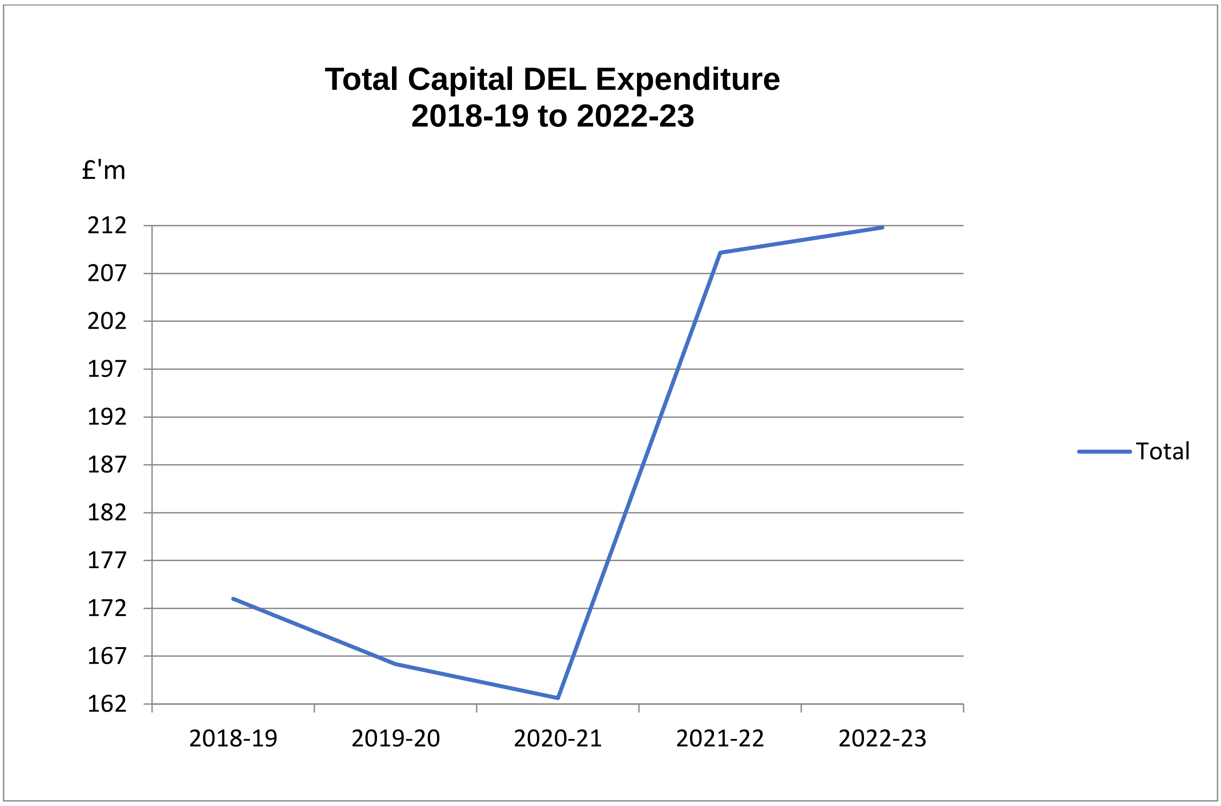
The graphs below show 5 years of outturn data in relation to the Group's spending. The detailed data is shown in the long term expenditure table at the end of this section.

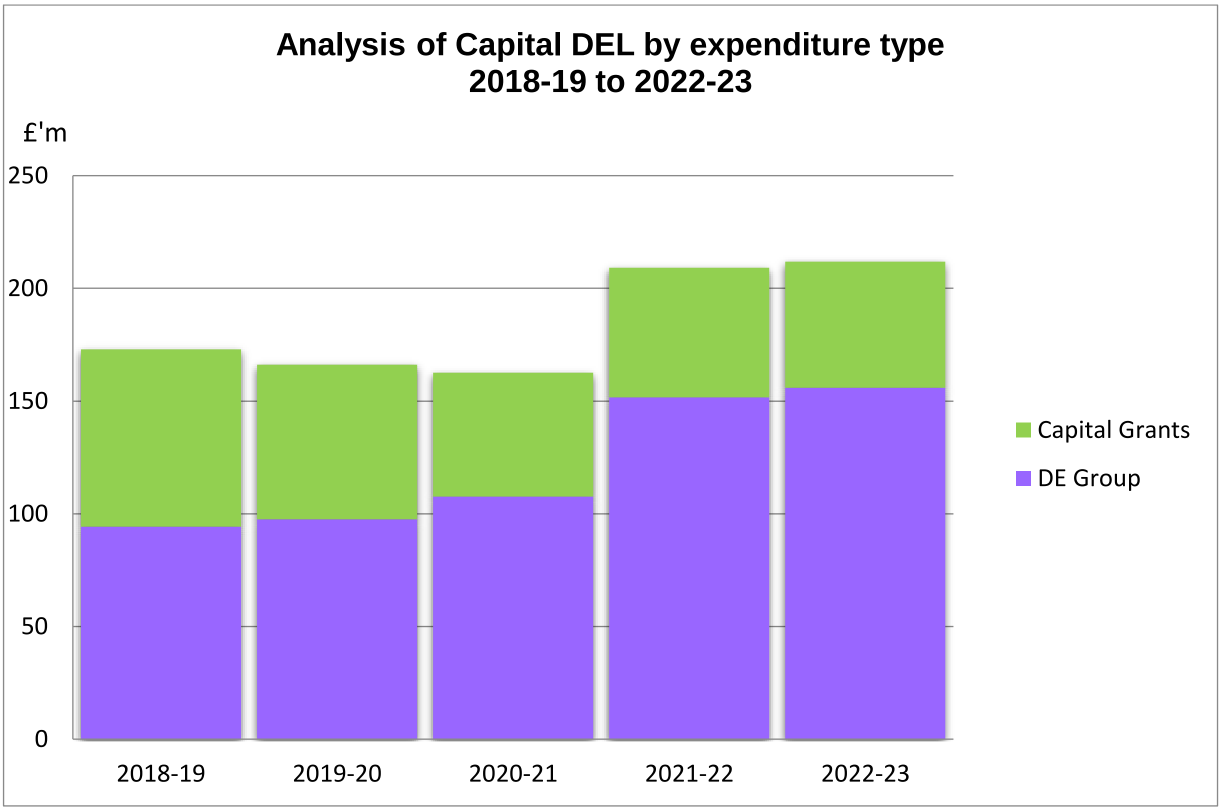
Resource DEL Expenditure





Capital DEL Expenditure





Long term expenditure tables

	2018-19* £000	2019-20* £000	2020-21* £000	2021-22* £000	2022-23 £000
Total Resource DEL	**2,035,891**	**2,143,936**	**2,464,039**	**2,501,440**	**2,649,847**
Of which:					
Staff costs	1,376,532	1,463,785	1,616,945	1,649,545	1,788,030
Purchases	277,047	275,517	315,880	367,884	392,042
Depreciation	598	687	884	1,190	1,931
Grant	484,905	505,005	587,743	573,754	572,454
Income	(103,191)	(101,058)	(57,413)	(90,933)	(104,610)
Total Resource AME	**201,335**	**175,286**	**199,638**	**260,221**	**289,681**
Of which:					
Provisions	118,355	72,084	91,229	152,547	154,643
Depreciation & Impairments	82,980	103,202	108,473	108,304	135,792
Other AME	-	-	(64)	(630)	(754)
Total Resource DEL and AME	**2,237,226**	**2,319,222**	**2,663,677**	**2,761,661**	**2,939,528**
Of which:					
Staff costs	1,376,532	1,463,785	1,616,945	1,649,545	1,788,030
Purchases	277,047	275,517	315,880	367,884	392,042
Depreciation & Impairments	83,578	103,889	109,357	109,494	137,723
Grant	484,905	505,005	587,743	573,754	572,454
Income	(103,191)	(101,058)	(57,413)	(90,933)	(104,610)
Provisions	118,355	72,084	91,229	152,547	154,643
Other AME	-	-	(64)	(630)	(754)
Total Capital DEL	**172,993**	**166,181**	**162,621**	**209,166**	**211,804**
Of which:					
Departmental Group capital	94,321	97,505	107,614	151,611	155,965
Capital Grants	78,672	68,676	55,007	57,555	55,839
Total Capital AME	**-**	**-**	**-**	**-**	**-**
Total Capital DEL and AME	**172,993**	**166,181**	**162,621**	**209,166**	**211,804**

	2018-19* £000	2019-20* £000	2020-21* £000	2021-22* £000	2022-23 £000
Total DEL and AME	**2,410,219**	**2,485,403**	**2,826,298**	**2,970,827**	**3,151,332**
Of which:					
Total DEL	2,208,884	2,310,117	2,626,660	2,710,606	2,861,651
Total AME	201,335	175,286	199,638	260,221	289,681

*Comparatives for 2018-19 to 2021-22 long term expenditure information have been restated to show the position had Review of Financial Process been in place at that time.

2.7 Future development and performance

DE has developed Every CHILD, its Corporate Plan for the period 2023-2028. Every CHILD provides a clear strategic focus for the Department and the wider education sector over the coming years. It outlines the Department's priorities and helps to focus efforts on making the best difference for children and young people in the context of finite resources.

Every CHILD contains a clear set of actions and indicators of success, all of which provide a clear line of sight to the Outcomes in both the draft PfG and the CYPS. While it will be used to guide priorities, decisions and investments over the next five years, the vision and outcomes of the actions are long-term aspirations that extend beyond 2028. To achieve them, the Department and its delivery partners will work in partnership with schools, youth services and a wide range of others, most importantly of all our children and young people.

Through Every CHILD better use will be made of data insights and research to enable evidence-informed policies/strategies and to better reflect progress in terms of performance and indicator measures. One of the actions within the report "A Fair Start" challenged the Department to bring forward a System Evaluation Framework which would articulate more broadly, the challenges, achievements and context which children and young people face in their learning. This work is continuing as consultation on a draft System Evaluation Framework extends into 2023-24.

Every CHILD was agreed by the Departmental Board in February 2023 and will be subject to review once a new Minister of Education is appointed. It will be underpinned by annual Business Plans across DE and its NDPBs, which will provide more detail on the specific actions the Department will undertake in order to deliver on the specific priorities and outcomes. NDPBs will also develop Strategic/Corporate Plans (or review Plans they may already have in place) to align with Every CHILD. These will be subject to consideration and approval by the Department.

Progress towards delivering on the Strategic priorities in Every CHILD will be monitored via annual Business Plans, which will be subject to quarterly review. Updates will also be provided on indicator trend data.

2.8 Social, community and human rights

When preparing or revising policies/decisions, consideration is given to any impact on equality (in accordance with Section 75 of the NI Act 1998) and human rights (the Human Rights Act 1998 and United Nations conventions).

The Department has responsibility for coordinating the United Nations Convention on the Rights of the Child (UNCRC) matters on behalf of the NI Executive.

The Executive's CYPS 2020-2030, agreed on 10 December 2020, is the main strategic instrument through which all nine Departments will work together to improve the wellbeing of our children and young people and it will ensure that due regard is given to the rights of children and young people.

Developed to align with the draft PfG and the Children's Services Co-operation Act (NI) 2015, the Strategy outlines how the Executive will work collaboratively to improve the wellbeing of children and young people and the outcomes it seeks to achieve across eight key areas of physical and mental health; play and leisure; learning and achievement; safety and stability; economic and environmental wellbeing; positive contribution to society; respect for their rights; and good relations and equality of opportunity.

DE has policy responsibility for the development of an Executive's Childcare Strategy which will promote children's rights and reflect the main guiding principles of the UNCRC.

Rural Needs Act (NI) 2016

In line with its obligations under Section 1 of the Rural Needs Act (NI) 2016, seven Rural Needs Impact Assessments were completed across the Department during the 2022-23 year. These assessments will be listed within the Rural Needs Annual Monitoring Report 2022-23, published by the Department for Agriculture, Environment and Rural Affairs (DAERA).

Further information on Rural Needs can be located within the EA Annual Report and Accounts for 2022-23 which can be accessed at EA (opens in new window).

2.9 Other matters

Environmental issues

DoF Properties Division is responsible for managing the Northern Ireland Civil Service (NICS) office estate which, for DE, relates to Rathgael House and Waterside House, and includes associated building services and planned preventative maintenance e.g. boilers, lighting etc.

DE oversees the development, co-ordination and implementation of the NICS strategy and policies in relation to energy and sustainability for the Department, by ensuring that a Departmental Energy Manager and Premises Officer were appointed and that their roles and responsibilities are clear.

DE's Energy Manager collects and maintains energy data for all buildings occupied by the Department and monitors energy in order to identify high or irregular energy consumption. The overall aim is to raise staff awareness and hence make savings through improvements and good housekeeping.

Throughout the year, with the introduction of Hybrid Working, DE has proactively reviewed its accommodation requirements and has reduced the Department's footprint on the Rathgael House complex. Seeking to reduce onsite energy consumption is embedded into normal business practices.

Sustainability

The Department is committed to the achievement of sustainability in construction procurement. This concerns the procurement and delivery of building, engineering and refurbishment projects that promote environmental, social and economic gains now and for the future. All school projects that receive capital funding from the Department are expected to comply with the requirements detailed in Guidance Notes on sustainability issued by Construction and Procurement Delivery (CPD) within DoF.

All school building contracts include overarching requirements in respect of energy, water and low carbon design to ensure the accommodation is sustainable and energy efficient. Cycle shelters may also be incorporated into school design to encourage active travel to school. The Department works with Department for Infrastructure (DfI) and the Public Health Agency in support of their Active School Travel Programme, which aims to encourage more pupils to walk, cycle or scoot to school.

Building Research Establishment Environmental Assessment Method (BREEAM) is used to assess the environmental performance of new and existing buildings. Where possible, the Department requires all Major Works for schools to achieve a BREEAM rating of 'excellent' in new school builds and 'very good' for refurbishment projects. The Department's building handbooks are designed to support the achievement of the appropriate BREEAM rating, within the affordability envelope for each project. Where appropriate, renewable energy sources are employed for heating and power generation in schools.

The Department has previously undertaken a pilot project across five Major Capital Schemes. The project considered the costs and benefits realised from designing and constructing these new schools to enhanced energy efficiency standards. The integrated consultant teams responsible for the design work were tasked with meeting near-zero emissions for the buildings. This requirement was specified in slightly different ways for two groups of the schools (one based on a BREEAM specification; the other based purely on energy consumption) with the aim of the pilot project also being used to assess the best mechanism for specifying the enhanced energy efficiency requirement. The Department announced the pilot schools in 2020 and most projects are now completing RIBA Stage 1 (Feasibility/Business Case Stage). Monitoring of the pilot is in place however, as these are long-term projects, it may be up to six years before construction of the schools is completed, the benefits are realised and the pilot can be fully assessed.

An assessment of the impact of construction on ecology and biodiversity is undertaken as part of the BREEAM rating. The Schools' Building Handbook specifies that outside space should satisfy the Department's policy on biodiversity e.g. habitat replacement, bird boxes and bat boxes.

The Department's waste management and recycling contracts are procured by CPD within DoF. Contractors have to deliver these services in accordance with the Sustainable Development Strategy for NI.

DE fully complies with the arrangements set out in the Controlled Waste (Duty of Care) Regulations (NI) 2002 and takes the necessary steps to prevent waste from causing harm to the environment or public health.

Under these arrangements, DE is committed to a waste hierarchy whereby waste is safely stored and prepared for reuse; recycling / composting; recovery and disposal. Diverting as much waste as possible from landfill.

DE, in partnership with colleagues in DAERA and DoF, has removed all unnecessary 'in scope' single-use plastics from premises. DE continues to share and promote DAERA's single-use plastic reduction action plan with the DE NDPBs.

The Climate Change Act (NI) 2022 places in law the requirement for NI net greenhouse gas emissions to be at least 100% lower than the baseline i.e. a total net zero position by 2050.

DAERA is lead Department for the Act, coordinating input to the first NI Climate Action Plan (CAP), which sets out the targets for emission reduction across areas of the economy, known as sectoral plans including energy, transport, waste etc.

DE is represented on DAERA's governance structures: i.e. the Green Growth Strategic Oversight Group and the Technical Advisory Group.

DE, working with the EA, submitted an initial CAP return to DAERA on 16 December 2022, setting out the Department's contribution in terms of existing policies which contribute to carbon/greenhouse gas reduction, and continues to engage as the draft CAP is prepared for public consultation.

Further information on the EA's Sustainability can be found in the EA's Annual Report and Accounts 2022-23 which can be accessed at EA (opens in new window).

This Performance Report is approved and signed.

Mark Browne (Dr)
Accounting Officer
18 October 2023

ACCOUNTABILITY REPORT

3. CORPORATE GOVERNANCE REPORT

The purpose of the Corporate Governance Report is to explain the composition and organisation of the Departmental Group's governance structures and how they support the achievement of the Departmental Group's objectives.

3.1 Department Directors' report

Ministerial responsibility

Michelle McIlveen MLA was Minister with responsibility for Education until October 2022.

Senior officers

The Department is headed by the Minister for Education, supported by the Permanent Secretary, three Deputy Secretaries, a Chief Inspector, the Finance Director, DE Strategic HR Business Partner and two independent NEBMs. The composition of the Departmental Board during the year was as follows:

Mark Browne	Permanent Secretary
Lianne Patterson (until 7 July 2023) Replaced by Ronnie Armour on 3 July 2023	Deputy Secretary
Linsey Farrell	Deputy Secretary
John Smith (until 30 June 2023) Replaced by Heather Cousins on 17 July 2023	Deputy Secretary
Faustina Graham	Chief Inspector, ETI
Gary Fair	Finance Director
Marcella Philips	Departmental Strategic HR Business Partner

Non-Executive Board Member(s)

Joan McEwan
Paul Corrigan

Pension liabilities

Treatment of pension liabilities is disclosed in accounting policy note 1.13 and in the Remuneration and Staff Report.

Financial instruments

Financial instruments are not material for the assessment of the assets, liabilities, financial position and net expenditure of the Department and the Group (see note 9 in the Financial Statements section).

Company directorships

There are no company directorships or significant interests held by any of the senior management team members which conflict with their management responsibilities. Joan McEwan was a NEBM of the Patient and Client Council (an ALB of the DoH) until September 2022 and a voluntary Board Member of Engage with Age, a charity that provides support to older people experiencing isolation and loneliness. She has confirmed that these roles have not conflicted with her position as an independent NEBM of the Department. Paul Corrigan is a volunteer Business Adviser with Young Enterprise (NI) and has confirmed that this role has not conflicted with his position as an independent NEBM of the Department. Lianne Patterson was a Non-Executive Director on the board of the Housing Finance Agency, Ireland and confirmed that this role has not conflicted with her position as Deputy Secretary of the Department.

Auditor

The financial statements are audited by the Comptroller and Auditor General (C&AG) for NI in accordance with the Government Resources and Accounts Act (NI) 2001. She is head of the NIAO and she reports her findings to the NI Assembly. She and her staff are wholly independent of the Department.

The audit of the financial statements for 2022-23 resulted in a notional audit fee of £83k for the Department and the NI Teachers' Pension Scheme (NITPS), which is included in the administration costs in the SOCNE and notional audit fees of £201k for the Department's NDPBs, which are included in the programme costs in the SOCNE.

Equality statement

The Department, in carrying out its functions, has a statutory responsibility to have due regard to the need to promote equality of opportunity:

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- between men and women generally;
- between persons with disability and persons without; and
- between persons with dependants and persons without.

In addition, without prejudice to the above obligation, in carrying out its functions, the Department is required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

Complaints handling

Details of the Department's complaints procedure are available on the Department's internet site at DE Complaints Procedure (opens in a new window).

In 2022-23, 30 complaints were received under the procedure (however 1 was withdrawn by the complainant), compared to 32 in the previous year. One of the remaining 29 complaints was an escalation of previous complaints.

All complaints are analysed and lessons learned compiled into a year-end report which is considered by the Departmental Board. Complaints are centrally monitored for any emerging trends. Any such issues identified are raised with senior management for consideration and resolution.

Further information on the EA's Complaints Handling can be found in the EA's Annual Report and Accounts 2022-23 which can be accessed at EA (opens in new window).

Personal data related incidents

In line with the requirements of the Data Protection Act 2018/UK General Data Protection Regulation (UK GDPR), the Department has a data breach detection, internal reporting and investigation policy and process in place, which is published on the DE Intranet site for staff. The Department has a duty to report certain types of personal data breach to the Information Commissioner's Office (ICO) within 72 hours. In addition, if a breach is likely to result in a high risk of adversely affecting individuals' rights and freedoms, those individuals must be notified too.

In 2022-23, the Department did not have cause to report any personal data breaches to the ICO and data subjects.

Further information on the EA's Personal data related incidents can be found in the EA's Annual Report and Accounts 2022-23 which can be accessed at EA (opens in new window).

Events occurring since the end of the financial year

Events after the reporting period relating to the 2022-23 financial year have been disclosed in note 25 in the Financial Statements.

Payment of suppliers

The Department is committed to the prompt payment of bills for goods and services received, in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

As part of the NI Assembly's efforts to support businesses during the current economic circumstances, Accounting Officers were asked to support a commitment to paying invoices within 10 working days.

During 2022-23, 97.58% (96.84% at 2021-22) of the Department's invoices were paid within 10 days and 99.55% (99.30% at 2021-22) of invoices were paid within 30 days.

Further information on the Department's NDPB's Prompt Payment performance can be found at the following link: Prompt payment performance (Excel 16KB) (opens in new window)

The Department's performance both in terms of paying invoices within 10 days and 30 days in comparison to other Departments can be viewed on the Account NI Website: NICS Prompt Payment Table for 2022-2023 (PDF 197KB) (opens in new window)

No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Disclosure of information to auditors

As far as the Accounting Officer is aware, there is no relevant audit information of which the Department's auditors are unaware, and the Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

EA Director's Report

A copy of the EA Director's report is provided in the EA Annual Report and Accounts for 2022-23 which can be accessed at EA (opens in new window).

3.2 Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts (Northern Ireland) Act 2001 (GRAANI), DoF has directed DE to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department and its sponsored non-Departmental and other arm's length public bodies designated by order made under the GRAANI by Statutory Instrument 2022 no 256 (together known as the 'Departmental Group', consisting of the Department and sponsored bodies listed at note 24 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 and cash flows of the Departmental Group for the financial year.

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

- observe the Accounts Direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-Departmental [and other arm's length] public bodies;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

DoF has appointed the Permanent Head of the Department as Accounting Officer of the DE.

The Accounting Officer of the Department has also appointed the Chief Executives [or equivalents] of its sponsored non-Departmental [*and other arm's length*] public bodies as Accounting Officers of those bodies. The Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department or non-Departmental [*or other arm's length]* public body for which the Accounting Officer is responsible, are set out in *Managing Public Money* published by DoF.

As the 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 DE's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

3.3 GOVERNANCE STATEMENT

3.3.1 Introduction

This Governance Statement is a key feature of the Department's annual report and accounts. It provides details of how I, as the Accounting Officer, have ensured effective management and control of resources during the 2022-23 year, and of the action taken to ensure effective risk management and a high standard of corporate governance.

The Head of Internal Audit has provided me with a report on internal audit activity within the Department during the year and a satisfactory opinion on the Department's governance, risk management and internal control system. However, there have been three limited audit opinions awarded in respect of the reviews of the Government Funders Database, Additional Educational Needs Team and Departmental Use of Consultants (The latter report is currently being considered by management which may result in changes). In addition, three limited opinions remain after consideration of follow up reviews in respect of School Governance, School Estate Asset Management and SSEC (Draft). An Annual Fraud Report was also drafted, which did not require an opinion.

As per the requirements of a consolidated Annual Report and Accounts, the following statement represents the position of the Departmental Group during 2022-23 (the Department and its eight sponsored NDPBs). As the Permanent Secretary and Accounting Officer for the whole Group, I have responsibility for reviewing the effectiveness of the Group's systems of internal control. The review was informed by the senior management team (including Accounting Officers for NDPBs, who have responsibility for the development and maintenance of their internal control frameworks, and who provide an equivalent statement within its published report and accounts) and comments made by the NIAO in its management letter and other reports.

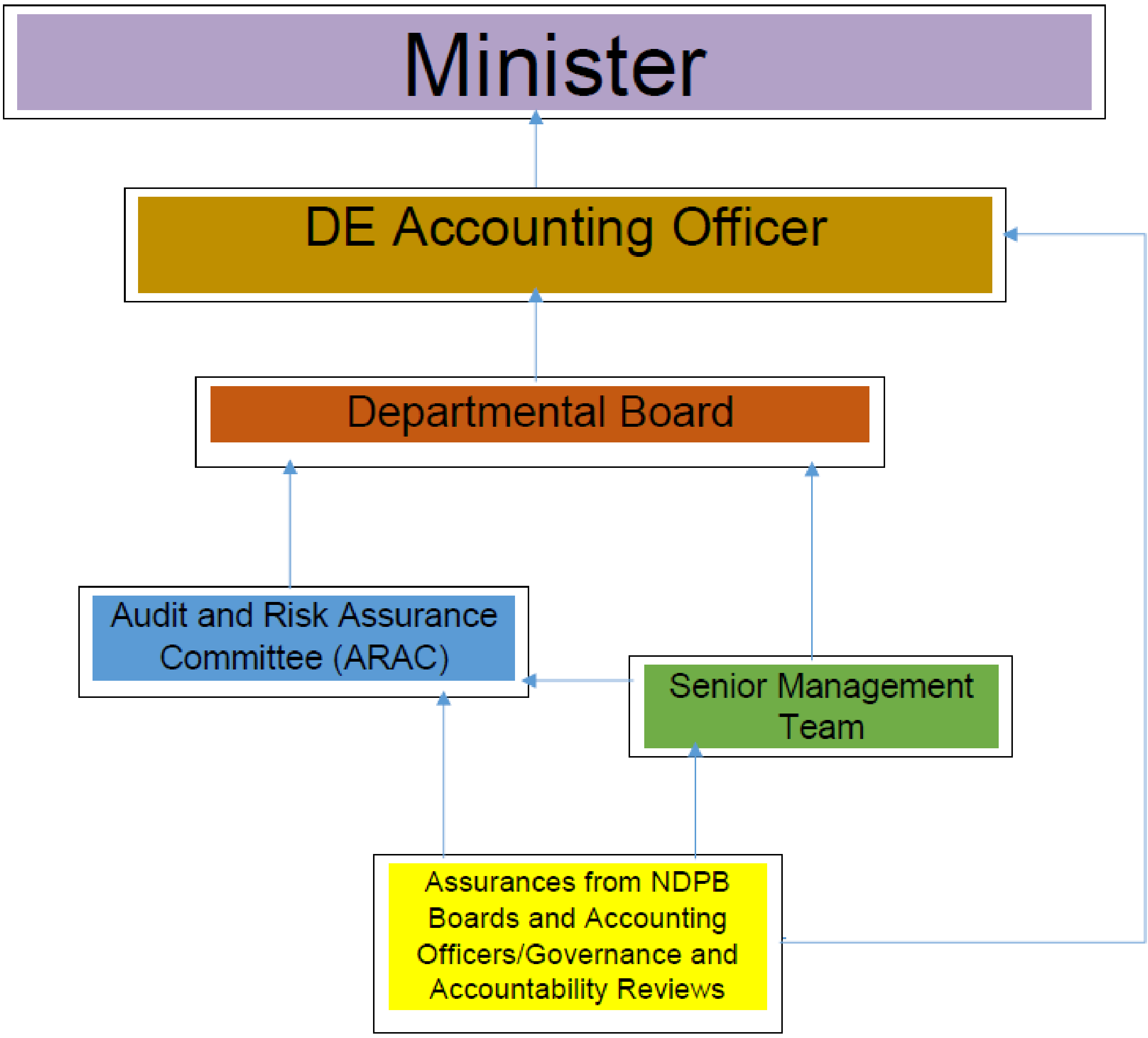
3.3.2 DE's Governance framework

DE operates under the direction and control of the Minister of Education who is the Head of the Department. The Minister leads the Department and is responsible and accountable to the Assembly for the policies, programmes and actions of the Department. Following the NI Assembly election in May 2022, an Executive was not formed and the incumbent Minister of Education remained in post in a caretaker capacity until 27 October 2022. As a result of the ongoing political impasse, the Department has been without a Minister since 28 October 2022.

As Permanent Secretary, I am the Minister's principal adviser, the administrative head of the Department and the Accounting Officer. As the Accounting Officer, I am personally responsible and accountable to the Minister and to the Assembly for the effective management and organisation of the Department, including the use of public money and the stewardship of its assets.

The Department operates a detailed governance and accountability framework designed to help it oversee and hold to account the NDPBs which it sponsors. This is described more fully in section 3.3.9 below. In my role as the Accounting

Officer, I function with the support of the Departmental Board, its ARAC and my Senior Management Team. This structure is outlined below:



The Departmental Board

The Department is managed by a Departmental Board which, within the strategic framework set by the Minister, supports me as Permanent Secretary in discharging my role.

The Departmental Board is chaired by me and comprises the three Deputy Secretaries; the Chief Inspector of ETI; the Finance Director; the Departmental Strategic HR Business Partner; and two independent NEBMs. The role of the independent board members is to: provide an independent and external perspective on the work of the Departmental Board; bring some specific expertise to its discussions; and provide a constructive challenge across the Departmental Board's business. Other Departmental Directors have been invited to attend meetings where agenda items relevant to their business areas required their attendance to inform discussion. The Departmental Board's work is guided by a

Corporate Governance Framework, which was reviewed in February 2022. During 2022-23, the Departmental Board met on 8 occasions.

Departmental Board Membership and Attendance 2022-23

A list of members is provided below along with details of their individual attendance records:

Board Member	Meetings Attended	Out of a possible
Dr Mark Browne (Chair)	6	8
Faustina Graham (Chief Inspector, ETI)	7	8
Linsey Farrell (Deputy Secretary)	8	8
John Smith (Deputy Secretary)	8	8
Lianne Patterson (Deputy Secretary)	5	8
Gary Fair (Finance Director)	8	8
Joan McEwan Non-Executive Board Member and Chairperson of ARAC	7	8
Paul Corrigan [1] Non-Executive Board Member	7	7
Marcella Phillips (Departmental Strategic Human Resource Business Partner)	6	8

Due to the COVID-19 pandemic the Board met virtually until its meeting in October 2022, when in-person meetings resumed.

The Departmental Board's role is set out in the Department's Corporate Governance Framework - March 2022 - Version 19 (PDF 1,062KB) (opens in new window).

During 2022-23, there were five categories of routine Board business. These reflected the areas set out in the Corporate Governance Framework:

- financial matters and allocations;
- business planning;
- policy and strategy;
- management including HR; and

[1] Paul Corrigan was appointed as NEBM on 1 May 2022

• risk management and internal controls.

Conflicts of Interest

Every six months, members of the DE Board are asked to sign a Declaration of Interest. Declarations are reviewed by the Accounting Officer and placed on the DE website at DE Register Interests (opens in new window). An explanation of how any actual or potential conflicts will be managed is included.

Annually, all DE staff are asked to read the Conflicts of Interest guidance and disclose any actual, perceived or potential conflicts of interest in line with the Guidance, and record such interests on the Department's register of interests. Staff are reminded that the register of interests is a 'live' document, and as such, changes should be notified as and when they occur.

A signed Declaration of Interest was provided by the Special Adviser prior to his departure at the end of October 2022.

In compliance with Business Appointment rules, the NICS (and by extension DE), is transparent in the advice provided to individual applications for senior staff, including special advisers through the NICS HR Policy. Advice regarding specific business appointments is available in the HR Handbook (6.01 Standards of Conduct (opens in new window)); all former senior staff who have left the NICS are required to complete a declaration, Application to accept an outside appointment after leaving the NICS (opens in new window), which is held by HR Connect on the Department's behalf.

DE Board sub-committee

During 2022-23 the Departmental Board was supported by the ARAC.

ARAC

The ARAC is an independent advisory committee with no executive functions. Further information on its roles and responsibilities can be found at DAO (DoF) 03/18 ARAC handbook (PDF 272KB) (opens in new window)

The DE ARAC normally comprises four independent members. Two members are NEBMs, one of whom serves as the DE ARAC Chairperson. During 2022-23, Mrs Joan McEwan served as NEBM and ARAC Chairperson. The second NEBM post had been vacant since January 2020 but was subsequently filled by Mr Paul Corrigan taking up post on 1 May 2022. The remaining two members are serving senior civil servants. During 2022-23, Gavin Patrick (Director of Finance, Department for Communities (DfC) and former DE Deputy Finance Director (2014 to 2019)) and Mandy Kilpatrick (Principal Private Secretary to the Lord Chief Justice, DoJ) supported the DE ARAC as independent members.

Mandy Kilpatrick retired from the NI Civil Service and as such her term as an independent member ceased on 1 December 2022. Patrick Butler (Head of Legacy Inquest Unit/Senior Legal Advisor to Coroners, DoJ) was subsequently appointed and took up post on 1 November 2022.

Throughout the year the Committee considered the findings from internal and external audit activity, including updates on whistleblowing and fraud cases along with the outcomes of key governance processes such as risk management, GAR meetings and the biannual NDPB governance statements. In addition, the Committee invited various risk owners (DE Directors) to attend and provide assurance on their areas of responsibility.

Attendance 2022-23

Name	**Meetings Attended**	**Out of a possible**
Joan McEwan (Chairperson)	5	5
Paul Corrigan	4	5
Gavin Patrick	4	5
Mandy Kilpatrick	4	4
Patrick Butler	2	2

3.3.3 Departmental Board Performance

I consider that the Departmental Board operated effectively during 2022-23, meeting regularly and considering relevant issues at the appropriate time. The Departmental Board fulfilled its role as set out at section 3.3.2 above.

<u>2022-23 Review of Board Effectiveness</u>

The annual evaluation of the DE Board's effectiveness for 2022-23 was initiated by utilising a questionnaire for members in May 2023. A report is expected to be provided to the Board later in the year.

3.3.4 Highlights of Board committee reports

This section provides information on key areas progressed by the Departmental Board's ARAC.

The ARAC meet five times during the year, reporting at each subsequent Board meeting on the key issues discussed, and the full minutes circulated to Departmental Board members when finalised.

The Chairperson met with the Head of Internal Audit in advance of each meeting to discuss current and emerging risks and issues. During ARAC meetings, the Committee received updates on priority Departmental issues including the Strule Programme. The ARAC continued to seek to understand and keep abreast of the main challenges facing the Department's NDPBs throughout the year and received regular high-level updates on significant risks. Additionally, the DE ARAC has continued to provide additional oversight and approval of GTCNI's improved governance arrangements and approval of the Annual Report and Accounts.

The ARAC Annual Report for 2022-23, which summarises the work of the committee and provides its opinion on the comprehensiveness and reliability of the assurances available to support the Departmental Board and, particularly, to support the DE Accounting Officer in his accountability obligations is being prepared. The report was submitted to the ARAC in July 2023.

The independent ARAC members' annual self-assessment for 2022-23 took place in April. It includes a review of the recommendations from the previous two years and the identification of the key areas on which to focus their attention in 2023-24.

3.3.5 Corporate Governance

As noted above, the Department has in place a Corporate Governance Framework which aligns with the *Corporate Governance in Central Government Departments: Code of Practice NI 2013*.

Subsidiary Governance Statements were prepared and signed by all Directors and have been used to prepare the DE Governance Statement. Directorates were asked to confirm that no significant lapses of security took place during 2022-23. No significant lapses of security were reported.

3.3.6 Quality of the data used by the Departmental Board

The Departmental Board relies on four main sources of data to inform its deliberations. These are:

- statistical information (for example, data related to enrolments, attainment, attendance, workforce);
- financial information (including monitoring reports on capital and resource expenditure);
- HR information, mainly data on attendance management; and
- inspection evidence, mainly data used to compile the Chief Inspector's report and the annual report to the Departmental Board.

All statistics produced by the Department are designated as 'Official Statistics' and some are designated as 'National Statistics'. As such, they are produced in line with the eight principles and three supporting protocols set out in the UK Statistics Authority's *Code of Practice for Official Statistics*. Accordingly, the Departmental Board and its NDPBs consider that it can take assurance regarding the quality of the statistical data it uses to monitor performance and inform decision-making.

The finance data presented to the Departmental Board is prepared from internal and external finance systems, which are supported by internal control frameworks. These are subject to both internal and external audit scrutiny across the education sector.

Information on attendance management is sourced from official reports provided by the Northern Ireland Statistics and Research Agency (NISRA).

ETI's Management and Recording System is currently being replaced by a more dynamic and intuitive recording and reporting system called Inspection Planning, Insight and Reporting Environment (InsPIRE). The InsPIRE capital project is at an advanced stage of development and will deliver significant benefits for the ETI and the Department. The core workforce management and planning tool (the Scheduling module) went live on the IT Assist servers in February 2022. During 2022-23, the scheduling tool was used exclusively to plan and manage all work programmes. Aspects of the inspection module have been trialled for thematic evaluations, but further development work is required to align the inspection module to future organisation inspection models that are currently being developed through ongoing consultation with stakeholders.

3.3.7 Ministerial Directions

Arrangements exist to respond to a situation where an Accounting Officer believes that he/she is being asked by a Minister to take a course of action that could potentially result in irregular expenditure, impropriety, or poor value for money. In such circumstances, the Accounting Officer may seek a formal Ministerial Direction to proceed. There have been four formal Ministerial directions issued during 2022-23:

i. A Ministerial Direction was issued on 21 June 2022 and approved funding of £2.25m for HHM, a pilot counselling and therapeutic support programme for the September to December 2022 period. The advice to the Minister at that time was that such allocations were unaffordable given the extent of unfunded inescapable pressures the Department continued to face in the 2022-23 financial year.

ii. A further Ministerial Direction was made on 11 October 2022 to allow the pilot to continue from January to March 2023 with additional funding of £1.75m. The advice to the Minister at that time remained as previous in that such allocations were unaffordable.

iii. The third year of the Engage programme commenced in September 2022 under a Ministerial Direction issued on 21 June 2022. This approved funding of £10m for the September to December 2022 period. Previously, the Engage programme was financed by COVID funding from DoF. However, as this funding stream had ended, this Direction was approved by the Minister of Finance on 6 July 2022 on the undertaking that the continuation of the programme to December 2022 would be funded by the Department from whatever budget envelope was ultimately allocated. The advice of officials to the Minister at that time was that such allocations were unaffordable given the extent of unfunded inescapable pressures the Department continued to face in the 2022-23 financial year.

iv. A further Ministerial Direction was issued on 11 October 2022 to allow the Engage III programme to continue from January to March 2023 with additional funding of £6.9m. The advice to Minister at that time remained that such allocations were unaffordable.

3.3.8 Risk Assessment

The Departmental Board has responsibility for ensuring that an effective risk management process is in place and is regularly reviewed. In discharging this responsibility, it is supported by the ARAC and the Department's Internal Audit Team. NEBMs are privy to discussions in relation to Departmental risk at Departmental Board meetings. This arrangement, in conjunction with written and oral updates provided at each meeting, ensures that the ARAC is kept fully informed of the Department's risk profile to enable it to undertake its responsibilities effectively.

The DE RMF sets out the Department's approach to risk and the mechanisms through which potential risks to the achievement of the Departmental objectives are identified and evaluated.

The RMF was updated in April 2022, particularly to strengthen the rules for maintaining risk registers at all levels in the Department. It was reviewed again in April 2023 and approved by the Departmental Board, with only minor amendments made.

Risk Management

The Departmental Board agrees the risks to be included in the Department's CRR and agrees ownership of each risk. The risk management process is integrated with normal management processes and informs the annual business planning cycle in order to link risk management and internal control with the Department's ability to fulfil its business objectives. Risk is managed in the Department by way of an on-line Risk Management Application, which hosts all risk registers at Corporate, Directorate, Programme/Project and Team levels.

At the start of 2022-23, the Departmental Board identified 13 corporate risks to the Department's ability to deliver progress in key priority areas. The Departmental Board reviewed its corporate risks regularly throughout the year, identifying changes that needed to be made to ensure effective categorisation and management of risk. The Departmental Board particularly ensured that risks were reviewed in the context of delivering Business Plan commitments within a very challenging financial climate and also continuing to monitor the situation regarding the COVID-19 pandemic.

As a result, one risk was removed from the CRR in January 2023:

i. The Department's programme of support to deal with the impact of COVID-19 is ineffective and fails to deliver fully on the Minister's three strategic priorities:

  - To ensure the continuity of learning for children and young people.
  - To support vulnerable children and children of key/critical workers.

- To ensure families do not experience hardship as a result of schools closing.

This risk is now managed in a lower-level risk register as the level of threat has reduced in terms of its immediate impact on the operation of schools and in terms of legacy arrangements which had been put in place should it re-emerge. More broadly, the risk is still covered in the CRR within the risk concerning arrangements for managing major incidents or emergencies.

Two new risks were added to the CRR in January 2023 to reflect current significant challenges which could have a significant impact on the education sector:

i. Failure to resolve ongoing industrial action across the education workforce has a detrimental impact on the quality of education provided to children and young people.

The industrial action risk not only focusses on the management of the current action short of strike being taken by teachers' unions, but also on the impact industrial action could have on the provision of education for children and young people going forward.

ii. The rising cost of living, negatively impacting upon children and young people's access to education.

The cost-of-living risk reflects the range and severity of the impacts on the provision of additional support to children and young people across the education sector.

As of 31 March 2023, the CRR comprised 14 risks.

Each Directorate/business area was required by the Departmental Board to have in place appropriate arrangements for managing risk at a lower level.

The Department is dependent on its ALBs for the delivery of policies and services. The Department needs to be assured that risk is being managed effectively by all of its ALBs, and they must in turn provide assurance to DE on risk management, governance and internal control.

With this in mind, all ALB and DE Directorate risk registers were examined during 2022-23 and reports were provided on the findings in relation to:

a) the alignment of risks to those in the Department's Risk Register; and

b) the standard of risk registers and their adherence to the principles of risk management contained in the Department's RMF.

Reports were provided to the Departmental Board and ARAC throughout 2022-23.

Significant issues arising during 2022-23

During 2022-23 the Department managed a number of significant issues in relation to:

- Political instability
- Delays to the provision of a 2022-23 budget
- EA 2022-23 Financial Position
- Industrial action by Teacher Unions
- Industrial Relations – non-teaching staff
- Return to Public Examinations
- UK COVID Public Inquiry
- Climate Change Act (Northern Ireland) 2022
- Implementation of the Integrated Education Act 2022
- Continuing operational oversight of GTCNI
- CCEA Personnel and Governance Issues
- Safeguarding and Child Protection
- Reduced ETI inspections and Follow up Inspection (FUI) due to COVID and Action Short of Strike
- Every CHILD: the Department of Education Corporate Plan
- Delivery of a Landscape Review of the Education Authority
- Oversight of EA's Special Educational Needs and Disability (SEND) Transformation Programme
- Major Education Authority IT Projects
- Strategic Area Plans (SAPs) and Development Proposal (DP) activity
- SSEC Programme
- Teachers' Pensions for 2021 and 2022 and McCloud Remedy
- Fraud Prevention and Whistleblowing
- DE staff vacancies and absences
- YCNI
- Irregular Spend
- Excess Vote

Political Instability

During 2022-23, the Department operated under a change of Ministers, the absence of an Executive and ultimately, in the absence of an Assembly and Minister. The Department has adhered to the Guidance on Decision Making (PDF 1,535 KB) (opens in new window) provided by the Secretary of State for NI during the period of operating without a Minister.

Delays to the provision of a 2022-23 budget

In the absence of Executive Ministers, the 2022-23 Resource Budget for Education was set at £2,642.9m in the Secretary of State for NI's Written Ministerial Statement on 24 November 2022.

The Northern Ireland Budget (No. 2) Act 2023, which received Royal Assent on 18 September 2023, provides the statutory authority for the 2023-24 Northern Ireland Budget which the Secretary of State for Northern Ireland set in his Written Ministerial Statement on 27 April 2023.

Following a Post Budget exercise in respect of Technical Transfers, DE had a total Resource Budget of c.£2,647.8m, of which c.£2,535m was allocated to the EA. Given the timing of the Secretary of State's Budget, there were no in-year monitoring rounds in 2022-23, meaning that there was no opportunity to apply for additional funding to address the pressures being faced by the Department.

Whilst the Department welcomed the announcement of the Budget and the certainty that it provided to both the Department and its ALBs to plan for the remainder of the financial year, the 2022-23 Budget still left the Education sector facing in excess of £150 million of potential residual pressures, with the result that some very difficult decisions have had to be taken (e.g. the Department was compelled to reduce the Aggregated Schools Budget (ASB) distributed via the Common Funding Formula by 0.5% to partially address other funding pressures).

The Budget allocated enabled the Education sector to mitigate the impact of previous pay awards and absorb some significant inflationary pressures, but it failed to address the increasing demand on the services being provided. While this has been a difficult budget process for the education sector as a whole, it was essential that a balanced budget could be delivered. Now that the Secretary of State has announced the 2023-24 Budget, it is clear that 2023-24 is likely to be equally, if not more challenging.

As a result of curtailed expenditure and savings secured, the Department was able to deliver a balanced budget for 2022-23, reporting a small Resource underspend of £0.364m (0.014%) at Final Outturn.

EA's 2022-23 Financial Position

The EA's financial position poses a significant financial risk to the overall Department's budget due to the quantum of the EA's budget. Therefore, the Department continues to robustly engage with the EA throughout the year in assessing its financial position.

In the absence of an agreed Executive Budget for 2022-23 at the outset of the financial year, priority was initially given to maintaining the Age Weighted Pupil Unit (AWPU) Cash values at 2021-22 levels for both the Nursery & Primary and Post-Primary funding streams. This resulted in an increase to the opening planning ASB of £12.9m compared to the prior year, with schools notified in March 2022.

Following the 2022-23 budget announcement in November, the Secretary of State highlighted the need for "*significant reductions in current spending trajectory levels in order to live within budgetary control totals*" with specific reference to the impact on the EA's Block Grant and the ASB. Consequently, a £7.3m (0.5%) reduction was applied to the ASB opening 2022-23 position, or a £5.6m increase compared to the prior year. A further c£49.8m to mitigate the impact of pay and energy pressures was allocated to schools' delegated budgets.

In addition, following the 2022-23 budget announcement by the Secretary of State, the EA was allocated an additional c.£125.7m in Block Grant Budget and £6.9m in earmarked funding to mitigate financial pressures arising from a non-teaching pay award, teachers' contractual incremental pay increases, increasing energy costs in special schools, additional SEN demand, rising National Insurance Contributions, COVID-19 support for schools and compulsory Teaching & Non-teaching Redundancies.

It is of note that, in recent years, the EA has been heavily reliant on securing additional funding via in-year monitoring rounds in order to live within budget (e.g. over £50m in 2021-22). The lack of a monitoring round process in 2022-23 due to the absence of the NI Executive has contributed to the financial pressures facing the EA. The combined impact of rising energy prices, the impact of pay award offers and increased demand pressures, especially around SEN, has significantly added to the financial challenges faced by the EA this financial year.

Therefore, despite this additional funding, the EA were still forecasting an overspend. As part of the allocation of additional funding, the Department tasked the EA with producing a Savings Delivery Plan for the last quarter of the financial year. The EA Board approved savings proposals for 2022-23 of c.£17.8m. The limited scope for the EA to deliver savings in excess of this amount in 2022-23 was mainly due to the statutory nature of much of the EA's services (e.g. SEN); limited timeframe to deliver savings; the requirement for public consultation to implement certain service reductions; and the requirement to give notice to staff following previous DE Ministerial funding commitments.

Looking ahead to the 2023-24 financial year, the Department will continue to challenge the EA in relation to the robustness of its forecast in-year pressures. In relation to schools spend, the Department anticipates a profoundly challenging budgetary environment for schools.

The Department continues to make the case each year for additional funding based on an analysis of the financial pressures facing the sector. However, the Department does not determine what the final outcome will be each year, as Education pressures are considered alongside other competing pressures across all NI departments. But rather, overall budget allocations to departments must be funded from available resources and are decided by a political process, normally led by the NI Executive or the Secretary of State.

Industrial Action by Teacher Unions

The Northern Ireland Teachers' Council (NITC) submitted a pay claim of 6% for 2021-22 plus enhancements to Maternity, Paternity, Adoption and Assisted Pregnancy leave for teachers and, for the rate of inflation plus 2% for 2022-23.

Engagement had been ongoing between Management Side and the NITC on a teachers' pay settlement for 2021-22 and 2022-23. Following receipt of the NITC pay claim for 2022-23, these discussions considered options for a multi-year pay deal. However, this was dependent on funding availability. Given the cost-of-living increases and the expectations of a significant increase in pay, it is difficult to see how a resolution can be achieved without a corresponding increase in the education budget. Notwithstanding this difficulty, both Management and Unions continued to engage in the pay discussions in the hope of identifying a potential resolution.

Public Sector Pay Policy for 2022-23 was published on 8 December 2022. This highlighted affordability as the key principle to be considered when agreeing pay settlements.

Under the Pay Policy guidance, any pay settlements to be submitted to DoF for consideration must be accompanied by an assurance and confirmation from the relevant Departmental Accounting Officer that they are content that the pay award proposed is affordable within their Department's budget settlement.

In the context of the current DE budget position, and the significant cost of a teachers' pay increase, it is not currently possible to provide the necessary assurance that this increase would be affordable. While this remains an issue, discussions will continue between the Department, other Management Side colleagues and the Teachers' Unions with the aim of reaching a satisfactory resolution.

The five main Teachers' Unions which make up the NITC are currently on industrial action in the form of action short of strike. The action escalated when four of the unions (INTO, UTU, NEU and NASUWT) participated in a ½ day strike from 12.00 a.m. to 12.00 p.m. on 21 February 2023. A further escalation of the industrial action occurred on 26 April 2023 when all five unions engaged in a full day's strike action.

Detailed guidance to assist in the management of the strike action was issued to all schools on both occasions. The EA requested derogation for special schools for the strike action planned for 21 February, but this was refused by the unions planning strike action.

Further delay in securing a pay settlement for 2021-22 and 2022-23 will likely lead to a further escalation in industrial action.

Despite the return to industrial action, 2022-23 saw the continued and intensified delivery of commitments made within the previous Teachers' Pay and Workload Agreement 2017-19, which was formally ratified by NI Teachers' Negotiating Committee (TNC) on 28 April 2020. During the year, the Workforce Review

Project progressed eight of the nine reviews contained within the Agreement, seeking to address teacher concerns about workload and accountability and improve the efficiency and effectiveness of the education system. It has been agreed that the outstanding review on Statutory Assessment will be progressed outside of project structures as a separate priority project within DE, subject to resourcing. Eight completed reports have been submitted to TNC for consideration.

Industrial Relations – Non-Teaching Staff

The pay awards for most non-teaching staff in the education sector are agreed nationally as part of the NJC negotiating arrangements. In response to the NJC pay award of 1.75% for 2021-22, members of the UNITE union undertook targeted industrial action between March and May 2022. This action affected a range of roles, including transport, catering & classroom assistants. However, it had the most significant impact on special schools given the concentration of UNITE members in these schools. The industrial action ceased in May 2022 with the EA opening negotiations with trade unions on a pay and grading review for non-teaching staff.

These negotiations continued until February 2023 when the EA submitted a Pay & Grading Review Business Case to seek funding to implement a revised grading structure within the organisation. This case is currently going through the scrutiny and approval process, however, there are concerns over the affordability of the proposals.

Trade Unions have advised that they are balloting members in relation to industrial action on this issue and will undertake strike action if the Pay & Grading Review proposals are not implemented in a prompt manner.

Return to Public Examinations

There was a managed return to public examinations with wide ranging adaptations to CCEA qualifications.

Students were permitted to omit one unit of assessment from the vast majority of GCSE and GCE qualifications, reducing the number of exams that needed to be taken. As agreed with the Minister, CCEA ensured that examiner judgement was at the centre of the Summer 2022 awarding process and took account of the significant disruption that young people had encountered. Through this approach, student interests were protected and comparability across qualifications maintained. Bespoke arrangements, including a reserve examination series in late June 2022, were put in place for young people who missed examinations due to COVID-19 in order to ensure as many young people as possible were enabled to complete their qualifications.

The Department provided a range of additional support to schools to assist students preparing for the return to public exams, including revision resources and funding for an Easter revision programme. The Department worked closely with CCEA to identify and mitigate any risks and ensure the safe delivery of the examination series, including the delivery of outcomes in line with the published standard. The series was successfully implemented and the number of appeals following results days was lower than for normal, pre-COVID examination series.

In June 2022 the Minister announced the arrangements for awarding CCEA qualifications in summer 2023 to continue the managed return to more normal examination and awarding arrangements. This included the provision of advance information for CCEA qualifications to assist all students with revision, and a £2m Qualification Support Programme targeted at pupils identified as requiring additional support to prepare for the 2023 public examination series.

UK COVID Public Inquiry

The UK COVID Public Inquiry was launched on 21 July 2022 by Baroness Hallett, Chairperson of the Inquiry. The Inquiry has been set up to examine the UK's preparedness and response to the COVID-19 pandemic, and to learn lessons for the future. The Inquiry began gathering evidence in August 2022, and is anticipated to formally commence hearings in the Spring of 2023 with the aim of producing a final report in 2025.

To date the Inquiry has launched three of the eleven proposed Modules –

Module 1 – Resilience and preparedness

Module 2 – Core UK decision-making: political governance

Module 2C – (Northern Ireland specific)

Module 3 – Impact of COVID-19 pandemic on healthcare systems in the 4 nations of the UK

In November, the Department was involved with Module 2C, having received a Section 9 request for the provision of information in relation to decisions made by the NI Assembly. The Department provided the requested information within the Inquiry's deadline and awaits further correspondence in relation to clarification of the draft Corporate Statement and information provided.

The Department is working closely with Departmental Solicitors' Office (DSO) and have representatives on a cross-Departmental working group to ensure that the main stakeholders are kept updated on the requirements of the Inquiry, and that there is a consistent approach to the provision of information.

Papers are currently being prepared in anticipation of requests from ex-Ministers to review documents, in order to prepare their witness statements. A later Module will focus on Education, and this will likely require additional resources and significant input from ALBs and Directorates across the Department.

Climate Change Act (Northern Ireland) 2022

The Climate Change Act (Northern Ireland) 2022 places specific duties on the DAERA in relation to the setting of carbon budgets and the preparation and publication of CAPs.

DAERA commissioned input from all Departments to inform what policies and proposals will assist in delivering the targets set out in the carbon budget. Carbon budgets are essentially limits on greenhouse gas emissions over the 5-year period of the CAP, the first of which runs from 2023 to 2027. The CAP must set out proposals and policies covering the areas of responsibility of each NI Department.

The Department is required to provide proposals and policies for the reduction of emissions, alongside protection of the environment and the ability to minimise, mitigate or remedy the effects of climate change. Each CAP must explain how the proposals and policies set out in the plan are expected to affect the workforce, employers, and communities; and include proposals and policies for supporting the workforce, employers, and communities.

The Act set challenging timelines for the development of the CAP with the final plan to be laid before the Assembly by 31 December 2023. The Department is working alongside various stakeholders and in consultation with SROs for the various themes of the CAP to prepare the DE plan.

Implementation of the Integrated Education (IE) Act 2022

The IE Act implementation team leads effective implementation of the Integrated Education (NI) Act 2022. This a short-term task and finish project focused on ensuring Departmental compliance with the Act.

Initial work focussed on developing, agreeing and setting up governance and project management structures to engage education partners, seeking clarification from DSO, as required, on a range of matters within the legislation.

The Act extends the duties of DE and places a new and equivalent duty on the EA.

A Steering Group comprising Director level staff from within the Department and the DE ALBs was established and is intended to provide a vehicle for collaboration and sharing information supporting the implementation of the IE Act. Other interested parties are also included within this consultative process. A Working Group was also set up which is more operational in nature, and the membership is typically at Grade 7 level.

Both groups have, to date, been working on developing the first Strategy for Integrated Education in NI which was published on 26 April 2023 in accordance with the Act.

Continuing operational oversight of GTCNI

Internal Audit has advised that while some progress in addressing outstanding audit requirements has been made, an overall unacceptable opinion remains for 2022-23. The factors which inform this opinion are set out in the GTCNI Governance Statement. A recent internal audit of GTCNI interim governance arrangements has however been completed and the report has concluded that the arrangements which have been followed during the year have proved sufficiently robust to warrant a rating of 'Satisfactory'.

These arrangements included: Monthly Oversight Meetings; Governance Assurance Meetings; weekly meetings between the Head of Sponsor Branch and Interim Chief Executive Officer (CEO); and weekly/bi-weekly position tables submitted by GTCNI to the Sponsor Branch. These arrangements have proven effective, for example GTCNI is now up to date with historical business cases and Post Project Evaluation (PPE)s, Annual Accounts and Reports laid for 2020-21 and 2021-22, and GTCNI's Registration Database was launched in April 2023.

A consultation on possible options for the replacement of GTCNI ran from June to September 2022. At the Minister's request, further engagement with the profession has been undertaken and a further targeted survey is currently live, closing on 28 April 2023. Responses will inform the drafting of the required legislative changes.

CCEA Personnel and Governance Issues

The Department has had oversight of personnel issues in the Council. This has had the potential to affect good governance and accountability within the organisation. The Department has taken substantial steps to challenge, support and enhance the oversight of CCEA since the escalation of a dispute between senior members of staff.

Given the requirement to enhance the capacity and resilience of CCEA's senior management team and to ensure robust governance and accountability arrangements were in place, the Minister agreed to two Assessors being appointed to the Council in October 2022. They have provided support and a robust challenge and scrutiny role alongside the existing Council members, to ensure that decisions reflect the broad range of views and experience in the Council. They also bring additional expertise in the areas of board effectiveness, governance and accountability. The Assessors have shared their reflections with the Chairperson, CEO and other CCEA Council and staff members. The Assessors have also formally reported on their assessments and recommendations to the CCEA Chairperson, Chief Executive and officials. CCEA and the Department are currently considering how best to respond to the recommendations.

In addition to the scheduled GAR, other measures have been put in place. These include:

- the introduction of monthly oversight/business meetings, normally chaired by the DE Deputy Secretary, Linsey Farrell, currently involving the CEO, Directors and heads of business areas across DE and CCEA;
- attendance of an official at Council meetings (including closed sessions) since April 2022;
- the introduction of four to six weekly meetings between senior officials and the Chairperson since June 2022;
- regular contact between officials and other Council members throughout the ongoing dispute; and
- formal written assurances sought in relation to qualifications and awarding, regulation, contingency planning, governance, and accountability.

A substantive CEO was appointed in March 2023. This is the first substantive appointment since 2021. This presents an opportunity to re-define the roles and responsibilities of the CEO and to encourage productive relationships between the CEO, Chairperson and Council and indeed with senior Departmental officials.

The Department sought, and has responded to, the recommendations from the grievance investigation. Clarification on roles and responsibilities of the executive team, CEO, Chairperson and Council has been provided by officials, and the Department has welcomed CCEA's action for the CEO and the Chairperson to consider this issue further and has asked to be kept informed of progress in this regard.

Safeguarding and Child Protection

During 2022-23, the DE Board discussed the importance of keeping children and young people safe and agreed to consider the vetting model for school governors. The Board agreed that the vetting model for school governors should be prioritised and options should include the potential extension of vetting checks for all school governors. Board members were presented with further details on the levels of vetting checks available, the scope of these checks and options for how these might be taken forward. Further work is being undertaken to develop these options for Board consideration.

The Department continued to engage with the EA, and other managing authorities as required, throughout the year on child safeguarding and protection issues, including follow-up to ETI inspection findings and internal audit reports. Officials continue to work with the EA on options to mitigate the risk of recurrence of previous incidents in relation to the safeguarding of pupils on buses. The EA confirmed that there is an appropriate focus on ensuring that the required AccessNI checks are carried out for drivers transporting pupils and is developing a Business Case for improving safeguarding arrangements for transport.

As information emerged during the implementation of the new NI Supply Teacher Register (NISTR) system that schools had requested input of retrospective bookings for supply teachers who were not 'live' (fully registered with all pre-employment checks in place) on the system, the Department moved quickly to write to the schools involved to instruct the immediate cessation of engagement, point to the relevant extant guidance and highlight the risks (for further details on issues relating to the implementation of NISTR, see “Major Education Authority IT Projects” below).

The Department also became aware that biennial vetting checks of supply teachers registered on the NISTR have not been actively progressed by the EA in line with Circular 2013/01 due to resourcing constraints. The Department has commenced work with all the employing authorities to review the Circular in consultation with the relevant authorities to consider the ongoing need for repeat vetting checks over defined periods taking into account any new developments in information sharing around disclosures over the last ten years.

On 27 March 2021, the Minister wrote to schools to indicate that Safeguarding and Child Protection Regulations as outlined in DE Circular 2017/04 would remain applicable to education services during the pandemic and the EA issued guidance for education staff at the Minister’s request. To ensure teachers, parents and carers had the knowledge they needed to keep children safe online in a climate of increased remote working, the iNEQE Safeguarding Group offered the Department use of their Safer Schools App on a trial basis during the COVID-19 pandemic. A procurement contract has now been awarded to iNEQE to provide this service until 22 August 2025.

ETI was commissioned to undertake an evaluation of the Preventative Curriculum within NI Schools and the Department has established a working group, the membership of which includes DE, DoH, ETI and the EA, to consider the appropriate response for this jurisdiction and a draft action plan has been developed and approved. The ETI has completed the evaluation, with dissemination of findings and publication of the report expected early in 2023-24.

DE officials are members of cross-Departmental groups agreeing and addressing action plans in relation to Domestic Violence and Sexual Abuse, Online Safety Substance Use, and ProtectLife2 suicide prevention as well as membership to the Child Protection Senior Officials Group, overseeing these issues.

Reduced ETI inspections and FUI due to COVID and ASoS During 2022-23

ETI inspectors continued to build on normal district inspection duties, which re-commenced in September 2021, following the COVID-19 pandemic. In particular, district inspectors engaged with schools in the follow-up process in order to raise co-operation levels in respect of follow-up inspection during the period of action short of strike, commencing initially by one teaching union in May 2022 and the remainder of NITC in October 2022. ETI has completed most inspection and other commissioned work prioritised in its Annual Business Plan including inspections; follow-up inspections; thematic evaluations; policy advice; broader scoping and exploratory specialists work and development of inspection and improvement strategy. Contingency planning processes are in place to deal with schools which are not engaging fully, or not at all, with the follow-up inspection process which includes an evaluation of the school’s safeguarding arrangements, as a consequence of industrial action short of strike. Schools in the Formal Intervention Process have engaged fully with follow-up inspection. Most remaining schools in the follow-up process have engaged partially; a few have not engaged. ETI works with relevant policy teams to follow-up in relation to schools which have not co-operated with the follow-up inspection process.

In addition, building on school engagement through the Empowering Improvement Project from 2021-22, ETI has undertaken wide-scale consultation with schools, other education and training providers, and a wide range of stakeholders, about the development of an inspection strategy. Schools and organisations participated in over 30 focus group meetings. In turn, over 250 schools/organisations self-nominated for a visit from inspectors to trial new inspection materials and processes, and to provide feedback on how inspections of the future might look. Through this co-design work, ETI has formulated a new Quality Improvement Strategy that will guide current and future work programmes.

Every CHILD: the DE Corporate Plan

The Department has been without a Corporate Plan since 2015. During 2022-23 the Department developed ‘Every CHILD’, its Corporate Plan for the period 2023-2028, which will set out the strategic direction for DE and its ALBs in the medium to long term. Every CHILD was developed through extensive engagement with officials across the Department and with stakeholders right across the education sector. It was also subject to a public consultation, including with children and young people, which ran from September to November 2022. The response was generally positive, with DE taking appropriate steps to revise the draft Corporate Plan in response to feedback.

Every CHILD sets out a fresh Vision and Strategic Priorities for education, and a clear set of actions and indicators of success, all of which provide a clear line of sight to the outcomes in both the draft PfG and the CYPS. The actions in Every CHILD also reflect DE’s contribution to other Executive Strategies and Plans. Every CHILD is currently undergoing a review in light of the aforementioned challenging financial position and is subject to the consideration of an incoming Minister for Education. Once formally approved, ALBs will be asked to develop new Corporate Plans which align to Every CHILD.

Delivery of a Landscape Review of the EA

As part of the recommended ‘quinquennial review’ of ALBs, and in addressing a recommendation from a Public Accounts Committee (PAC) review of SEN provision, the Department commissioned external consultants to undertake a ‘Landscape Review of the EA’. The purpose of this review was to consider the effectiveness and governance of the EA, including the extent to which the organisation is delivering against NI Executive, DE and EA priorities.

The report, published in June 2022, found that although progress had been made in recent years (enhancements to governance; an improved approach to strategic planning and performance; strong alignment with the draft PfG and Departmental priorities), key issues highlighted in the report included the need for the EA to improve communications and responsiveness; to better meet the expectations of the EA’s many stakeholders; and the importance of making education services more child-centric. Subsequently, the report made thirteen recommendations, focused on the themes of (i) the future form, function and financing of the EA; (ii) improvements required to support organisational effectiveness; and (iii) governance, accountability and relationships which will support future EA effectiveness.

Since the publication of the report, Departmental and EA officials have worked closely together to jointly develop an Action Plan to collaboratively address the recommendations. The Action Plan – prioritised to take account of the financial context – provides the basis for moving forward with the highest priority areas that will make the greatest difference, including defining the role/function of the EA; an EA People Strategy and Plan; organisational development and communications; and end-to-end reviews of major services provided by the EA. Other recommendations will be taken forward in a second phase of the programme over the medium term.

Progress in delivering the programme of actions will be overseen by DE and EA senior officials, governed by an oversight group that will meet on a quarterly basis (beginning May 2023).

Oversight of the EA’s Special Educational Needs and Disability (SEND) Transformation Programme

A number of independent reviews, including by the NI Audit Office, PAC, and NI Commissioner for Children and Young People, have been completed on support provided for children with SEN. A total of over 150 recommendations have subsequently informed a comprehensive transformation agenda and most recommendations are being taken forward through the EA’s SEND Transformation Programme, with oversight provided by the Department’s Governance Group which is chaired by the Permanent Secretary.

Thirteen priority projects have been identified under the SEND Transformation Programme in terms of being child friendly and family-centred, the impact they will have and potential efficiencies. Seven are led by the EA and six by DE, with the six DE-led projects being fully funded either through mainstream budgets or other previously approved business cases.

Of the seven EA projects, three are up and running, however the EA states that these cannot continue without additional funding. The remaining four have recently been initiated. The EA submitted a revised Outline Business Case to the Department in June 2022 estimating the cost to be £11.3m over three academic years. However, due to difficulties with the recruitment of project team members, the EA surrendered £2.2m of their £6.1m allocation during the 2022-23 financial year. The EA have since been asked to reflect on the Programme and bring forward new proposals on how existing projects could be expedited, or an alternative means of taking forward key areas in a more cost-effective and efficient way.

Due to the current financial pressures, numerous recommendations and findings in relation to SEN, recruitment challenges within the EA Transformation Programme and the need to demonstrate change, there is a pressing need to explore how improvements can be achieved in a cost effective and efficient way.

This will be delivered through an End-to-End Review of SEN which will be led by DE (and forms part of the Landscape Review Action Plan). The End-to-End review is the overarching piece that brings together the work being taken forward under the EA Transformation Programme and a number of DE led deep dives that focus on areas not captured (or fully captured) in Wave one of the EA Programme. The review will consist of 12 deep dives which, in totality, will be taken forward over a 12–18-month period.

In the meantime, children continue to be identified as requiring either a new or change of placement as a result of an Annual Review of their statements, or as they undergo the Statutory Assessment Process to determine appropriate provision and placement.

The DE Inclusion Directorate led on the placement of children with Statements of SEN in special schools and specialist provisions in mainstream settings. This was, and remains a priority for both the Department and the EA. All children with a Statement were placed in an educational setting appropriate to their needs in time for September 2022, and the Department is working in partnership with the EA to identify suitable placements for September 2023.

Major Education Authority IT Projects

As the sponsor Department, DE has a particular interest in these EA programmes and projects given the scale, strategic importance and the estimated costs involved.

<u>(i) EA One Project</u>

To modernise and integrate its legacy Finance and HR systems, the EA undertook a major IT Project that covers procurement, finance, HR and payroll. Phase 1 of the Project went live in December 2016 with the procurement and finance elements. The online recruitment module went live during 2019-20; however, the remaining HR and Payroll elements of the Project have been subject to delay due to solution complexity issues and resource constraints that were not fully understood when the Project commenced.

A decision was taken in January 2021 to delay the go-live rollout of the project to October 2021 due to the ongoing impact of COVID-19 on schools. A key recommendation of the EA One Gateway Report in September 2021 was to consider a less aggressive implementation timeframe to reduce risks to delivery.

To date, the Project has successfully cutover all 10 legacy EA payrolls, with 41k employees now being paid through the new Oracle solution.

A new implementation plan has been agreed with TPPT and approved by the EA One Project Board. This plan will see the cutover of the permanent teachers' payroll in November 2023, and the temporary teachers' payroll in February 2024. These dates were agreed to mitigate risk around delivering a cutover during high work volumes at the beginning of the school term in September and to retain maximum flexibility around the potential need to process a teachers' pay award up to September 2023. All contractual arrangements to support this extended plan have been agreed and are in place.

The latest version of the new EA One Business Case Addendum, which has passed through several drafting iterations between the Project and DE Finance, is currently going through the approvals process.

(ii) Education Information Solutions (EdIS) - (C2k Replacement)

The EA is currently taking forward the procurement of a replacement ICT service to provide critical systems infrastructure and applications to deliver modernised and integrated ICT services to schools (EdIS).

Due to ongoing delays to the implementation of the EdIS programme, the EA submitted an addendum business case to seek approval for a further extension via modification to the Education Network EN (NI) contract (also known as the c2k service). The addendum business case has been approved by DoF and allows for extension of the current contract to March 2024. This is to enable continuity of IT services to schools and support transitional arrangements to the EdIS programme.

As the procurement of the subsidiary projects will not be implemented in line with the initial timeline of March 2022, a draft addendum business case to seek DoF approval to extend the implementation timelines to March 2024 was submitted to the Department and approved on 14 September.

The Full Business Case is currently with the Department for review, however, there remain significant concerns regarding the overall affordability of the Programme.

The largest of the priority projects, the Management Information System/Strategic Partner at an estimated cost of circa £480m, shows a target contract award date of Autumn 2023. Implementation across the school estate presents significant risks and challenges that the Department continues to monitor closely.

Capita currently provide the managed service to all schools in NI, including the SIMS through Education Solutions Systems (ESS). Capita has bid for the replacement Management Information System for schools under the Strategic Partner and Schools Management Systems procurement as part of the EdIS Programme.

ESS were of the belief that Capita would continue to partner with them in their bid to the EA, however they have taken a commercial decision to partner with an alternative supplier. This has resulted in a breakdown of relations between both parties. ESS have served proceedings on Capita and at the same time agreed in parallel to commence formal mediation as part of the dispute resolution process. ESS are seeking a declaration that the contract has ended and an injunction preventing the EA from using it - as well as damages for breach of contract/infringement of Intellectual Property Rights.

Mediation was facilitated by DAC Beachcroft LLP in London on Monday 3 July 2023. Mediation statements, prepared by each side were shared in advance of the session. Whilst there were a number of offers made, no solution was found on the day.

The EA were subsequently successful in their application to be a co-defendant in the case and submitted their Statement of Case for the hearing at the beginning of October 2023.

The Department continues to work closely with the EA to assess the potential impact and mitigate risks where possible. The Department continues to challenge the EA to ensure delivery of both EA One and EdIS through regular six weekly meetings between EA Programme staff and DE officials and at the DE ICT Programme Board Meetings. The DE Board and the DE ARAC are provided with regular updates.

Strategic Area Plans and Development Proposal (DP) activity

(i) Publication of the second SAP and first Special Education Strategic Area Plan

On 29 June 2022, with Ministerial endorsement, the EA published "Planning for Sustainable Provision: Strategic Area Plan 2022-27", which sets out the strategic direction for how the future educational needs of children and young people in primary and post-primary schools will be addressed through area solutions, consistent with relevant policies and Ministerial priorities in the 5-year period 1 September 2022 to 31 August 2027. In tandem, the EA also published "Planning for Special Education Provision: Strategic Area Plan 2022-27", the 1st strategic area plan for Special Schools and Specialist Provision in Mainstream Primary and Post-Primary Schools.

Both strategic plans are underpinned by Operational Plan 1 (2022-2024) which was published on 1 September 2022. Operational Plan 1 outlines the Area Planning activity to be taken forward in the first two years, 2022-24, with all Area Planning partners in agreement that there should be a single Operational Plan to cover both Strategies.

(ii) DP activity

From a "business as usual perspective", work continued throughout the 2022-23 year in the consideration of published DPs. In the 2022-23 year 21 DPs were published. Decisions were taken on 9 proposals; of the decisions taken, all 9 were approved (7 of which were approved with a modification to implementation date).

The decisions covered a range of proposed changes to provision, comprising, closure of three post-primary schools and the establishment of a new co-educational 11-19 Voluntary Grammar (VG) School; establishment of post-16 provision, with an increase to the approved enrolment number; single-site operation; increase to approved numbers in a post-primary school; and closure of two primary schools.

The area planning process is a continuum of activity and the assessment of published proposals is often conducted over a period of months meaning that there will not be a correlation between the number of DPs published in a year and those on which decisions are taken.

SSEC Programme

Following Executive endorsement, a Ministerial Direction was issued to the Permanent Secretary in July 2021 which enabled the programme to progress to the next phase of construction.

The Department formally commenced a fresh Main Works procurement competition with the release of the Invitation to Tender on 13 December 2021, and the subsequent twelve months proved to be a very difficult environment for clients and contractors alike. Global events continued to fuel unprecedented construction price inflation, leading to widespread and significant market volatility, uncertainty in pricing and contractor disengagement from the local market. For the SSEC Programme, this resulted in two requests from the market for extensions of time which led to the competition concluding on 26 September 2022, some four months later than planned, with one tender received. The receipt of only one tender is not in itself an obstacle to further progress, and the Department's professional advisors have given assurance that the tender process was valid and that the integrity of the competition has been maintained. A CPN with the bidder commenced on 5 January 2023 and it is anticipated that it will conclude in the 2023-24 financial year.

Taking account of the earlier extensions to the procurement competition, the additional time required for the CPN process and the requirement to draft and obtain all the necessary business case approvals (which can only be sought once a value for money tender has been received) it is now anticipated that DE will not be able to award a contract until early 2024.

Construction will not be in a position to commence before spring 2024 with construction completion scheduled in academic year 2026-27. Custom and practice is that schools do not normally move to a new site mid-academic year which may mean that full campus opening could be September 2027 with potential for partial opening of some facilities in academic year 2026-27.

Work is ongoing on the Programme Full Business Case. This is a significant exercise and is being conducted to a challenging timeframe, prior to any award of the Main Works contract. A Gateway Review in April 2022 assessed the overall delivery confidence of the project as 'Amber' i.e. successful delivery of the project on time, cost and quality appears feasible, but significant issues exist requiring management attention. The Gateway Review has made a number of recommendations which are being taken forward by the Project Team via an action plan, with progress reported quarterly to the Programme Board.

Teachers’ Pay and Pensions for 2021 and 2022 and McCloud Remedy

(i) NI Teacher’s Pension Scheme

The NI Teacher’s Pension Scheme Statements for 2020-21 have now been completed. The Accounts were laid in both the House of Commons and the NI Assembly on the 29 June 2023. It should be noted that the accounts were qualified on the basis of an excess vote (i.e. a breach of legislatively voted expenditure control limits).

The Department has made steady progress in addressing the backlog in processing the NI Teacher's Pension Scheme Annual Report and Accounts for 2021-22, however, it will take several months to bring the accounts up to date. Based on current planning assumptions the 2021-22 accounts will be complete by the end of 2023.

(ii) McCloud Remedy

Regulations to introduce the first (prospective) part of the McCloud remedy for the NITPS came into operation on 1 April 2022 and ensured the closure of the legacy scheme (final salary) to future accrual from this date. All active members currently in the legacy scheme were moved into the reformed (Career Average Revalued Earnings/CARE) scheme from that date.

The second (retrospective) part of the remedy will address the difference in treatment that occurred between 1 April 2015 to 31 March 2022. Affected members will have the option to take pension built up during this “remedy period” on either a final salary or career average benefits basis. The Department is developing the necessary legislation to allow this and it is intended that this will be in place by 1 October 2023.

The McCloud Team, based in Waterside House, has been set up and the recruitment of additional staff is ongoing. A data cleansing exercise has been undertaken to ensure that those member records affected by the remedy, will be ready to be processed from 1 October 2023.

Fraud Prevention and Whistleblowing

The Department’s fraud and whistleblowing arrangements were reviewed as part of the Internal Audit Plan and it was concluded that they are compliant with current best practice.

Fraud monitoring and reporting arrangements have been effectively maintained throughout the year. During 2022-23, the Department continued to work closely with the EA on their investigation of a serious fraud relating to a number of schools’ compliance with the Voluntary Exit Scheme criteria. The Department has sought regular updates and assurances on wider issues and continues to review the relevant policy and guidance.

There were no other significant areas of fraud and whistleblowing identified from the ALB 2022-23 Governance Statements.

Investigations into the mandate fraud reported in the 2021-22 annual report and accounts resulted in recovery of £7,152 of the total loss of £89,638 – the remaining amount of £82,487 was written off and is included in the statement of losses. Appropriate action has been taken by management to mitigate the risk of recurrence of mandate fraud, including roll-out of mandatory fraud training to all staff. The investigation by the Police Service of Northern Ireland (PSNI) identified the account holders of two of the bank accounts into which monies were paid; one in Italy, which is outside jurisdiction therefore no further action could be taken; and one in Wales. The case was passed to the Welsh Police in June 2023 to progress the investigations which are ongoing.

DE staff vacancies and absences

As of 31 March 2023, the Department's headcount was 542.9 fulltime equivalent staff who play an important role in the delivery of services to the Minister, education sector and citizens. However, the Department is also carrying a number of vacancies (50, as of March 2023) the impact of which is being felt across a number of Directorates. Deputy Secretaries are completing a review of their business areas to assess where staffing resources can be allocated to remain within budget whilst delivering on key priorities and providing essential services. Significant resource constraints, both on staffing levels and more generally, present a growing concern for the advancement of the Department's vision and objectives going forward into 2023-24.

The most recently validated information from NISRA indicated that the Department recorded 8.5 days lost per full time equivalent member of staff for 2021-22, which is an increase from 6.4 days lost in 2020-21. The sickness absence for NICS overall in 2021-22 was 12.2 days lost per full time equivalent member of staff.

While the Department has seen an increase in staff absence, the results of the 2023 NICS People Survey indicate improvements across all areas within DE. A key indicator of staff satisfaction is the Engagement Index, currently 59% for DE. Although there has been no percentage change from 2020, the score preserves the Department's upward trend from previous years, 59% in 2021, 59% in 2020, 55% in 2019, 52% in 2018, 50% in 2017 and 48% in 2015 and indicates we are making incremental improvements.

Youth Council for NI (YCNI)

Since the restoration of the NI Executive and the appointment of an Education Minister, the Department has been working on the development of options regarding the future of YCNI. A survey of the youth sector was completed and options developed for Ministerial consideration. No decision was taken before the tenure of the Minister ended in October 2022. It will be for an incoming Minister to make any decision.

Irregular Spend

A key aspect of the overall financial control process for public expenditure is the effective operation of delegated limits for approval of expenditure between the Department and DoF and between the Department and its funded bodies. Compliance with this process is essential to ensure regularity of expenditure.

The Governance Statement for CnaG identified a number of Business Cases requiring retrospective approval due to an oversight on the part of the organisation and a gap in financial planning. Three business cases in total were identified in September 2022: (i) Panel of Associates; (ii) staffing (an additional advisory officer was appointed to cover a period of sick leave); and (iii) the purchase of Commercial insurance without prior approval from DoF from 2016 (amounts to be determined).

Expenditure relating to (i) and (ii) has been regularised via internal approval, with copies of internal business cases provided to Irish-medium and Integrated Education Sponsor branch in DE. CnaG, its sponsor team and departmental economists are continuing discussions to resolve expenditure item (iii).

A PPE of the SSEC Programme's External Programme Delivery Unit (PDU) business case for External Appointees (3rd Addendum), resulted in associated expenditure being identified as potentially irregular, largely relating to the duties carried out by the Construction Director in relation to the development of the programme Full Business Case. As Accounting Officer, I was content to note this and did not consider this as irregular spend, though have referenced for transparency purposes. This expenditure has been retrospectively approved by DoF.

Potential irregular spend of £5,781.43 in relation to SSEC construction works required to secure planning permission was identified in July 2023. A business case has been completed and approved to regularise this spend.

The importance of compliance with the public expenditure process is recognised fully by the Department. The Department has taken forward a number of measures to prevent recurrence of irregular expenditure and this is an area which will be the subject of ongoing scrutiny by the Department.

Excess Vote

The Departmental Group expended more resources (£7,380k) than was authorised by the Assembly. The excess is primarily attributable to higher than anticipated AME in respect of the EA (£8,105k) which is offset by smaller savings elsewhere) including:

- Provisions – £6,510k excess due to higher than anticipated increase of the current service cost in respect of the NI Local Government Officers' Superannuation Scheme due to triennial valuation and inflationary factors;

- Depreciation and Impairments – £4,937k excess mainly resulting from the quinquennial revaluation of the EA estate by Land and Property Services at 31 March 2023, noting an ageing school estate; and

- Other smaller excesses and savings within Voted Resource AME reconcile back to the overall excess reported of £7,380k.

Treasury's Consolidated Budgeting Guidance recognises there is an inherent volatility in some areas of AME spending that makes it difficult to forecast and consequently may mean that departments do not have the ability to manage spending within budgets. Pensions spending is a prime example of this as it is demand led.

In addition, other issues arising during 2022-23 including the lack of clarity in respect of the Budgets and Estimates position, the timing of the LPS quinquennial review of the Education Estate and actuarial reporting of the impact of inflationary increases, all of which further impeded the EA's ability to provide accurate AME forecasts.

The Department will seek Assembly approval by way of an Excess Vote in a future Budget Bill.

The NIAO will include a qualification in the Certificate and Report of the Comptroller and Auditor General in relation to the Excess Vote.

3.3.9 NDPB Governance Framework

The Chief Executive of each of the Department's NDPBs is designated by the Departmental Accounting Officer as the Accounting Officer for his or her organisation. The allocation of accounting officer responsibilities is set out at section 3.2 above.

During 2022-23, the Department adopted a robust framework for ensuring effective governance within its existing NDPBs and to provide the Accounting Officer with assurance that designated accounting officers were fulfilling their responsibilities. Key features of this framework included:

- a requirement to ensure compliance with statute and with the body's Management Statement and Financial Memorandum;
- arrangements to ensure that NDPB business plans reflected and supported the delivery of the Education Minister's strategic priorities, particularly those related to raising standards and closing the attainment gap;
- monitoring of progress in delivering agreed business plan targets;
- regular, formal Governance and Accountability Review meetings chaired by the Permanent Secretary and attended by the respective chief executives and chairs;
- the completion of mid-year governance statements which provided confirmation (and, where necessary, evidence) that required processes were being followed;
- regular engagement between DE Directors and senior NDPB counterparts; and

- the regular attendance of a senior DE member of staff as an observer at meetings of each NDPB's audit committee, and routine and timely feedback from these meetings.

In adherence to the NIAO's review of ALB oversight arrangements, the DE Sponsorship Manual 'Governance and Accountability Arrangements for the Oversight of ALBs' is reviewed on an annual basis. This was reviewed in October 2022 to reflect organisational changes within the Department and to reflect the interim governance arrangements for GTCNI in the wake of the Minister's decision to stand down its Council, with the next review scheduled for mid-2023.

The governance arrangements for each NDPB are set out within their respective Governance Statements (see below).

NDPB Governance Statements

The DE Governance Statement reflects, and is informed by, the content of the Governance Statements of the NDPBs for which the Department is accountable. Accordingly, the Department requested sight of the draft Governance Statements from all of its executive NDPBs by March 2023. All draft Governance Statements were received by March. These have been reviewed by the Department, taking into account guidance on compliance and content contained in Annex 3.1 of Managing Public Money NI, the related fact sheet provided by NIAO, and previous feedback provided by the Department.

Bodies were asked to submit their final statements to DE by 24 April. Finalised Governance Statements were received from NICIE and MCA by 24 April, CCMS on 5 May and the EA's on 17 May. Due to the timing of their respective ARACs, final Governance Statements were received from CCEA on 26 May, GTCNI on 21 June and CnaG on 7 July respectively. A subsequent analysis by DE indicated that the feedback provided had largely been taken account of by the bodies prior to submitting the final Statements. The Department also used its analysis of the draft Governance Statements to ensure that its own statement captures all relevant significant issues, with key/significant issues within NDPBs that impacted upon the wider Departmental Group detailed at section 3.3.8 above.

Details of NDPB Final Governance Statements can be accessed on their respective websites as published.

3.3.10 Conclusion

In conclusion, it is my assessment that DE operates an appropriately rigorous system of governance and accountability which I can rely on as the Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively and appropriately. Where significant issues have arisen that could affect the principles of regularity, propriety or value for money I am satisfied that appropriate action is being taken to address these.

4. REMUNERATION AND STAFF REPORT

The Remuneration and Staff Report sets out the Department's remuneration policy for Ministers and the Departmental Board, reports on how that policy has been implemented and sets out the amounts awarded to them and, where relevant, the link between performance and remuneration. In addition, the report provides details on remuneration and staff that the Assembly and other users see as key to accountability.

Remuneration Report

Remuneration policy

The pay remit for the Northern Ireland Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for NI's 24th November 2022 Written Ministerial Statement on the Budget and the NI (Executive Formation) Act receiving Royal Assent on the 6th December 2022, the NI public sector pay policy guidance was published on 8th December 2022.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS non-industrial staff, including SCS, for 2022-23 has been finalised and was paid in June 2023. The pay award for NICS industrial staff has been finalised and was paid in July 2023.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum based on performance.

Service contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for NI specifies the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commissioners for NI can be found at www.nicscommissioners.org.

Remuneration and pension entitlements

The following sections provide details of the remuneration and pension interests of the Minister and most senior management (i.e. Board Members) of the Department.

Remuneration and pension entitlements (Audited)

Remuneration and pension entitlements – Ministers (Audited)

Minister	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1000)		Total (to nearest £1000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Peter Weir MLA (to 14 June 2021)	-	7,811	-	-	-	3,000	-	10,811
Michelle McIlveen MLA (to 27 October 2022)	28,419	32,728	-	-	6,000	9,000	34,419	41,728

* *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). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

Remuneration and pension entitlements – Officials (Audited)

Officials	Salary (£000)		Pension Benefits* (£000)		Total (£000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Dr Mark Browne *Permanent Secretary*	120-125	120-125	(79)**	221	40-45	340-345
Mrs Fiona Hepper *Deputy Secretary* *To 6 August 2021*	-	35-40 (100-105 full year equivalent)	-	35	-	70-75
Mrs Faustina Graham *Chief Inspector*	95-100	95-100	(59)**	124	35-40	220-225
Mr Gary Fair *Finance Director*	80-85	80-85	(45)**	32	35-40	115-120
Mr John Smith *Deputy Secretary*	100-105	100-105	8	46	110-115	145-150
Mrs Lianne Patterson *Deputy Secretary*	100-105	100-105	14	30	115-120	130-135
Mrs Linsey Farrell *Deputy Secretary* *From 4 October 2021*	95-100	45-50 (95-100 full year equivalent)	37	47	130-135	95-100
Mrs Joan McEwan*** *Non-executive Director*	5-10	5-10	-	-	5-10	5-10
Mr Paul Corrigan*** *Non-executive Director* *From 1 May 2022*	5-10 (full year equivalent 5-10)	-	-	-	5-10 (full year equivalent 5-10)	-

**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). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

***The decrease in pension benefits is the result of CPI running at 10.1% and the members' legacy pension only increasing marginally therefore in real terms a fall.*

****The Department and non-executive directors may terminate the appointment by giving three months' notice in writing.*

As per the Accountability Report, Marcella Phillips is listed as a Senior Officer within the Department. However, details of her remuneration have not been disclosed as it was paid by another 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 and any severance or ex gratia payments. This report is based on accrued payments made by the Department and thus recorded in these accounts.

The NI Assembly was dissolved from 3 February 2022 with an election taking place on 5 May 2022, on which date Ministers ceased to hold office. An Executive was not formed following the 5 May 2022 election. Consequently, the former Ministers retained their roles in a caretaker capacity until 28 October 2022. As such, the Department was under the direction and control of Michelle McIlveen MLA during the financial year. Her salary and allowances were paid by the Department and have been included in these accounts. These amounts do not include costs relating to the Minister's role as MLA which are disclosed in the NI Assembly Commission accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were no such benefits in kind made in 2022-23 or 2021-22.

<u>Fair Pay Disclosures</u>

Pay Ratios (Audited)

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

The banded remuneration of the highest-paid Director in the Department in the financial year 2022-23 was £120,000 - £125,000 (2021-22: £120,000 - £125,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2022-23	25th percentile	Median	75th percentile
Total remuneration (£)	26,295	32,894	42,639
Pay ratio	4.7:1	3.7:1	2.9:1

2021-22	25th percentile	Median	75th percentile
Total remuneration (£)	26,575	33,459	42,639
Pay ratio	4.6:1	3.7:1	2.9:1

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 (CETV) of pensions.

For 2022-23 and 2021-22, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2022-23 (2021-22) no employees received remuneration in excess of the highest paid director.

Remuneration ranged from £10,000 to £124,282 (2021-22: £10,000 to £124,282).

Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

a) salary and allowances, and
b) performance pay and bonuses

of the highest paid Director and of their employees as a whole.

The percentage changes in respect of the Department are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

Percentage change for:	2022-23 v 2021-22	2021-22 v 2020-21
Average employee salary and allowances	-2.7%	4.8%
Highest paid director's salary and allowances	0%	4.3%

No performance pay or bonuses were payable to any employees or the highest paid Director in the current or previous years.

Pension Entitlements (Audited)

Pension Entitlements – Ministers (Audited)

	Accrued pension at pension age as at 31/3/23 £000	Real increase in pension at pension age £000	CETV at 31/3/23 £000	CETV at 31/3/22 £000	Real increase in CETV £000
Peter Weir MLA (to 14 June 2021)	-	-	-	51	-
Michelle McIlveen MLA (to 28 October 2022)	0-5	0-2.5	64	56	3

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (NI) 2016 (AMPS). In 2011, the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (NI) 2011 establishing a panel to make determinations in relation to the salaries, allowances and pensions payable to members of the NI Assembly. The tenure of the first Panel ended in July 2016. As a consequence of the Assembly Commission's desire to consider a reform of the Panel and the political situation between March 2017 and January 2020, a new Panel was not appointed. Legislation to reform the Panel, although started, was not completed before the dissolution of the Assembly on 28 March 2022, therefore, the legislation and appointment of the Panel will be taken forward during the next mandate.

In April 2016 the Independent Financial Review Panel (IFRP) issued The Assembly Members (Pensions) Determination (NI) 2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. The scheme is named Assembly Members' Pension Scheme (NI) 2016.

"MLA" or "Member" aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 retained their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on MLAs who missed out on the Transitional Protection policy in the AMPS because of their age. However, the applicability of, and approach to, the McCloud judgement in relation to this scheme is not a matter for the Assembly Commission, instead it is a matter for IFRP. Therefore, this matter will be given further consideration once a new panel is appointed.

As Ministers are MLAs, they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a "contribution factor" basis, taking account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as an MLA for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as an MLA. Pension benefits for all other Ministers are provided on a CARE basis.

Benefits for Ministers are payable at the same time as MLAs benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Up to the 6 May 2021, those Ministers under the transitional protection arrangements paid contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. The contribution paid by Ministers in the CARE Scheme is 9% of the Ministerial salary. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose, representing the balance of cost. Following the publication of the triennial valuation of the AMPS by the Government Actuary's Department (GAD), this was increased from 14.4% to 17.1% of Ministerial salary, effective from 1 April 2021. The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to the State Pension Age.

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. It 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 service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) 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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

The real increase in the value of the CETV

This is the increase in accrued pension due to the Assembly Commission's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.

Pension Entitlements – Officials (Audited)

	Accrued pension at pension age as at 31/3/23 and related lump sum £000	Real increase/ (decrease) in pension and related lump sum at pension age £000	CETV at 31/3/23* £000	CETV at 31/3/22** £000	Real increase/ (decrease) in CETV £000	Employer contribution to partnership pension account (nearest £100)
Dr Mark Browne *Permanent Secretary*	55-60 plus a lump sum of 170-175	0 plus a lump sum of 0	1,278	1,255	(79)	-
Mrs Fiona Hepper *Deputy Secretary To 6 August 2021*	-	-	-	1,059	-	-
Mrs Faustina Graham *Chief Inspector*	45-50 plus a lump sum of 140-145	0 plus a lump sum of 0	1,078	1,054	(63)	-
Mr Gary Fair *Finance Director*	35-40 plus a lump sum of 110-115	0 plus a lump sum of 0	890	872	(55)	-
Mr John Smith *Deputy Secretary*	35-40	0-2.5	595	540	(7)	-
Mrs Lianne Patterson *Deputy Secretary*	35-40	0-2.5	584	526	(1)	-
Mrs Linsey Farrell *Deputy Secretary*	30-35	0-2.5	403	348	13	-
Mrs Joan McEwan *Non-executive director*	-	-	-	-	-	-
Mr Paul Corrigan *Non-executive director From 1 May 2022*	-	-	-	-	-	-

** CETV at 31 March 2023 or date of leaving the board, if earlier.*
*** CETV at 31 March 2022 or date of joining the board, if later.*

NICS Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The Alpha pension scheme was initially introduced for new entrants from 1 April 2015. The Alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the Classic, Premium, Classic Plus and Nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (NI) [PCSPS (NI)]) also moved to Alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to Alpha (full protection) and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to Alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

McCloud Judgment

In 2018, the Court of Appeal (CoA) found that the protections put in place in 2015 that allowed older workers to remain in their original scheme were discriminatory on the basis of age. As a result, steps are being taken by DoF to remedy those 2015 reforms, making the pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of Alpha from 1 April 2022, this provides equal treatment for all active pension scheme members.

The second part is to put right, 'remedy', the discrimination that has happened between 2015 and 2022. We are currently working on new scheme regulations and processes in readiness for this.

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(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or Alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'Alpha' from 1 April 2022. This completed 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 PSCPS(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. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at DoF Annual Report and Accounts (opens in new window).

Alpha is a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

From 1 April 2015, all new entrants joining the NICS can choose between membership of Alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

Information on the PCSPS(NI) – Closed Scheme

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

Staff in post prior to 30 July 2007 were eligible to be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of premium or joining the Partnership Pension Account.

Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

Partnership Pension Account

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. 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).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in Alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. Further details about the NICS pension schemes can be found at the website DoF Civil Service Pensions NI.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2022 was 10.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2023.

Employee contribution rates for all members for the period covering 1 April 2023 – 31 March 2024 are as follows:

Scheme Year 1 April 2023 to 31 March 2024

Annualised Rate of Pensionable Earnings (Salary Bands)		**Contribution rates – All members**
From	**To**	**From 01 April 2023 to 31 March 2024**
£0	£25,049.99	4.6%
£25,050.00	£56,999.99	5.45%
£57,000.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

Real increase in CETV

This reflects the increase in CETV effectively 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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Compensation for loss of office (Audited)

The Department incurred no compensation for loss of office in 2022-23 or 2021-22.

Staff Report

Staff costs (Audited)

Staff costs comprise:

	Permanently employed staff** £000	Others £000	Ministers £000	2022-23 Departmental Group Total £000	Restated* 2021-22 Departmental Group Total £000
Wages and salaries	1,014,782	357,709	22	1,372,513	1,252,665
Social security costs	106,466	24,746	3	131,215	122,206
Other pension costs	228,360	67,173	3	295,536	284,599
Sub-total	**1,349,608**	**449,628**	**28**	**1,799,264**	**1,659,470**
Less: recoveries in respect of outward secondments	(419)	-	-	(419)	(217)
Total net costs***	**1,349,189**	**449,628**	**28**	**1,798,845**	**1,659,253**

Of which:

Analysed as:	Charged to Administration £000	Charged to Programme £000	Capitalised £000	2022-23 Total £000	Restated* 2021-22 Total £000
Core department	17,294	14,171	813	32,278	30,385
Other designated bodies	-	1,756,565	10,002	1,766,567	1,628,868
Total net costs***	**17,294**	**1,770,736**	**10,815**	**1,798,845**	**1,659,253**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.
**The 2022-23 figures include the cost of the Department's Special Adviser who was in post from 1 April 2022 to 28 October 2023 and was paid in the pay band £56,105 to £71,406 (2021-22: £56,000 to £71,406). As the 2022-23 pay award has not yet been implemented for Special Advisers the pay band remains unchanged from 2021-22. When the 2022-23 pay award is implemented, effective from 1 August 2022, Special Advisers will receive back dated arrears from 1 August 2022.
****Of the total, £10,815k has been charged to capital.*

Employees of entities included in these accounts benefit from a range of pension scheme arrangements. The key schemes for the Departmental Group are disclosed below. Further information about the Group's pension schemes can be found in the accounts of the consolidated entities.

Civil Service pension schemes

The NICS main pension schemes are unfunded multi-employer defined benefit schemes and therefore DE is unable to identify its share of the underlying assets and liabilities.

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The GAD is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. DoF also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information, including a copy of Unpause Cost Cap Valuation Report, can be found on the DoF website NICS Pension Scheme Valuations (opens in new window).

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to NI. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2022-23, employers' contributions of £6,188,015.83 were payable to the NICS pension arrangements (2021-22: £6,190,409.87) at one of three rates in the range 28.7% to 34.2% (2021-22: 28.7% to 34.2%) of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £596.07 (2021-22: £3,434.73) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2021-22: 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £119.61, 0.5% (2021-22: £101.03, 0.5%) of pensionable pay, were payable to the NICS Pension schemes 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 period date were £nil. Contributions prepaid at that date were £nil.

One person (2021-22: one person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2021-22: £8,185.68).

Other pension schemes

Staff employed by the Group's NDPBs benefit from the NITPS, the NILGOSC and The National Employment Savings Trust (NEST). The NITPS is used by the EA, the CCEA, the CCMS and the MCA. NILGOSC is used by all of the Group's NDPBs and NEST is used by CCEA.

The Northern Ireland Teachers' Pension Scheme (NITPS)

The NITPS is an unfunded contributory scheme administered by DE. The current regulations under which the scheme operates are the Teachers Superannuation Regulations (NI) 1998 (as amended), and the Teachers' Pension Scheme regulations (NI) 2014.

A separate set of Annual Scheme Statements are prepared for the NITPS.

Employee contributions for 2022-23 are variable, depending on salary, ranging from 7.4% to 11.7% (2021-22: 7.4% to 11.7%) of pensionable earnings.

The rate of the employer's contribution is determined by the Government actuary. For 2022-23, employer's contributions of £188,690k (2021-22: £189,426k) were payable to the NITPS at a rate of 25.1% (2021-22: 25.1%) of pensionable pay.

NILGOSC

The NILGOSC scheme is a 'multi-employer', defined benefit scheme, which provides members of participating employers with the benefits related to pay and services at rates which are defined under statutory regulations. To finance these benefits, assets are accumulated in the scheme and are held separately from the assets of the employers. The scheme is funded by employers participating in the NILGOSC scheme who pay contributions at rates determined by an independent, professionally qualified actuary on the basis of regular valuations using the projected unit method. The most recent valuation was conducted at 31 March 2022. The next valuation will take place as at 31 March 2025 with the results expected a year later.

For 2022-23, employer's contributions of £98,059k (2022-22: £86,006k) were payable to the NILGOSC scheme at a rate of 19.5% (2021-22: 19.5%) of pensionable pay.

NEST

NEST is a defined contribution pension scheme established by law to support the introduction of auto enrolment, which meets the criteria for a 'qualifying' scheme as set out in the Pensions Act 2008.

In 2022–23 the employee contribution rate was 5% (2021-22: 5%) of pensionable pay, and the employer contribution rate was 3% (2021-22: 3%).

For 2022-23, employer's contributions of £ 20k (2021-22: £13k) were payable to the NEST scheme.

Average number of persons employed (Audited)

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as in other bodies included within the consolidated Departmental accounts.

Activity	Permanently employed staff Number	Others Number	Ministers Number	Special advisers Number	2022-23 Departmental Group Total Number	Restated* 2021-22 Departmental Group Total Number
Core Department	506	63	1	1	571	560
Other designated bodies (NDPBs)	28,143	16,158	-	-	44,301	42,915
Staff engaged on capital projects	215	-	-	-	215	202
Total	**28,864**	**16,221**	**1**	**1**	**45,087**	**43,677**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Number of Senior Civil Service (SCS) staff by grade (Audited)

The number of SCS staff employed by the Core Department as at 31 March 2023 was as follows:

Grade (including Analogous Grades)	Number
Grade 2	1
Grade 3	4
Grade 5	15

The breakdown of SCS staff by pay band (based on a full year equivalent) is as follows:

Pay band (£)	Number
70,000 - 75,000	2
75,000 - 80,000	4
80,000 - 85,000	9
85,000 - 90,000	-
90,000 - 95,000	-
95,000 - 100,000	2
100,000 - 105,000	1
105,000 - 110,000	1
110,000 - 115,000	-
115,000 - 120,000	-
120,000 – 125,000	1

Staff composition - breakdown of employees by gender (Audited)

The analysis of the Core Department's employees by gender at 31 March 2023 was as follows:

	Male	Male %	Female	Female %	Total	Total %
Executive Directors	3	50	3	50	6	100
Non-executive Directors	1	50	1	50	2	100
Total Directors*	4	50	4	50	8	100
Senior Managers**	7	50	7	50	14	100
Other employees	211	39.1	328	60.9	539	100
Total * **	**222**	**39.6**	**339**	**60.4**	**561**	**100**

**Directors include members of the DE Board as at 31 March 2023.*

***Senior managers include members of staff at SCS level.*

Note: this table is based on the number of staff in post rather than full time equivalents, and excludes 7 staff on career break.

******* *The paragraph on the Average Number of Persons Employed shows the average number of staff employed by the Group (on a whole time equivalents basis) during the financial year. The table above reports the actual number of staff employed by the Core Department at 31 March 2023.*

Staff turnover percentage

The Staff Turnover percentage for the Core Department (the number of people that have left the Department but have moved within the NICS) for 2022-23 is 6.9% (2021-22: 7.9%), and the general turnover percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 4.9% (2021-22: 4.9%). This has been calculated by Northern Ireland Civil Service Human Resources (NICSHR) based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

Reporting of compensation and exit packages for all staff (Audited)

Core Department

Exit package cost band	2022-23 Number of compulsory redundancies	2021-22 Number of compulsory redundancies	2022-23 Number of other departures agreed	2021-22 Number of other departures agreed	2022-23 Total number of exit packages by cost band	2021-22 Total number of exit packages by cost band
Less than £10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	1	-	1	-
£25,000-£50,000	-	-	-	-	-	-
£50,000-£100,000	-	-	-	-	-	-
Total number of exit packages	**-**	**-**	**1**	**-**	**1**	**-**
Total cost/£000	**-**	**-**	**20**	**-**	**20**	**-**

In 2022-23, the Special Advisor received an exit package in accordance with the Code Governing the Appointment of Special Advisors issued under the Civil Service (Special Advisors) Act (NI) 2013.

Redundancy and other departure costs are paid in accordance with the provisions of the CSCS (NI), a statutory scheme made under the Superannuation (NI) Order 1972. No such exit costs were paid in 2022-23, the year of departure (2021-22: £nil). Where the Department has agreed early retirements, the additional costs are met by the Department and not by the CSP scheme. Ill-health retirement costs would be met by the pension scheme.

Departmental Group

Exit package cost band	2022-23 Number of compulsory redundancies	2021-22 Number of compulsory redundancies	2022-23 Number of other departures agreed	2021-22 Number of other departures agreed	2022-23 Total number of exit packages by cost band	2021-22 Total number of exit packages by cost band
Less than £10,000	-	3	30	83	30	86
£10,000 - £25,000	-	-	17	28	17	28
£25,000-£50,000	-	-	4	31	4	31
£50,000-£100,000	-	-	4	7	4	7
Total number of exit packages	**-**	**3**	**55**	**149**	**55**	**152**
Total cost/£000	**-**	**14**	**776**	**2,385**	**776**	**2,399**

Redundancy and other departure costs have been paid in accordance with the provisions of the following:

- the CSCS (NI), a statutory scheme made under the Superannuation (NI) Order 1972;
- The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2007 as amended; and
- the Teachers Premature Retirement Compensation Scheme relevant for 2022-23.

The table above shows the total cost of exit packages agreed and accounted for in 2022-23 and 2021-22. £669k (2021-22: £2,118k) exit costs were paid in 2022-23, the year of departure.

Where the Group has agreed early retirements, the additional costs are met by the Group and not by the pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Sickness absence

The Core Department had an overall sickness absence rate of 8.5 days lost per employee in 2021-22. Annual sickness absence figures can be found in the "Sickness Absence in the Northern Ireland Civil Service 2022-23" report at Sickness Absence in the Northern Ireland Civil Service 2022-23 (PDF 1.1MB) (opens in new window)

Staff policies

At 31 March 2023, the Core Department has 544.9 full time equivalent staff (which includes 2 Non Executive Board Members) who play an important role in the development of policy and delivery of services to support the draft PfG outcome: 'We give our children and young people the best start in life.'

In 2021, a Staff Engagement Forum, comprising staff from across the Core Department at all grades, was established. It has been given a remit for a three year period from 2021 until 2024. Using the results of the 2020 Core Department People Survey and NICS COVID Survey, the Forum identified the priorities of:

- New Ways of Working and Accommodation;
- Health and Wellbeing; and
- Developing and Communication.

The Core Department People Plan 2021-24, and associated Action Plan, based on the three priority areas, taking account of the results of the 2021 NICS People Survey, was approved by the Core Department Board at its meeting in August 2022.

Staff engagement scores

The Head of the Civil Service issued a message on 7 November 2022 indicating that the launch of the next People Survey would be postponed until Spring 2023 and so no survey was conducted in 2022. The results of the survey conducted in 2023 are available at DoF NICS People Survey Results.

Equal opportunities

The Core Department is an Equal Opportunity employer and fully endorses the NICS Equal Opportunities Policy Statement.

The policy statement is that all eligible persons shall have equal opportunity for employment and advancement in the NICS on the basis of their ability, qualifications and aptitude for the work. Everyone has a right to equality of opportunity and to a good and harmonious working environment and atmosphere in which all workers are encouraged to apply their diverse talents and in which no worker feels under threat or intimidated. This right is protected in many instances by legislation.

We aim to foster a culture that encourages every member of staff to develop their full potential and which rewards achievement. Creating a working environment where individual differences are valued and respected enables all staff to give of their best and helps us to respond more effectively to the needs of the people we serve.

Employment, training and advancement of disabled persons

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all. The NICS Diversity Champions Network was established in 2015 and continues to drive diversity and inclusion across the service.

The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the service.

The NICS applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for NI, appointing candidates based on merit through fair and open competition. Panel members must complete mandatory recruitment and selection training prior to participating on any selection panel. This training includes specific learning on equality and diversity, relevant legislation and reasonable adjustments for disabled candidates. Unconscious bias training is available to all staff.

The NICS continues to be a lead partner of Employers for Disability NI (EFDNI) and is committed to the employment and career advancement of disabled people. A range of activities to encourage and promote Civil Service career opportunities to the disability sector were delivered during 2022-23; including positive action advertising, targeted advertising and outreach information sessions for large volume recruitment competitions. The NICS continues to have a permanent presence on EFDNI's Jobs Bulletin Board which is an online career opportunities service circulated to disability organisations.

The NICS operates a Guaranteed Interview Scheme (GIS) which applies to all external NICS recruitment competitions (at any grade and any discipline) where appropriate. This ensures a guaranteed number of disabled applicants, who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. For more information refer to the "Information for disabled applicants" section of the NICS recruit website (opens in new window)

Due to the COVID-19 restrictions, the NICS Work Experience Scheme for Disabled People remained closed to applications until November 2022. The NICS continued its' participation in International Job Shadow Day (IJSD) by facilitating 13 work placements in 2022. This initiative provides work experience for disabled people of all ages.

During this year the nine-month placement work placement opportunities under the Job Start Scheme pilot within the DfC for 15 young disabled people (aged 16-24) concluded. As a result of an amendment to Recruitment Code merit principle approved by the Civil Service Commissioners, nine of the successful participants were made permanent offers of appointment in the NICS. Another three placement workers successfully obtained employment with other employers.

In June 2022, the NI Executive, in partnership with the Harkin Institute, hosted the Harkin International Summit 2022. The event brought together leaders and activists across Business, Government, Philanthropy, the Third and Voluntary Sector, and Academia to highlight and address disability employment issues, showcase best practice and success, build relationships and challenge for change. The NICS as an employer participated, attended and supported the summit to promote its commitment to disability inclusion.

To maintain and promote a disability inclusive workplace, the NICS has policies in place to support reasonable adjustments to working practices or the work environment as required by disabled persons. During the year a programme of awareness training was available to all staff.

Health and safety

To comply with the Health and Safety at Work (NI) Order 1978, the Core Department has a duty to ensure the health, safety and welfare of its employees. The Department is fully committed to the pursuit of its obligations in this area.

Other Employee Matters

Equality, Diversity and Inclusion

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all.

Our Diversity Champions Network includes senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+.

We deliver an ambitious diversity and inclusion programme of work through the implementation of an annual NICS Diversity Action Plan, which sets out our priorities for action by diversity and inclusion theme and cross-cutting priorities.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. Further information on the NICS' commitment to equality of opportunity is available in the Equality, Diversity and Inclusion Policy (opens in new window).

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of data. The statistics are available on the NICS HR Statistics section of the Northern Ireland Statistics and Research Agency (NISRA)'s website (opens in new window)

The annual "Equality Statistics for the Northern Ireland Civil Service" reports work force composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain. The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS Workforce Reviews.

The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the NI Act 1998 in carrying out its functions. Further information on the department's equality scheme is available on its website Equality Department for Education (opens in new window).

Learning & Development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Development and delivery of generic staff training is centralised in NICSHR[2]. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and highlights the importance of the development conversation between managers and staff, with a number of resources already available within the existing talent management toolkit.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing.

Application of Business Appointment Rules (BARs)

The NICS Standards of Conduct Policy, (Section 8 and Annex 4) sets out the rules on the acceptance of outside business appointments, employment or self-employment by Civil Servants after leaving the NI Civil Service, including procedures to make staff aware of these rules and provides that the Permanent Secretary of the Department is responsible for the effective operation of the Business Appointment Rules within their Department. Further detail is available in the NICS Standards of Conduct Policy (PDF 671KB)(opens in new window).

No applications were received regarding specific business appointments in respect of applications from SCS Grade 5 and above, including equivalent grades, and Special Advisors during 2022-23 and therefore no publication was necessary.

Employee Consultation and Trade Union Relationships

DoF is responsible for the NICS Industrial Relations Policy. People & Organisational Development[3] consults on HR policy with all recognised Trade Unions and local Departmental arrangements are in place to enable consultation on matters specific to a Department or individual business area.

[2] NICSHR is the NICS' centralised human resources operational delivery function, falling under the responsibility of the DoF

[3] HR policy and Industrial Relations policy for the NICS is centralised within People & OD, in the DoF

Expenditure on consultancy

Consultancy is the provision of objective advice relating to strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives. Such advice is provided outside the ‘business-as-usual’ environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions.

	2022-23 £000	Restated* 2021-22 £000
Core Department	417	162
NDPBs	-	-
	417	**162**

*The 2021-22 figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Temporary staff

Temporary staff costs are incurred when staff are brought in to supplement the existing workforce, this could be due to a surge in demand, to address a short-term resourcing need or in a temporary capacity for specialist skills.

	2022-23 £000	Restated* 2021-22 £000
Core Department	3,172	2,181
NDPBs	440,865	381,702
	444,037	**383,883**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Off-payroll engagements

Temporary off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater

	Core Department	NDPBs	Departmental Group
Number of existing engagements as of 31 March 2023	-	10	10
Of which have existed for:			
Less than one year at time of reporting	-	5	5
Between one and two years at time of reporting	-	5	5
Between two and three years at time of reporting	-	-	-
Between three and four years at time of reporting	-	-	-
Four or more years at time of reporting	-	-	-

All temporary off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater

	Core Department	NDPBs	Departmental Group
Number of off-payroll workers engaged during the year ended 31 March 2023	-	15	15
Of which:			
Not subject to off-payroll legislation	-	-	-
Subject to off-payroll legislation and determined as in-scope of IR35	-	13	13
Subject to off-payroll legislation and determined as out-of-scope of IR35	-	2	2
Number of engagements reassessed for compliance or assurance purposes during the year	-	-	-
Of which: Number of engagements that saw a change to IR35 status following review	-	-	-

For any off-payroll engagements of board members (and/or, senior officials with significant financial responsibility) between 1 April 2022 and 31 March 2023

	Core department	NDPBs	Departmental Group
Number of off-payroll engagements of board members, (and/or senior officials with significant financial responsibility), during the financial year.	-	-	-
Total number of individuals on payroll and off-payroll that have been deemed "board members, (and/or senior officials with significant financial responsibility)", during the financial year. This figure should include both on payroll and off-payroll engagements.	6	24	30

Staff redeployment for COVID-19 and European Union (EU) Exit work (Audited)

COVID-19

Grade of staff	2022-23 Short term loan (0 to 6 months)	2022-23 Long term loan (6-12 months)	2021-22 Short term loan (0 to 6 months)	2021-22 Long term loan (6-12 months)
Grade 5	-	1	-	1
Grade 6	-	-	-	1
Grade 7	1	-	-	2
Deputy Principal	-	1	-	1
Staff Officer	-	1	-	1
Executive Officer I	-	1	-	2
Admin Officer	-	2	-	2
Total	**1**	**6**	**-**	**10**

The average number of days on which staff were redeployed was 325 (2021-22: 330) and the staff costs were classified as programme.

EU Exit

During 2022-23 and 2021-22 no staff were redeployed for EU Exit.

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

The Assembly accountability and audit report brings together the key Assembly accountability documents within the annual report and accounts. It comprises a SOAS and supporting notes, regularity of expenditure, Assembly accountability disclosures and the Certificate and Report of the C&AG to the NI Assembly.

STATEMENT OF OUTTURN AGAINST ASSEMBLY SUPPLY (AUDITED)

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Financial Reporting Manual (*FReM*) requires the Department to prepare a SOAS and supporting notes.

The SOAS and related notes are subject to audit, as detailed in the Certificate and Report of the C&AG to the NI Assembly.

The SOAS 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 cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SOAS.

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 SOAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website Supply Estimates (PDF 2.8MB) (opens in new window).

The supporting notes detail the following: Outturn detailed by Estimate line providing a more detailed breakdown (SOAS 1.1 and SOAS 1.2); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOAS to the financial statements (SOAS 2); a reconciliation of net resource outturn to net cash requirement (SOAS 3); and an analysis of income payable to the Consolidated Fund (SOAS 4).

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided in the Performance Report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on GOV UK (opens in new window).

The SOAS provides a detailed view of financial performance, in a form that is voted on and recognised by the Assembly. The Performance Report provides a summarised discussion of outturn against estimate and functions as an introduction to the SOAS disclosures.

Summary tables – mirror Part I of the Estimates (Audited)

Summary table, 2022-23, all figures presented in £000 (Audited)

		Outturn			Estimate			Outturn vs Estimate, saving / (excess)		Restated* Prior Year Outturn Total
Type of spend	**Note**	**Voted**	**Non-Voted**	**Total**	**Voted**	**Non-Voted**	**Total**	**Voted**	**Total**	**2021-22**
Departmental Expenditure Limit										
Resource	SOAS 1.1	2,650,191	(344)	2,649,847	2,650,242	-	2,650,242	51	395	2,501,440
Capital	SOAS 1.2	217,162	(5,358)	211,804	217,167	(5,184)	211,983	5	179	209,166
Total		**2,867,353**	**(5,702)**	**2,861,651**	**2,867,409**	**(5,184)**	**2,862,225**	**56**	**574**	**2,710,606**
Annually Managed Expenditure										
Resource	SOAS 1.1	289,681	-	289,681	282,301	-	282,301	(7,380)	(7,380)	260,221
Capital	SOAS 1.2	-	-	-	-	-	-	-	-	-
Total		**289,681**	**-**	**289,681**	**282,301**	**-**	**282,301**	**(7,380)**	**(7,380)**	**260,221**
Total Budget										
Resource	SOAS 1.1	2,939,872	(344)	2,939,528	2,932,543	-	2,932,543	(7,329)	(6,985)	2,761,661
Capital	SOAS 1.2	217,162	(5,358)	211,804	217,167	(5,184)	211,983	5	179	209,166
Total Budget Expenditure		**3,157,034**	**(5,702)**	**3,151,332**	**3,149,710**	**(5,184)**	**3,144,526**	**(7,324)**	**(6,806)**	**2,970,827**

*The 2021-22 figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Figures in the areas outlined in bold are voted totals subject to Assembly control.

Explanations of the variances between Estimate and Outturn are given in the Performance Report.

The Departmental Group incurred an Excess of £7,380k on Voted Resource AME because of higher than anticipated costs for provisions, depreciation and impairments. The Department will seek Assembly approval by way of an Excess Vote in the next Budget Act.

Net Cash Requirement 2022-23, all figures presented in £000 (Audited)

Item	Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total 2021-22
Net Cash requirement	**SOAS 3**	**2,858,876**	**2,929,383**	**70,507**	**2,747,717**

Figures in the areas outlined in bold are voted totals subject to Assembly control.

Administration costs 2022-23, all figures presented in £000 (Audited)

Type of spend	Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total 2021-22
Administration costs	**SOAS 1.1**	**18,941**	**20,851**	**1,910**	**17,639**

Administration costs are not a separate voted limit and a breach of the administration budget will not result in an excess vote.

SOAS 1 to SOAS 4 form part of these accounts.

Notes to the Statement of Outturn against Assembly Supply, 2022-23 (£000) (Audited)

This note mirrors Part II of the Estimates: (Revised) Subhead Detail and Resource to Cash Reconciliation.

SOAS 1. Outturn detail, by Estimate line (Audited)

SOAS 1.1 Analysis of resource outturn by Estimate line, all figures presented in £000 (Audited)

Type of spend (Resource)	Resource outturn							Estimate			Outturn vs Estimate (including virements), saving/ (excess)	Restated* Prior Year Outturn Total 2021-22
	Administration			Programme								
	Gross	Income	Net	Gross	Income	Net	Total	Total	Virements**	Total including virements		
Spending in Departmental Expenditure Limits (DEL)												
Voted Expenditure												
1 Delegated School Budget	**-**	**-**	**-**	**1,417,633**	**-**	**1,417,633**	**1,417,633**	**1,428,568**	**(10,935)**	1,417,633	**-**	**1,344,194**
Of which												
Budgets delegated to controlled and maintained schools (ALB – Net)	-	-	-	1,076,930	-	1,076,930	1,076,930	1,087,865	(10,935)	1,076,930	-	1,012,285
Budgets delegated to GMI schools (ALB – Net)	-	-	-	81,068	-	81,068	81,068	81,330	(262)	81,068	-	78,252
Budgets delegated to VG schools (ALB – Net)	-	-	-	259,635	-	259,635	259,635	259,373	262	259,635	-	253,657
2 EA Grants	**-**	**-**	**-**	**905,678**	**-**	**905,678**	**905,678**	**880,150**	**25,528**	905,678	**-**	**770,135**
Of which												
EA special educational needs (ALB Net)	-	-	-	450,385	-	450,385	450,385	414,519	35,866	450,385	-	79,392
EA transport (excluding SEN Transport) (ALB – Net)	-	-	-	64,122	-	64,122	64,122	58,161	5,961	64,122	-	99,757
EA school meals (ALB – Net)	-	-	-	72,861	-	72,861	72,861	62,429	10,432	72,861	-	57,028
Other EA activities in support of Education (ALB – Net)	-	-	-	318,310	-	318,310	318,310	345,041	(26,731)	318,310	-	533,958

Type of spend (Resource)	Resource outturn							Estimate			Outturn vs Estimate (including virements), saving/ (excess)	Restated* Prior Year Outturn Total 2021-22
	Administration			Programme								
	Gross	Income	Net	Gross	Income	Net	Total	Total	Virements**	Total including virements		
3 EA and Schools Specific Funds	**-**	**-**	**-**	**178,764**	**(2,121)**	**176,643**	**176,643**	**184,812**	**(8,172)**	**176,640**	**(3)**	**230,526**
Of which												
EA specific funds (ALB – Net)	-	-	-	175,381	-	175,381	175,381	184,462	(9,081)	175,381	-	230,896
Schools specific funds (ALB – Net)	-	-	-	937	-	937	937	1,026	(89)	937	-	67
Peace Plus/Peace IV funds	-	-	-	2,446	(2,079)	367	367	364	-	364	(3)	421
Vulnerable persons resettlement scheme (ALB – Net)	-	-	-	-	(42)	(42)	(42)	(1,040)	998	(42)	-	(858)
4 Other Education Services	**18,368**	**-**	**18,368**	**53,869**	**(98)**	**53,771**	**72,139**	**78,052**	**(5,913)**	**72,139**	**-**	**80,576**
Of which												
CCEA (ALB – Net)	-	-	-	23,235	-	23,235	23,235	25,581	(2,346)	23,235	-	20,418
CCMS (ALB – Net)	-	-	-	3,791	-	3,791	3,791	3,974	(183)	3,791	-	3,707
CnaG (ALB – Net)	-	-	-	893	-	893	893	915	(22)	893	-	885
GTCNI (ALB – Net)	-	-	-	187	-	187	187	129	58	187	-	(278)
MCA (ALB – Net)	-	-	-	1,413	-	1,413	1,413	1,345	68	1,413	-	1,287
NICIE (ALB – Net)	-	-	-	545	-	545	545	668	(123)	545	-	627
YCNI (ALB – Net)	-	-	-	-	-	-	-	1	(1)	-	-	-
Other Education Services	18,368	-	18,368	23,805	(98)	23,707	42,075	45,439	(3,364)	42,075	-	53,930
5 Early Years Provision	**-**	**-**	**-**	**34,229**	**-**	**34,229**	**34,229**	**34,436**	**(207)**	**34,229**	**-**	**33,000**
6 Youth and Community Relations	**-**	**-**	**-**	**40,545**	**-**	**40,545**	**40,545**	**40,642**	**(97)**	**40,545**	**-**	**43,720**
7 Capital	**709**	**(136)**	**573**	**3,451**	**(700)**	**2,751**	**3,324**	**3,582**	**(204)**	**3,378**	**54**	**78**
Of which												
Other Activities to Support Capital Investment	709	(136)	573	3,451	(700)	2,751	3,324	3,582	(204)	3,378	54	78
Total Voted DEL	**19,077**	**(136)**	**18,941**	**2,634,169**	**(2,919)**	**2,631,250**	**2,650,191**	**2,650,242**	**-**	**2,650,242**	**51**	**2,502,229**

Type of spend (Resource)	Resource outturn: Administration Gross	Administration Income	Administration Net	Programme Gross	Programme Income	Programme Net	Total	Estimate: Total	Virements**	Total including virements	Outturn vs Estimate (including virements), saving/ (excess)	Restated* Prior Year Outturn Total 2021-22
Non-voted Expenditure												
8 Consolidated Fund Extra Receipts (CFERs)	**-**	**-**	**-**	**-**	**(344)**	**(344)**	**(344)**	**-**	**-**	**-**	**344**	(789)
Total non-voted DEL	**-**	**-**	**-**	**-**	**(344)**	**(344)**	**(344)**	**-**	**-**	**-**	**344**	**(789)**
Total spending in DEL	**19,077**	**(136)**	**18,941**	**2,634,169**	**(3,263)**	**2,630,906**	**2,649,847**	**2,650,242**	**-**	**2,650,242**	**395**	**2,501,440**
Spending in Annually Managed Expenditure (AME)												
Voted Expenditure												
9 Provisions	**-**	**-**	**-**	**154,643**	**-**	**154,643**	**154,643**	**151,990**	**-**	**151,990**	**(2,653)**	**152,547**
Of which												
EA (ALB – Net)	-	-	-	151,063	-	151,063	151,063	147,394	-	147,394	(3,669)	148,233
Other ALBs (Net)	-	-	-	3,837	-	3,837	3,837	4,091	-	4,091	254	4,339
Departmental	-	-	-	(257)	-	(257)	(257)	505	-	505	762	(25)
10 Depreciation and Impairment	**-**	**-**	**-**	**135,792**	**-**	**135,792**	**135,792**	**130,161**	**-**	**130,161**	**(5,631)**	**108,304**
Of which												
EA (ALB – Net)	-	-	-	135,894	-	135,894	135,894	129,155	-	129,155	(6,739)	108,294
Other ALBs (Net)	-	-	-	5	-	5	5	6	-	6	1	6
Departmental	-	-	-	(107)	-	(107)	(107)	1,000	-	1,000	1,107	4
11 Other AME (including Disposal of Assets)	**-**	**-**	**-**	**(754)**	**-**	**(754)**	**(754)**	**150**	**-**	**150**	**904**	**(630)**
Of which												
EA (ALB – Net)	-	-	-	(754)	-	(754)	(754)	150	-	150	904	(630)
Total voted AME	**-**	**-**	**-**	**289,681**	**-**	**289,681**	**289,681**	**282,301**	**-**	**282,301**	**(7,380)**	**260,221**
Total non-voted AME	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total spending in AME	**-**	**-**	**-**	**289,681**	**-**	**289,681**	**289,681**	**282,301**	**-**	**282,301**	**(7,380)**	**260,221**

Type of spend (Resource)	Resource outturn							Estimate			Outturn vs Estimate (including virements), saving/ (excess)	Restated* Prior Year Outturn Total 2021-22
	Administration			Programme								
	Gross	Income	Net	Gross	Income	Net	Total	Total	Virements**	Total including virements		
Total resource	19,077	(136)	18,941	2,923,850	(3,263)	2,920,587	2,939,528	2,932,543	-	2,932,543	(6,985)	2,761,661

NDPB outturn is recorded net.

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

**Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail but delegates this to DoF). Further information on virements is provided in the Supply Estimates in the NI Guidance Manual, which is available on the DoF website. 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 reconcile this Estimate back to the Estimates approved by the Assembly.

SOAS 1.2 Analysis of capital outturn by Estimate line, all figures presented in £000 (Audited)

	Outturn			Estimate				
Type of spend (Capital)	**Gross**	**Income**	**Net total**	**Total**	**Virements****	**Total including virements**	**Outturn vs Estimate (including virements), saving/ (excess)**	**Restated* Prior Year Outturn Total 2021-22**
Spending in Departmental Expenditure Limits (DEL)								
Voted Expenditure								
7 Capital	**217,162**	**-**	**217,162**	**217,167**	**-**	**217,167**	**5**	**214,899**
Of which								
Major Works	51,327	-	51,327	49,689	1,638	51,327	-	52,913
School Enhancement Programme	983	-	983	5,330	(4,347)	983	-	732
Minor Works	97,997	-	97,997	92,645	5,352	97,997	-	78,927
Youth	2,470	-	2,470	1,738	732	2,470	-	5,935
Other Activities to Support Capital Investment	64,385	-	64,385	67,765	(3,375)	64,390	5	76,392
Total Voted DEL	**217,162**	**-**	**217,162**	**217,167**	**-**	**217,167**	**5**	**214,899**
Non-voted Expenditure								
8 Consolidated Fund Extra Receipts	**-**	**(5,358)**	**(5,358)**	**(5,184)**	**-**	**(5,184)**	**174**	**(5,733)**
Total non-voted DEL	**-**	**(5,358)**	**(5,358)**	**(5,184)**	**-**	**(5,184)**	**174**	**(5,733)**
Total spending in DEL	**217,162**	**(5,358)**	**211,804**	**211,983**	**-**	**211,983**	**179**	**209,166**
Total Capital	**217,162**	**(5,358)**	**211,804**	**211,983**	**-**	**211,983**	**179**	**209,166**

NDPB outturn is recorded net.

*The 2021-22 figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

**Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail but delegates this to DoF). Further information on virements is provided in the Supply Estimates in the NI Guidance Manual, which is available on the DoF website. 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 reconcile this Estimate back to the Estimates approved by the Assembly.

SOAS 2. Reconciliation of outturn to net expenditure (Audited)

Item	Note	Outturn total 2022-23 £000	Restated* Prior Year Outturn Total 2021-22 £000
Total Resource Outturn	**SOAS 1.1**	**2,939,528**	**2,761,661**
Add: Capital Grants		61,761	51,861
Add: Premature Retirement Costs		14,659	14,432
Add: PFI dual reporting adjustment		2,831	2,652
Add: Proceeds from sale of land and buildings paid by the EA to the Department		4,024	2,113
Other reconciling items		180	1,091
Total		**83,455**	**72,149**
Less: Income payable to the Consolidated Fund	SOAS 4.1	(5,702)	(6,522)
Total		**(5,702)**	**(6,522)**
Net Expenditure in Consolidated SOCNE	**SOCNE**	**3,017,281**	**2,827,288**

*The 2021-22 figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

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

Capital grants are budgeted for as Capital DEL, but accounted for as spend on the face of the SOCNE, and therefore function as a reconciling item between Resource Outturn and Net Operating Expenditure.

SOAS 3. Reconciliation of net resource outturn to net cash requirement (Audited)

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation.

Item	Note	Outturn total £000	Estimate £000	Outturn vs Estimate, saving/(excess) £000
Total Resource outturn	SOAS 1.1	2,939,528	2,932,543	(6,985)
Total Capital outturn	SOAS 1.2	211,804	211,983	179
Accruals to cash adjustments				
Adjustments for Arm's Length Bodies (ALBs):				
Remove voted resource		(2,872,855)	(2,861,086)	11,769
Remove voted capital		(214,023)	(213,709)	314
Add cash grant in aid		2,797,342	2,836,852	39,510
Adjustments to remove non-cash items:				
Depreciation, impairments and revaluations	3.4	(690)	(1,879)	(1,189)
New provisions and adjustments to previous provisions	3.4	227	(535)	(762)
Adjustments to reflect movements in working capital balances				
Increase/(decrease) in receivables		437	-	(437)
(Increase)/decrease in payables		(8,627)	20,000	28,627
Use of provisions	16	31	30	(1)
Total accruals to cash adjustments		**(298,158)**	**(220,327)**	**77,831**
Removal of non-voted budget items				
Other Adjustments		5,702	5,184	(518)
Total non-voted budget items		**5,702**	**5,184**	**(518)**
Net cash requirement		**2,858,876**	**2,929,383**	**70,507**

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

Detailed explanations of the variances between Estimate and outturn are given in the Performance Report.

Reconciliation of net cash requirement to increase in cash (Audited)

	Note	2022-23 £000
Net cash requirement	SOAS 3	(2,858,876)
From Consolidated Fund (supply) - current year	SoCFs	2,851,020
From Consolidated Fund (supply) - prior year	SoCFs	6,246
Amounts due to the Consolidated Fund - received in a prior year and paid over	15	(6,285)
Amounts due to the Consolidated Fund – received and not paid over	15	5,702
Increase/(decrease) in cash held by core department	13	**(2,193)**
Add: Increase/(decrease) in cash held by NDPBs		(7,917)
Increase/(decrease) in cash held by Departmental Group	13	**(10,110)**

SOAS 4. Amounts of income payable to the Consolidated Fund (Audited)

This note mirrors Part III of the Estimates: Extra Receipts Payable to the Consolidated Fund.

SOAS 4.1 Analysis of income payable to the Consolidated Fund (Audited)

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

Item	Outturn total 2022-23 £000		Outturn total 2021-22 £000	
	Accruals	Cash basis	Accruals	Cash basis
Income in budgets surrendered to the Consolidated Fund (resource)	344	*344*	789	*789*
Income in budgets surrendered to the Consolidated Fund (capital)	5,358	*5,595*	5,733	*5,496*
Total amount payable to the Consolidated Fund	**5,702**	***5,939***	**6,522**	***6,285***

SOAS 4.2 Consolidated Fund Income (Audited)

The Department did not collect any amounts where it was acting as agent for the Consolidated Fund rather than as principal.

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURE NOTES

Losses and special payments (Audited)

Losses statement

	2022-23 Core Department	2022-23 Departmental Group	2021-22 Core Department	Restated* 2021-22 Departmental Group	2020-21 Core Department	Restated* 2020-21 Departmental Group
Total number of cases	**2**	**403**	**2**	**400**	**-**	**663**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cash losses**	82	284	-	60	-	185
Administrative write offs	-	-	1	1	-	18
Fruitless payments	-	157	81	129	-	3
Stores losses	-	327	-	122	-	135
Total value of losses	**82**	**768**	**82**	**312**	**-**	**341**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

**One of the cash losses in the Core Department arose as a result of a mandate fraud.

No individual cases in 2022-23, 2021-22 or 2020-21 exceeded £250,000.

Special Payments

	2022-23 Core Department	2022-23 Departmental Group	2021-22 Core Department	Restated* 2021-22 Departmental Group	2020-21 Core Department	Restated* 2020-21 Departmental Group
Total number of cases	**146**	**286**	**125**	**277**	**129**	**260**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Redundancy payments	-	775	-	2,399	-	1,719
Ex Gratia	14	14	-	-	-	-
Exceptional Circumstances Body – panel members' fees	65	65	96	96	82	82
Compensation Payments - Employers' Liability & Public Liability	-	1,230	-	-	-	-
Compensation Payments - Other Employment	-	885	-	-	-	-
Total value of special payments	**79**	**2,969**	**96**	**2,495**	**82**	**1,801**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

One individual payment exceeded £250,000 in 2022-23. No individual cases in 2021-22 or 2020-21 exceeded £250,000.

Fees and Charges (Audited)

The EA is responsible for the provision of a school meals service to the schools it funds. This is a fee-paying service unless there is an entitlement to a free meal.

In accordance with the revised “Arrangements for the Provision of Milk, Meals and Related Facilities” issued by the Department in September 2017, the charge for a meal or refreshment for a paying pupil should be sufficient to fully recover the variable costs and make a contribution to fixed costs. This target was achieved in both years.

The information below is in respect of the School Meals Service only and is provided for fees and charges purposes and not for IFRS 8 purposes which is separately disclosed in Note 2 within the Financial Statements.

	2022-23 £000	2021-22 £000
Full cost	92,976	81,974
Less: Income	(32,411)	(31,312)
Rurality Element	(892)	(875)
Net cost	**59,673**	**49,787**
Number of paid meals	13,163	10,981
Number of free meals	12,523	12,986
Total number of meals	**25,686**	**23,967**
Average Gross Cost per meal	**£3.62**	**£3.42**

CCEA’s primary source of earned income comes from charges levied in relation to the provision of its examination functions. Charges are made for entering an examination, late or withdrawal fees, results enquiries and access to scripts. Charges vary on an examination type, level and module basis. A full range of charges is available via the Qualifications Administration Handbook on CCEA’s website (see CCEA (opens in new window)). Any proposal to alter charges must be approved by the Department.

The Department sets CCEA an earned income target annually as part of the budget setting process. The Department monitors this performance against the target monthly, via the Monthly Expenditure Monitoring Report. Actual earned income in any given year can fluctuate depending on a range of factors, including the number of examinations entered by candidates via examination centres, changes to centre demographics and market preferences. If CCEA earns more income than anticipated, it is required to bid for additional income, usually to offset against additional examinations costs linked to generating the additional income. If sales are less than anticipated, CCEA is required to make corresponding savings.

Remote contingent liabilities (Audited)

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37, the Department Group also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability.

The Departmental Group has no contingent liabilities to report for the purpose of NI Assembly reporting and accountability.

Reconciliation of contingent liabilities included in the supply estimate to the accounts

Quantifiable Contingent Liabilities:

Description of Contingent Liability	Supply Estimate £000	Amount disclosed in Annual Report and Accounts £000	Variance (Estimate minus amounts disclosed in the Annual Report and Accounts) £000
Litigation in respect of loss of earnings as a result of work-related stress	240	221	19*

Unquantifiable Contingent Liabilities:

Description of Contingent Liability	Included in the Supply Estimate (Yes/No)	Disclosed in the Annual Report and Accounts (Yes/No)	Explanation of difference
EA and CCEA - public employer's liability and employment tribunal cases	Yes	Yes	**
NICIE and CnaG - repay revenue grants, if certain conditions are not fulfilled	Yes	Yes	**

*The variance is not material.

**There is no difference between the Supply Estimate and the disclosure in the Annual Report and Accounts.

Statement on the use of Government Functional Standards

Managing Public Money NI (opens in new window) (MPMNI) sets out the main principles for dealing with resources used by public sector organisations in NI. Its origin lies in the requirements for Departments in central government, however, the same basic principles generally apply in all parts of the NI public sector, with adjustments for context as necessary. Everyone working in the Departmental Group is made aware of the need to adhere to the guidance in MPMNI and to manage and deploy public resources responsibly in the public interest.

This Accountability Report is approved and signed.

Mark Browne (Dr)
Accounting Officer
18 October 2023

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Department of Education and of its Departmental Group for the year ended 31 March 2023 under the Government Resources and Accounts Act (Northern Ireland) 2001. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts (Northern Ireland) 2001 (Estimates and Accounts) (Designation of Bodies) Order 2022. The financial statements comprise: the Department's and the Departmental Group's

- Statement of Financial Position as at 31 March 2023
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in their preparation of the Group financial statements is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2023 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Qualified Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2023; and
- except for the net expenditure of £7,380,000 in excess of the £282,301,000 authorised by the Assembly, the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions, including qualified opinion on regularity

In 2022-23 the Department expended more resources than the Assembly had authorised resulting in an excess vote. Net resource outturn of £289,681,000 was £7,380,000 in excess of the £282,301,000 limit authorised by the Assembly. The excess is primarily attributable to higher than anticipated costs for provisions, depreciation and impairments.

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies 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 this certificate.

My staff and I are independent of the Department of Education and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department of Education and its Group 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 Department of Education and its Group ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for the Department of Education and its Group is adopted in consideration of the requirements set out in the Government Financial Reporting Manual, which require 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.

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

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate and report. 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 report, I do not express any form of assurance conclusion thereon.

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, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department of Education and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance'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:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework; and
- assessing the Department of Education and its Group 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 Department of Education 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 (Northern Ireland) 2001.

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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department of Education and its Group through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001, the Government Financial Reporting Manual (FReM), Managing Public Money NI and Accounts Directions issued by the Department of Finance;
- making enquires of management and those charged with governance on the Department of Education and its Group compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Department of Education and its Group financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due

to fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals;

- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
    - performing analytical procedures to identify unusual or unexpected relationships or movements;
    - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
    - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
    - investigating significant or unusual transactions made outside of the normal course of business;
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing; and
- communicating with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. The voted Assembly control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget 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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

Please see my report on page 171.

Dorinnia Carville

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

BELFAST

BT7 1EU

31 October 2023

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

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	2022-23 Core Department £000	2022-23 Departmental Group £000	Restated** 2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
Revenue from contracts with customers	4	-	(67,041)	-	(57,076)
Other operating income	4	(21,329)	(37,569)	(23,161)	(33,857)
Total operating income		**(21,329)**	**(104,610)**	**(23,161)**	**(90,933)**
Staff costs	3.5	31,465	1,788,030	29,488	1,649,545
Purchase of goods and services	3.5	7,429	597,933	6,643	565,270
Depreciation, amortisation and impairment	3.5	690	137,723	744	109,494
Provision expense	3.5	(227)	4,444	(4)	(993)
Other operating expenditure	3.5	2,840,732	575,804	2,721,338	575,237
Total operating expenditure		**2,880,089**	**3,103,934**	**2,758,209**	**2,898,553**
Net operating expenditure		**2,858,760**	**2,999,324**	**2,735,048**	**2,807,620**
Finance Expense		-	17,953	-	19,668
Taxation	5	-	4	-	-
Net expenditure for the year		**2,858,760**	**3,017,281**	**2,735,048**	**2,827,288**
Notional audit costs	3.5	83	284	69	249
Other notional costs	3.5	3,590	3,590	3,405	3,405
Total notional costs		**3,673**	**3,874**	**3,474**	**3,654**
Net expenditure for the year including notionals		**2,862,433**	**3,021,155**	**2,738,522**	**2,830,942**
Other comprehensive net expenditure					
Items which will not be reclassified to net operating expenditure:					
Net (gain)/loss on revaluation of property, plant and equipment		(1,846)	(330,846)	(532)	(69,754)
Net (gain)/loss on revaluation of intangible assets		(855)	(855)	(331)	(331)
Actuarial (gain)/loss on pension scheme liabilities		-	(867,144)	-	(444,758)
Comprehensive net expenditure for the year		**2,859,732**	**1,822,310**	**2,737,659**	**2,316,099**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.
**The 2021-22 Core Department figures have been restated in order to disclose the notional charges on the face of the SOCNE in line with DoF requirements.

All income and expenditure are derived from continuing operations.

Notes 1 to 25 form part of these accounts.

Consolidated Statement of Financial Position as at 31 March 2023

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

	Note	2023 Core Department £000	2023 Departmental Group £000	2022 Core Department £000	Restated* 2022 Departmental Group £000	2021 Core Department £000	Restated* 2021 Departmental Group £000
Non-current assets							
Property, plant and equipment	6	54,194	3,771,698	50,912	3,440,024	46,372	2,259,387
Right of use assets	19	-	5,390	-	-	-	-
Intangible assets	7	7,361	52,702	5,703	37,112	5,155	27,703
Trade and other receivables	14	-	66	-	177	-	60
Financial assets	10	922	-	815	-	815	-
Retirement benefit asset	18	-	23,712	-	-	-	-
Total non-current assets		**62,477**	**3,853,568**	**57,430**	**3,477,313**	**52,342**	**2,287,150**
Current assets							
Assets classified as held for sale	11	-	580	-	321	-	321
Inventories	12	-	53,833	-	36,246	-	35,356
Trade and other receivables	14	11,910	72,682	10,100	57,486	10,476	68,226
Cash and cash equivalents	13	-	15,056	39	23,012	-	9,413
Total current assets		**11,910**	**142,151**	**10,139**	**117,065**	**10,476**	**113,316**
Total assets		**74,387**	**3,995,719**	**67,569**	**3,594,378**	**62,818**	**2,400,466**
Current liabilities							
Trade and other payables	15	(93,078)	(358,128)	(83,117)	(315,946)	(85,351)	(334,758)
Provisions	16	(36)	(2,146)	(77)	(619)	(117)	(1,026)
Total current liabilities		**(93,114)**	**(360,274)**	**(83,194)**	**(316,565)**	**(85,468)**	**(335,784)**
Total assets less current liabilities		**(18,727)**	**3,635,445**	**(15,625)**	**3,277,813**	**(22,650)**	**2,064,682**
Non-current liabilities							
Provisions	16	(311)	(15,204)	(528)	(14,511)	(513)	(16,608)
Other payables	15	-	(131,274)	-	(133,476)	-	(134,083)
Retirement benefit obligations	18	-	-	-	(691,463)	-	(981,170)
Total non-current liabilities		**(311)**	**(146,478)**	**(528)**	**(839,450)**	(513)	**(1,131,861)**
Total assets less total liabilities		**(19,038)**	**3,488,967**	**(16,153)**	**2,438,363**	**(23,163)**	**932,821**
Taxpayers' equity and other reserves							
General fund		(24,677)	2,395,939	(19,147)	1,635,653	(25,302)	164,994
Revaluation reserve		5,639	1,093,028	2,994	802,710	2,139	767,827
Total equity		**(19,038)**	**3,488,967**	**(16,153)**	**2,438,363**	**(23,163)**	**932,821**

*The 2021 and 2022 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

18 October 2023

Mark Browne

Mark Browne (Dr)
Accounting Officer

Notes 1 to 25 form part of these accounts.

Consolidated Statement of Cash Flows for the year ended 31 March 2023

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department 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 Department's future public service delivery.

	Note	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
Cash flows from operating activities					
Net expenditure for the year including notionals	SOCNE	(2,862,433)	(3,021,155)	(2,738,522)	(2,830,942)
Adjustments for non-cash transactions	3.4	4,136	311,726	4,214	265,280
(Increase)/decrease in trade and other receivables	14	(1,810)	(14,848)	376	10,622
movements in receivables relating to items not passing through the SOCNE	14	1,610	1,610	1,028	1,028
(Increase)/decrease in inventories	12	-	(17,587)	-	(890)
Increase/(decrease) in trade and other payables excluding bank overdraft	15	7,807	43,210	(1,173)	(13,148)
movements in payables relating to items not passing through the SOCNE	15	858	218	(2,062)	6,259
Use of provisions	16	(31)	(2,186)	(21)	(1,511)
Net cash outflow from operating activities		**(2,849,863)**	**(2,699,012)**	**(2,736,160)**	**(2,563,302)**
Cash flows from investing activities					
Purchase of non-financial assets - property, plant and equipment		(1,701)	(136,764)	(4,558)	(146,790)
Purchase of non-financial assets - intangible assets		(1,373)	(18,404)	(771)	(13,445)
Proceeds from disposal of property, plant and equipment		-	(3)	57	862
Net cash outflow from investing activities		**(3,074)**	**(155,171)**	**(5,272)**	**(159,373)**

	Note	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
Cash flows from financing activities					
From the Consolidated Fund (supply) – current year		2,851,020	2,851,020	2,741,471	2,741,471
From the Consolidated Fund (supply) – prior year	14	6,246	6,246	5,218	5,218
Capital element of payments in respect of finance leases and on-balance sheet (SOFP) PFI contracts		-	(6,671)	-	(5,197)
Net financing		**2,857,266**	**2,850,595**	**2,746,689**	**2,741,492**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**4,329**	**(3,588)**	**5,257**	**18,817**
Payments of amounts due to the Consolidated Fund		(6,522)	(6,522)	(4,157)	(4,157)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	13	**(2,193)**	**(10,110)**	**1,100**	**14,660**
Cash and cash equivalents at the beginning of the period	13	**39**	**23,012**	**(1,061)**	**8,352**
Cash and cash equivalents at the end of the period	13	**(2,154)**	**12,902**	**39**	**23,012**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Notes 1 to 25 form part of these accounts.

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2023

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 changes 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.

Departmental Group	Note	General Fund** £000	Revaluation reserve £000	Taxpayers' equity £000
Balance at 31 March 2021 (restated*)		164,994	767,827	932,821
Net Assembly funding – drawn down		2,741,471	-	2,741,471
Supply receivable adjustment	14	6,246	-	6,246
CFERs payable to the Consolidated Fund	SOAS 4.1	(6,522)	-	(6,522)
Comprehensive expenditure for the year	SOCNE	(2,830,942)	70,085	(2,760,857)
Actuarial gain/(loss) in respect of pension liability	SOCNE	444,758	-	444,758
Non-cash charges – accommodation and other charges	3.5	3,405	-	3,405
Non-cash charges – auditor's remuneration and expenses	3.5	249	-	249
Non-cash charges – NITPS – Premature Retirement Compensation	3.4	14,426	-	14,426
Other reserves movements		11	-	11
Transfers between reserves		35,202	(35,202)	-
VG & GMI		1,062,355	-	1,062,355
Balance at 31 March 2022 (restated*)		**1,635,653**	**802,710**	**2,438,363**
First time adoption of IFRS 16		274	-	274
Net Assembly funding – drawn down		2,851,020	-	2,851,020
Supply receivable adjustment	14	7,856	-	7,856
CFERs payable to the Consolidated Fund	SOAS 4.1	(5,702)	-	(5,702)
Comprehensive expenditure for the year	SOCNE	(3,021,155)	331,701	(2,689,454)
Actuarial gain/(loss) in respect of pension liability	SOCNE	867,144	-	867,144
Non-cash charges – accommodation and other charges	3.5	3,590	-	3,590
Non-cash charges – auditor's remuneration and expenses	3.5	284	-	284
Non-cash charges – NITPS – Premature Retirement Compensation	3.4	14,659	-	14,659
Other reserves movements		933	-	933
Transfers between reserves		41,383	(41,383)	-
Balance at 31 March 2023		**2,395,939**	**1,093,028**	**3,488,967**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.
**The General Fund includes restricted funds of £131k (2021-22: £569k, 2020-21: £822k). Restricted funds are funds given to the Group, which are to be expended for objects specified by the donor.

Notes 1 to 25 form part of these accounts.

Core Department	Note	General Fund £000	Revaluation reserve £000	Taxpayers' equity £000
Balance at 31 March 2021		(25,302)	2,139	(23,163)
Net Assembly funding – drawn down		2,741,471	-	2,741,471
Supply receivable adjustment	14	6,246	-	6,246
CFERs payable to the Consolidated Fund	SOAS 4.1	(6,522)	-	(6,522)
Comprehensive expenditure for the year	SOCNE	(2,738,522)	863	(2,737,659)
Non-cash charges – accommodation and other charges	3.5	3,405	-	3,405
Non-cash charges – auditor's remuneration and expenses	3.5	69	-	69
Transfers between reserves		8	(8)	-
Balance at 31 March 2022		**(19,147)**	**2,994**	**(16,153)**
Net Assembly funding – drawn down		2,851,020	-	2,851,020
Supply receivable adjustment	14	7,856	-	7,856
CFERs payable to the Consolidated Fund	SOAS 4.1	(5,702)	-	(5,702)
Comprehensive expenditure for the year	SOCNE	(2,862,433)	2,701	(2,859,732)
Non-cash charges – accommodation and other charges	3.5	3,590	-	3,590
Non-cash charges – auditor's remuneration and expenses	3.5	83	-	83
Transfers between reserves		56	(56)	-
Balance at 31 March 2023		**(24,677)**	**5,639**	**(19,038)**

Notes 1 to 25 form part of these accounts.

Notes to the Financial Statements

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2022-23 *Government FReM* issued by the DoF. The accounting policies contained in the *FReM* apply 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 DE Group for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the DE Group are described below. They have been applied consistently in dealing with items considered material to the accounts.

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

In accordance with the *FReM*, the Department is not able to accrue funding due from the Consolidated Fund in respect of Assembly Grant to match net liabilities recorded within the statement of financial position. Under IAS 1 (revised), *Presentation of Financial Statements*, such a closing financial position which shows a surplus of liabilities over assets requires the Accounting Officer to make an assessment of the viability of the Department as a going concern. These accounts have been prepared under the going concern principle.

1.1 Accounting convention

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

1.2 Basis of consolidation

These accounts comprise a consolidation of the Department (the core Department), and other bodies listed in note 24, which fall within the Departmental boundary as defined in the *FReM* and make up the Departmental Group. Transactions between entities included in the consolidated accounts are eliminated. The consolidated bodies prepare accounts in accordance with either the *FReM*, the Companies Act 2006, Financial Reporting Standard (FRS) 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” or the Charities Statement of Recommended Practice (FRS 102), Accounting and Reporting by Charities. For those bodies that do not prepare accounts in accordance with the *FReM*, adjustments are made at consolidation if necessary where differences would have a significant effect on the accounts.

1.3 Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the SOFP to the extent that money has been paid or a liability has been incurred.

Subsequent expenditure on an asset, that meets the criteria in compliance with IAS 16, *Property, Plant and Equipment*, is capitalised, otherwise it is written off to revenue.

At each annual reporting date, property, plant and equipment are stated at fair value, determined as follows:

- Land and Buildings

  Title to land and buildings shown in the accounts is held by the Departmental Group. Land and buildings are stated at current value in existing use. Land is valued in the year of purchase and buildings in the year in which they are brought into use, using a professional valuation provided by LPS, a directorate within DoF, in accordance with His Majesty's Treasury (HMT) guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors Global Standards. Subsequently, a full professional valuation is made by LPS every five years and in the intervening years interim valuations are obtained from LPS. The basis of the valuation for each of the property types is as follows:

PROPERTY TYPE	***ASSET CATEGORY***	***BASIS/METHOD OF VALUATION***
School buildings & other associated structures	Land & buildings, owner occupied for the purposes of the undertaking **Specialised operational**	**Current Value in existing use** ***Depreciated Replacement Cost***
Land supporting existing school buildings	Lands owner occupied for the purposes of the undertaking **Non-specialised operational**	**Current Value in existing use** ***Existing Use Value (as defined by Valuation Practice Guidance – Applications (VPGA 6))***
Land for ongoing and future development of school campus	Lands owner occupied for the purposes of the undertaking **Non-specialised non-operational**	**Current Value in existing use** ***Existing Use Value (as defined by VPGA 6)***
Offices and stores	Land and buildings owner occupied for the purpose of the undertaking **Non-specialised: operational**	**Current Value in existing use** ***Existing Use Value (as defined by VPGA 6)***
Surplus assets	Properties surplus to requirements/held for sale **Non-operational**	**Current Value in existing use** ***Existing Use Value (as defined by VPGA 6)***

  Where there is a clear intention to dispose of an asset within the next 12 months, the asset is categorised as "Assets held for Sale" and shown separately within current assets.

  The Schools' Estate includes assets held on Reversionary Trusts, properties which will revert to the ownership of trustees if they cease to be used as specified in the deeds of ownership.

- Assets under construction are carried at cost, less any impairment loss. Costs include professional fees and other directly attributable costs necessary to bring the asset into use. Assets under construction, including completed building projects, are capitalised but not depreciated until brought into use.

- Other assets:

  - With the exception of land and buildings, fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS).

  - The minimum level for capitalisation ranges between £200 and £3,000 across the Group.

Revaluations below historic cost which are not temporary fluctuations in market value are treated as an impairment in accordance with IAS 36, *Impairment of Assets*, and charged in full to the SOCNE.

Impairment reviews of property, plant and equipment are performed annually and additionally where there is an indication of impairment as defined by IAS 36.

1.4 Depreciation

Depreciation of property, plant and equipment is provided on a straight-line basis by reference to current values and to the remaining economic useful lives of assets and their estimated residual value. Freehold land, assets under construction and assets which meet the definition of "held for sale" are not depreciated.

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

Buildings	15 to 50 years
Transport equipment	3 to 14 years
Information technology	3 to 10 years
Plant and machinery	3 to 15 years

1.5 Intangible assets

Software and associated licences are capitalised as intangible assets where expenditure of £1,000 or more is incurred on the purchase of an individual or grouped asset.

Assets under construction are carried at cost, less any impairment loss. Other intangible assets are measured at depreciated replacement cost using suitable indices compiled by the ONS.

Assets under construction are not amortised. Software licences are amortised over the shorter of the term of the licence and their useful economic life. Other intangible assets are amortised over three to ten years.

1.6 Non-current assets held for sale

Assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses. Assets classified as held for sale are not depreciated.

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the asset must be available for immediate sale in its present condition subject only to terms that are usual or customary for sales of such assets and its sale must be highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset, and an active programme to locate a buyer and complete the plan must have been initiated.

Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

1.7 Impairment losses

An asset is impaired if its carrying amount exceeds the value to be recovered through use or sale of the asset.

If an impairment loss arises which has not resulted from a loss of economic value or service potential the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the SOCNE.

Impairment losses that arise from a clear consumption of economic benefits or service potential are charged in full to the SOCNE with an amount up to the value of the impairment being transferred from the revaluation reserve to the general reserve.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been carried had there been no initial impairment loss. The reversal of the impairment loss is credited to the SOCNE to the extent of the decrease previously charged there and then to the revaluation reserve.

1.8 Investments

In 2004-05 the Department invested in the ‘’MCA (Holdings) Limited’’, which is a company registered in NI and limited by guarantee. The Company is a joint venture between the Department in NI and the Department of Education, Ireland, developed under the 1998 Good Friday Agreement as an agreed area of co-operation within the North South Ministerial Council, and is funded equally by each Department.

The primary object of the company is to purchase, acquire and hold the property located at Middletown, Co Armagh, NI for the purpose of supporting the promotion of excellence throughout NI and Ireland in the development and harmonisation of education and allied services to children and young people with autistic spectrum disorders.

A Board of Directors comprising four members monitors the effectiveness and management of the company. The Department in NI and the Department of Education, Ireland each nominate two members to the Board.

1.9 Inventories

Inventories are stated at fair value which is the lower of current cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

1.10 Income

Income from sale of goods and services

Income from the sale of goods and services relates directly to the operating activities of the Group. It principally comprises income from catering activities, recoupment of costs and tuition fees, in addition to other sources of income. The income is included in the SOCNE to the extent of the completion of the contract or service concerned and is stated net of Value Added Tax (VAT).

Other operating income

Other operating income is income which relates directly to the operating activities of the Group. It includes funding from the DfE for co-funded NDPBs and other income such as that from the sale of property, plant and equipment by NDPBs. It includes both operating Accruing Resources and income payable to the Consolidated Fund which in accordance with the *FReM* is treated as operating income.

Revenue grants received from other bodies are for specific purposes and are restricted in use. This includes income from the EU Peace IV Programme and other sources, and is included in the SOCNE to the extent that it matches against the relevant expenditure incurred during the period. Grant income received during the period which is not matched to relevant expenditure incurred during the same period is shown as either accrued or deferred income on the SOFP. Where assets are financed by government grant (not a grant from a sponsoring department) or donation (including lottery funding), the funding element is recognised as income and taken through the SOCNE.

Government grants to fund capital assets are recognised in the SOCNE as income. They are recognised when receivable unless there are conditions on their use which, if not met, would mean the grant is repayable. In such cases, the income is deferred and released when the obligations are met. Where grants have no conditions on their use, the income is recognised immediately as income in the SOCNE.

1.11 Administration and programme expenditure

The classification of expenditure and income as administration or as programme follows the definition of administration costs set by DoF. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Group, as well as certain staff costs where they relate directly to service delivery.

1.12 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Monetary assets and liabilities denominated in foreign currency at the reporting period date are translated at the rates ruling at that date. These translation differences are dealt with in the SOCNE.

1.13 Employee Benefits including Pensions

Under the requirements of IAS 19, *Employee Benefits*, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. For the Department, this cost has been calculated using untaken annual leave balances from the payroll system and untaken flexi-leave balances from the results of a survey.

Employees of the Group belong to the following pension schemes:

Northern Ireland Civil Service Pension arrangements

Past and present employees are covered by the provisions of the NICS Pension arrangements. The defined benefit schemes are multi-employer unfunded schemes, which produce their own resource accounts. The Department is unable to identify its share of the underlying assets and liabilities. 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 NICS Pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS Pension arrangements. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

The Northern Ireland Teachers' Pension Scheme (NITPS)

The NITPS is an unfunded contributory scheme administered by DE. The current regulations under which the scheme operates are the Teachers Superannuation Regulations (NI) 1998 (as amended), and the Teachers' Pension Scheme regulations (NI) 2014.

The rate of the employer's contribution is determined from time to time by the Government actuary and advised by DoF. The NITPS is a multi-employer defined benefit scheme and the Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year in the SOCNE.

A separate set of Annual Scheme Statements are prepared for the NITPS.

NILGOSC

The NILGOSC is a defined benefit scheme, the assets of the scheme being held in separate trustee-administered funds. The Group's contribution to NILGOSC is determined by the fund's actuary, based on a triennial valuation. The scheme is administered by NILGOSC, Holywood Road, Belfast.

The latest formal valuation of the fund for the purpose of setting employer's actual contributions was at 31 March 2022. The fund's objective of holding sufficient assets to meet the estimated current cost of providing members' past service benefits was met at the last formal valuation date.

The contributions payable by each Employer may differ because they allow for each Employer's membership profile and funding ratio, and assumption and recovery periods appropriate to their circumstances.

The pension costs are assessed in accordance with the advice of an independent qualified actuary using the projected unit method and are accounted for on the basis of charging the cost of providing pensions over the period during which the Group benefits from the employee's services. Variations from regular cost are spread over the expected average remaining working lives of members of the scheme after making allowances for future withdrawals.

In accordance with IAS 19 *Retirement Benefits*, the in-year movement in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the Group are charged to the SOCNE or the Statement of Changes in Taxpayers' Equity.

NEST

NEST is run by the NEST Corporation, which is a NDPB that operates at arm's length from government and is accountable to Parliament through the Department for Work and Pensions. It is a trust-based scheme, run independently from the government on a not-for-profit basis in the interests of its members.

NEST Corporation has a Chair and up to 14 Trustee Members. The Trustee Members take decisions based on established trust law principles including the duty to act in the interests of scheme members. They set the strategic direction and objectives for NEST and determine the overall governance structure for NEST Corporation.

The Trustee Members are supported by an executive team that has day-to-day responsibility for managing the scheme. The Trustee Members' primary role is to decide, implement and support NEST's strategic direction in order to maximise value for scheme members and beneficiaries.

NEST is a defined contribution pension scheme established by law to support the introduction of automatic enrolment, which meets the criteria for a 'qualifying' scheme as set out in the Pensions Act 2008.

Further information about the Group's pension schemes can be found in the accounts of the consolidated entities and of the pension schemes themselves.

1.14 Early departure costs

DE employees

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

Teachers

The Teachers' Premature Retirement Compensation Scheme for NI recovers compensation costs via increased employer contributions. Compensation costs fall within the remit of the scheme and are therefore not included as a cost within the Department's accounts.

Non-teaching

Non-teaching redundancy payments were made in accordance with the Education and Library Boards' Scheme for Redundancy in accordance with The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2007, as amended.

Where an entity in the Group has agreed early retirements, the additional costs are met by the Group and not by the pension schemes.

1.15 Leases

IFRS 16 Leases became effective for periods beginning on or after 1 January 2019, however the *FReM* deferred adoption until 1 April 2022. The cumulative catch-up method has been used; this is described in more detail below. Consequently, the comparatives for 2021-22 reflect the requirements of IAS 17 Leases.

Scope and classification

The Departmental Group determines whether to lease or purchase based on value-for-money considerations, such as whether the underlying asset is required for its entire life or for a more limited period. In accordance with IFRS 16, contracts that convey the right to use an asset in exchange for consideration are accounted for as leases. The *FReM* expands the scope of IFRS 16 to include arrangements with nil consideration. Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease. The Group excludes:

- contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and
- contracts with a term shorter than twelve months (comprising the non-cancellable period together with any extension options that the Group is reasonably certain to exercise and any termination options that the Group is reasonably certain not to exercise).

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), the Group recognises a right-of use asset and a lease liability. The lease liability is measured as the payments for the remaining lease term, discounted either by the rate implicit in the lease, or, where this cannot be determined, the Group's incremental cost of borrowing. The payments included in the liability are those that are fixed or in-substance fixed, excluding changes arising, for example, from future rent reviews or changes in an index. For most Group members, the incremental cost of borrowing is the rate advised by HM Treasury which is set on a calendar year basis (0.95% for 2022 and 3.51% for 2023). The lease liability is presented within the trade payables and other current liabilities note to the accounts. The right-of-use asset is measured at the value of the liability, adjusted for: any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, where the lease requires nominal consideration (a type of arrangement often described as a "peppercorn" lease), the asset is measured at its existing use value.

Subsequent measurement

The asset is subsequently measured using the fair value model. The Group considers that the cost model is a reasonable proxy for the fair value model for leases of items other than land and property, and for leases of land and property with regular rent reviews. For other leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market prices or rentals for equivalent land and properties. The liability is adjusted for the accrual of interest, repayments, reassessments and modifications.

Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and any change in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or for those shorter than twelve months are expensed.

The Group as lessor

Where the Group acts as lessor, it assesses whether those leases are finance or operating leases. For finance leases, it derecognises the asset and recognises a receivable. Interest is accrued throughout the financial year and is recognised in income. For operating leases, rental income is recognised on a systematic basis, usually straight-line, over the lease term.

Transitional arrangements

The Group has made the following determinations.

- To adopt IFRS 16, without restatement of comparative balances. Consequently, the SOCNE and the SOFP for 2021-22 reflect the requirements of IAS 17.

- Not to reassess the classification of contracts previously classified as leases or service contracts under IAS 17 and International Financial Reporting Interpretations

Committee (IFRIC) 4. However, new contracts have been classified using the IFRS 16 criteria.

- For leases previously treated as operating leases:
    - to measure the liability at the present value of the remaining payments, discounted by the incremental cost of borrowing as at the transition date;
    - to measure the asset at an amount equal to the liability, adjusted for any prepayment or accrual balances previously recognised for that lease;
    - to exclude leases whose term ends within twelve months of first adoption;
    - to use hindsight in assessing remaining lease terms; and
    - for leases previously identified as onerous and provided for, to use the practical expedient of adjusting the right-of-use asset by the amount of that provision.
- For leases previously treated as finance leases:
    - to use the carrying amount of the lease asset and liability measured immediately before first adoption under IAS 17 as the carrying value of the right-of-use asset and lease liability as at first adoption.
    - where the Group is an intermediate lessor, to reassess the classification of the sub-lease as an operating or finance lease. Arrangements previously treated as operating leases now found to be finance leases have been treated as new leases, commencing at first adoption.

Estimates and judgements

For embedded leases, the Group determines the amounts to be recognised as the right-of-use asset and lease liability based on the stand-alone price of the lease component and the non-lease component or components. This determination reflects the prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components.

Where an existing use value is required, it is calculated to reflect the term of the arrangement: for example, the existing use value of assets under long-term leases will reflect purchase price, while the value of assets under shorter-term leases will reflect the present value of market rentals for comparable assets, where data is available.

Accounting for leases under IAS 17 (2021-22)

Leases are classified as either a finance lease or an operating lease depending on the substance of the agreement.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Finance leases are treated as if the asset had been purchased outright. The related assets are included in non-current assets and the capital element of the leasing commitments is shown as obligations under finance leases with a liability recognised in the SOFP.

Lease rental payments consist of capital and interest elements. The capital element is applied to reduce the outstanding obligations in the SOFP and the interest element is charged as an expense in proportion to the reducing capital element outstanding.

Assets held under finance lease are depreciated over the useful lives of equivalent owned assets.

An operating lease is a lease other than a finance lease. Operating lease rentals are charged to the SOCNE in equal annual amounts over the lease term.

1.16 Private Finance Initiative (PFI) transactions

On Statement of Financial Position PFI Contracts

The PFI transactions of the Group are assessed against IFRIC 12, *Service Concession Arrangements*. To be within the scope of IFRIC 12, the service concession arrangement must contractually oblige the private sector operator to provide the services related to the infrastructure to the public on behalf of the grantor (the Group).

The PFI transaction is deemed to be a service concession within the meaning of IFRIC 12 from the Group's viewpoint where there is infrastructure and the Group controls:

- or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and
- through beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement (or there is no residual interest).

In these cases the Group recognises the infrastructure as a non-current asset and values it in the same way as other non-current assets of that generic type. The liability to pay for the infrastructure is also recorded on the SOFP. The initial amount recorded for the asset and liability is the fair value of the infrastructure asset. Subsequently, the asset is depreciated over the useful economic life of the class of assets to which it has been assigned and the associated liability is reduced as payments for the asset are made. An imputed finance charge on the liability is recorded in subsequent years using a property – specific rate. The remainder of the PFI payments (i.e. the full payments, less the capital repayment and the imputed finance charge) are recorded as an operating cost. Other obligations which exist in relation to the PFI contract are accounted for in accordance with IAS 37 *Provisions, Contingent liabilities and Contingent Assets*.

The Group recognises the asset when it comes into use. In cases where the Group has made contributions to the operator in advance of the asset coming into use, these contributions are shown within prepayments and amortised to the SOCNE in equal amounts over the asset's useful life.

Off Statement of Financial Position PFI Contracts

PFI contracts that do not transfer any of the risks and rewards associated with ownership of the asset to the Group are treated in the same way as an operating lease i.e. rental payments are charged to the SOCNE in equal annual amounts over the lease term.

1.17 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for de-recognition. A financial liability is derecognised only when it is extinguished.

The Department has financial instruments in the form of an investment in the MCA (Holdings) Limited, trade receivables and payables and cash and cash equivalents. The Group has financial instruments in the form of assets held for sale, trade receivables and payables and cash and cash equivalents.

The investment in the MCA (Holdings) Limited is measured at historical cost less any impairment. Assets available for sale and loans and receivables are recognised and carried at fair value. Financial liabilities are recognised and carried at fair value, net of transaction costs.

The Group assesses at each reporting period date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired.

The Group measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

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

Impairment losses are recognised in the SOCNE and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable, the amount of the asset is reduced directly and the impairment loss is recognised in the SOCNE to the extent that a provision was not previously recognised.

1.18 Grants payable

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

- Funding to the Department's NDPBs through grant in aid payments is reported on a cash basis in the period in which payments are made. The extent of the grant liability in relation to the NDPBs for both recurrent and capital expenditure is equal to their expenditure to the extent that the latter has been properly incurred. Expenditure in this context is when the NDPBs make the payments which are due to be funded by the Department. Grant in aid is eliminated within the Group.

- Grants issued to VG and Grant Maintained Integrated (GMI) schools in respect of recurrent funding each year reflect the totality of the schools' entitlements under the Local Management of Schools' arrangements.

- Grants issued to voluntary maintained, VG and GMI schools in respect of capital project funding is recognised based on the payments actually made plus accruals for valid grant claims in the possession of the Department.

- Other grant payments are recognised on an accruals basis where such information is available or on the basis of the extent of the grant issued or approved for payment as at 31 March each year.

1.19 Provisions

The Group provides for legal or constructive obligations which are of uncertain timing or amount at the reporting period date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HMT.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.20 Contingent assets and liabilities

In accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, the Group discloses as contingent liabilities, potential future obligations arising from past obligating events where the existence of such obligations remain uncertain pending the outcome of future events outside the Group's control, unless their likelihood is considered to be remote.

In addition to contingent liabilities disclosed in accordance with IAS 37, the Group discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of MPMNI.

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 the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation. A contingent asset is disclosed where an inflow of economic benefits is probable. Where the time value of money is material, contingent assets are disclosed at their present value.

1.21 Value Added Tax (VAT)

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

1.22 Corporation tax

The Department and most of its NDPBs are exempt from corporation tax. Four of the bodies designated for consolidation in the Group accounts (CCEA, MCA Limited, MCA (Holdings) Limited and the GTCNI) are subject to corporation tax.

1.23 Third party assets

Third party assets are assets for which the Group acts as custodian or trustee but in which neither the Group nor government more generally has a direct beneficial interest. Third party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of the Group's third party assets are provided in note 23.

1.24 Currency and rounding

The functional currency is Sterling and, except where otherwise stated, for presentational purposes figures have been rounded to the nearest thousand pounds.

1.25 New accounting standards that have been issued but are not yet effective

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the *FReM*, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025. The Group has assessed the impact that the application of IFRS 17 will have and has judged that it is immaterial.

1.26 Notional charges

Notional charges are non-cash transactions. Notional charges, in respect of services received from other Government Departments and audit costs, are included in the Consolidated SOCNE to reflect the full economic cost of services.

1.27 Review of Financial Process

RoFP was initiated to simplify financial reporting to better align Budgets, Estimates and Accounts. The legislation necessary for RoFP (The Financial Reporting (Departments and Public Bodies) Act (NI) 2022) received Royal Assent in March 2022.

The Department is applying this accounting policy change for the first time for the financial year ended 31 March 2023 and, in accordance with IAS 1 as adapted by the *FReM*, has restated prior year comparatives to ensure comparability and consistency of financial information against the current reporting period.

The most significant changes to the Annual Report and Accounts as a result of RoFP are as follows:

- The Departmental boundary (incorporating both Estimates and Accounts boundaries) has been extended to incorporate Executive NDPBs. These bodies were not previously consolidated within these Accounts and were financed via grant-in-aid. Therefore, the Departmental Group now includes the Core Department and Executive NDPBs.

- The primary statements (including the SOAS) and the Notes to the Financial Statements (including Net Outturn, Reconciliation of outturn to net expenditure, Reconciliation of Net Resource Outturn to Net Cash Requirement and Income payable to the Consolidated Fund) have been revised to incorporate the alignment requirements.

- The Assembly control totals have been revised to reflect the alignment of the Estimates and Budgeting boundaries.

2. Statement of Operating Costs by Operating Segment

In order to provide additional analysis of key areas of expenditure and income as they relate to the Group, they have been apportioned across a number of operating segments as detailed below. The operating segments have been identified on the basis of financial information reported to the Departmental Board. The financial information reported to the Departmental Board focused on the following areas:

Aggregated Schools' Budget - the main allocations to schools funded via the Common Funding Formula plus in-year delegations of funding for certain earmarked initiatives;

EA Block Grant – funding allocated to schools from central budgets held by the EA (including: Special Schools; Special Education Needs in mainstream; C2k managed Information Communication Technology service; rates; and teacher substitution costs); and funding attributed to schools for services provided by the EA (including: transport; FSM; headquarter and central administration; pupil support; schools development service; music service; and school library service);

Earmarked budgets - funding allocated for specific activities which meet defined criteria and this funding cannot be spent for any other purpose;

Other NDPBs - the Department is supported by CCEA, CCMS, CnaG, GTCNI, MCA and NICIE;

Other Education Services – a range of services, including miscellaneous grants to third party organisations;

Early Years Provision – some specific early years programmes, including the Sure Start Programme and the Pathway Fund;

Youth - resource funding for youth services;

Department of Education costs - salary and administration costs for the Department;

Capital grants and Departmental capital - capital programmes including Major Works, the Schools' Enhancement Programme, the Fresh Start Programme, Minor Works schemes, youth capital projects and Departmental non-current assets.

Operating Segments	2022-23 Gross expenditure £000	2022-23 Income £000	2022-23 Net expenditure £000	Restated* 2021-22 Gross expenditure £000	Restated* 2021-22 Income £000	Restated* 2021-22 Net expenditure £000
Aggregated Schools' Budget	1,422,043	(7,477)	1,414,566	1,292,271	(6,048)	1,286,223
EA Block Grant	592,896	(57,215)	535,681	557,141	(47,336)	509,805
Earmarked budgets	166,485	(2,363)	164,122	238,899	(15,880)	223,019
Other NDPBs	38,469	(6,457)	32,012	30,997	(4,321)	26,676
Other Education Services	27,247	(98)	27,149	20,618	-	20,618
Early Years Provision	34,231	-	34,231	33,000	-	33,000
Youth	438,314	(590)	437,724	381,412	(2,480)	378,932
Department of Education costs	18,259	-	18,259	33,448	(101)	33,347
Total resource	**2,737,944**	**(74,200)**	**2,663,744**	**2,587,786**	**(76,166)**	**2,511,620**
Capital grants and Departmental capital	64,797	(836)	63,961	61,487	(719)	60,768
Total resource and capital	**2,802,741**	**(75,036)**	**2,727,705**	**2,649,273**	**(76,885)**	**2,572,388**

*The 2021-22 figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

The total assets, total liabilities and net assets are not disclosed as they are not reported separately to the Departmental Board.

2.1 Reconciliation between Operating Segments and the Consolidated SOCNE

	Note	2022-23 £000	Restated* 2021-22 £000
Total net expenditure reported for operating segments	2	2,727,705	2,572,388
Reconciling items:			
AME – impairments		5,555	(4,430)
AME – provisions		2,333	(2,394)
Operating income payable to the Consolidated Fund		(5,702)	(6,522)
Depreciation		132,168	113,924
Departmental capital		(3,036)	(5,026)
IAS 19 pension costs		152,435	155,051
Loss on disposal of property		3,350	1,483
PFI dual reporting adjustment		2,831	2,652
Other non-cash		(362)	162
Corporation tax		4	-
Total net expenditure per the Consolidated SOCNE		**3,017,281**	**2,827,288**
Notional costs		3,874	3,654
Total net expenditure including notionals per the Consolidated SOCNE		**3,021,155**	**2,830,942**

*The 2021-22 figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

3. Expenditure

3.1 Other administration expenditure

	Note	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
Staff costs**					
Wages and salaries		12,717	12,717	11,731	11,731
Social security costs		1,242	1,242	1,171	1,171
Other pension costs		3,335	3,335	3,206	3,206
		17,294	17,294	16,108	16,108
Purchase of goods and services					
Travel and subsistence		37	37	16	16
Other staff related costs		108	108	88	88
Accommodation costs		202	202	160	160
Office services		425	425	359	359
Contracted out services		804	804	830	830
Other professional fees		15	15	2	2
Managed services – information technology		29	29	28	28
Other expenses		136	136	159	159
		1,756	1,756	1,642	1,642
Non-cash items					
Depreciation		6	6	4	4
Notional charges					
- auditor's remuneration and expenses		83	83	69	69
- accommodation		1,430	1,430	1,299	1,299
- others		2,160	2,160	2,106	2,106
		3,673	3,673	3,474	3,474
Increase/(decrease) in provisions (provision provided for in year less any release)	16	(230)	(230)	54	54
Total		**22,499**	**22,499**	**21,282**	**21,282**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

****Further analysis of staff costs is located in the Staff Report within the Accountability Report.

During the year the Core Department paid £3k to the NIAO for the completion of non-audit work relating to the National Fraud Initiative (NFI). During the year the Group paid £6k to the NIAO for the completion of non-audit work relating to the NFI.

3.2 Programme expenditure

	Note	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
Staff costs**					
Wages and salaries		10,500	1,348,795	9,584	1,231,280
Social security costs		986	129,912	1,000	120,962
Other pension costs		2,685	292,029	2,796	281,195
		14,171	1,770,736	13,380	1,633,437
Other operating expenditure					
Grants		2,838,286	570,008	2,718,534	570,950
EU Grant		2,446	2,446	2,804	2,804
Loss on disposal of property		-	3,350	-	1,483
		2,840,732	575,804	2,721,338	575,237
Purchase of goods and services					
Goods and services		-	242,292	-	234,601
Auditors' remuneration and expenses (hard charge audit fees and non-audit services)		-	71	-	65
Rentals under operating leases		-	-	-	2,071
Interest charges		-	3	-	-
PFI and other service concession arrangements service charges		-	27,821	-	26,241
Travel and subsistence		143	290	86	205
Other staff related costs		45	127	43	184
Accommodation costs		138	153,307	120	133,718
Office services		2,099	29,584	1,898	28,410
Contracted out services		19	19	22	47
Other professional fees		-	7,431	-	3,266
Managed Services – Information Technology		-	11	-	83
Pension costs		-	131,357	-	131,717
Other expenses		3,229	3,864	2,832	3,020

	Note	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
		5,673	596,177	5,001	563,628
Non-cash items					
Depreciation		220	128,452	214	112,100
Amortisation		571	3,710	441	1,820
Revaluation		(107)	5,555	85	(4,430)
		684	137,717	740	109,490
Notional charges					
- Auditor's remuneration and expenses		-	201	-	180
Increase in provisions (provision provided for in year less any release)	16	3	4,674	(58)	(1,047)
Total		**2,861,263**	**3,085,309**	**2,740,401**	**2,880,925**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

**Further analysis of staff costs is located in the Staff Report within the Accountability Report.

3.3 Notional audit costs

The non-cash auditors' remuneration for the year includes costs incurred by the Department for the departmental group audit, and by NDPBs for the audit of their individual accounts as shown in the breakdown below. Further details for NDPBs can be found in their individual accounts.

	2022-23 £000	Restated* 2021-22 £000
Core Department	83	69
Total Core Department	**83**	**69**
EA	184	165
GTCNI	17	15
Departmental Group notional audit costs	**284**	**249**

*The 2021-22 figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Other NDPBs are hard charged for their audit costs, and their costs are included in the Departmental Group figure at note 3.2.

3.4 Non-cash transactions included in the Statement of Cash Flows

	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
Depreciation (Note 3.1)	6	6	4	4
Depreciation, amortisation and revaluation (Note 3.2)	684	137,717	740	109,490
	690	137,723	744	109,494
New provisions, and adjustments to previous provisions (Note 3.1)	(230)	(230)	54	54
New provisions, and adjustments to previous provisions (Note 3.2)	3	4,674	(58)	(1,047)
New provisions, and adjustments to previous provisions which are not included in Note 3.2	-	(38)	-	-
	(227)	4,406	(4)	(993)
Other non-cash items				
Notional charges (Note 3.1)	3,673	3,673	3,474	3,474
Notional charges (Note 3.2)	-	201	-	180
NITPS – Premature Retirement Compensation	-	14,659	-	14,426
IAS 19 pension costs	-	152,435	-	155,051
VG & GMI	-	(4,721)	-	(17,835)
	3,673	166,247	3,474	155,296
	4,136	**308,376**	**4,214**	**263,797**
Loss on disposal of property (Note 3.2)	-	3,350	-	1,483
Total non-cash transactions (Statement of Cash Flows)	**4,136**	**311,726**	**4,214**	**265,280**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

3.5 Analysis of notes 3.1 and 3.2 for the Statement of Comprehensive Net Expenditure

Core Department	Other administration expenditure (Note 3.1) £000	Programme expenditure (Note 3.2) £000	2022-23 £000	Restated* 2021-22 £000
Staff costs	17,294	14,171	31,465	29,488
Purchase of goods and services	1,756	5,673	7,429	6,643
Depreciation, amortisation and revaluation	6	684	690	744
Provision expense	(230)	3	(227)	(4)
Other operating expenditure	-	2,840,732	2,840,732	2,721,338
	18,826	**2,861,263**	**2,880,089**	**2,758,209**
Notional costs				
Notional audit costs	83	-	83	69
Other notional costs	3,590	-	3,590	3,405
Total notional costs	**3,673**	**-**	**3,673**	**3,474**
	22,499	**2,861,263**	**2,883,762**	**2,761,683**

*The 2021-22 Core Department figures have been restated in order to disclose the notional charges in line with DoF requirements.

Departmental Group	Other administration expenditure (Note 3.1) £000	Programme expenditure (Note 3.2) £000	2022-23 £000	Restated* 2021-22 £000
Staff costs	17,294	1,770,736	1,788,030	1,649,545
Purchase of goods and services	1,756	596,177	597,933	565,270
Depreciation, amortisation and revaluation	6	137,717	137,723	109,494
Provision expense	(230)	4,674	4,444	(993)
Other operating expenditure	-	575,804	575,804	575,237
	18,826	**3,085,108**	**3,103,934**	**2,898,553**
Notional costs				
Notional audit costs	83	201	284	249
Other notional costs	3,590	-	3,590	3,405
Total notional costs	**3,673**	**201**	**3,874**	**3,654**
	22,499	**3,085,309**	**3,107,808**	**2,902,207**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

4. Income

4.1 Revenue from contracts with customers

	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
Catering operations	-	32,511	-	28,992
Recoupment of costs	-	21,337	-	19,958
Other income generating activities	-	6,223	-	4,136
Miscellaneous	-	2,746	-	2,378
Tuition fees	-	2,703	-	998
Letting of Halls	-	628	-	359
Outdoor Education Charges	-	893	-	255
	-	**67,041**	**-**	**57,076**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

The Group has considered the requirements of IFRS 15 *Revenue from Contracts with Customers*. Income falling within the scope of IFRS 15 and relating to contracts with customers is analysed in the table above.

4.2 Other operating income

	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
Co-funded ALB income (Further Education and Student Support, from DfE)	12,519	12,519	12,274	12,274
Other	1,278	6,104	1,605	4,477
European funds	2,079	8,260	2,383	5,294
Other grants	-	4,625	-	3,502
Shared Education (from Atlantic Philanthropies)	53	53	304	304
Capital income	-	586	-	1,410
Sale of property, plant and equipment (NDPBs)	5,358	5,358	5,733	5,733
Vulnerable Persons Relocation Scheme	42	42	862	862
New Opportunities Fund/Big Lottery/Heritage Lottery Fund	-	22	-	1
	21,329	**37,569**	**23,161**	**33,857**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Other operating income consists of grants which have no commercial substance and are therefore considered to be outside the scope of IFRS 15.

5. Taxation

Corporation tax of £4k (2021-22: £nil) was paid at a rate of 19% (2021-22: 19%) on the taxable gains of two of the Department's NDPBs, MCA Limited and GTCNI.

6. Property, plant and equipment

Consolidated	Land £000	Buildings £000	Transport Equipment £000	Information Technology £000	Plant & Machinery £000	Asset under Construction £000	Total £000
Cost or valuation							
At 1 April 2022	675,339	2,848,820	107,518	185,702	111,215	107,706	4,036,300
Transferred to Right-of-Use lease assets (note 19.1)	(276)	-	-	-	-	-	(276)
Additions	5,322	40,740	5,772	23,271	13,041	49,179	137,325
Disposals	(194)	(433)	(15,167)	(369)	(5,225)	(78)	(21,466)
Reclassifications and transfers	1,324	35,813	-	187	87	(37,411)	-
Revaluation	7,366	(101,850)	6,084	3,758	13,507	-	(71,135)
Transferred to non-current assets held for sale	(3,840)	(2,539)	-	-	-	-	(6,379)
At 31 March 2023	**685,041**	**2,820,551**	**104,207**	**212,549**	**132,625**	**119,396**	**4,074,369**
Depreciation							
At 1 April 2022	-	326,069	62,525	141,106	66,576	-	596,276
Charged in year	-	88,201	8,158	21,285	9,303	-	126,947
Disposals	-	(629)	(14,891)	(364)	(5,050)	-	(20,934)
Revaluation	-	(411,276)	3,442	2,584	7,857	-	(397,393)
Transferred to non-current assets held for sale	-	(2,225)	-	-	-	-	(2,225)
At 31 March 2023	**-**	**140**	**59,234**	**164,611**	**78,686**	**-**	**302,671**

Consolidated	Land £000	Buildings £000	Transport Equipment £000	Information Technology £000	Plant & Machinery £000	Asset under Construction £000	Total £000
Carrying amount at 31 March 2023	**685,041**	**2,820,411**	**44,973**	**47,938**	**53,939**	**119,396**	**3,771,698**
Carrying amount at 31 March 2022	**675,339**	**2,522,751**	**44,993**	**44,596**	**44,639**	**107,706**	**3,440,024**
Asset financing							
Owned	659,127	2,490,898	44,973	47,938	53,939	119,396	3,416,271
On-Balance Sheet PFI contracts and other service concession arrangements	45	192,901	-	-	-	-	192,946
Long leasehold	25,869	136,612	-	-	-	-	162,481
Carrying amount at 31 March 2023	**685,041**	**2,820,411**	**44,973**	**47,938**	**53,939**	**119,396**	**3,771,698**
Of the total:							
Department	10,614	11,387	27	6	1	32,159	54,194
Other designated bodies	674,427	2,809,024	44,946	47,932	53,938	87,237	3,717,504
Carrying amount at 31 March 2023	**685,041**	**2,820,411**	**44,973**	**47,938**	**53,939**	**119,396**	**3,771,698**

Land and buildings are stated at current value in existing use. Land is valued in the year of purchase and buildings in the year in which they are brought into use, using a professional valuation provided by LPS, a Directorate within DoF. Subsequently, a professional valuation is made by LPS every five years, and in the intervening years interim valuations are obtained from LPS. The last full professional valuation of the land and buildings was undertaken by LPS as at 31 March 2023. All other assets are re-valued using indices.

The net book value of property, plant and equipment includes an amount of £17,884k (2021-22: £15,245k, 2020-21: £14,970k) in respect of assets held in Reversionary Trusts i.e. if properties cease to be used as specified in the deeds they will revert to the ownership of the trustees.

The net book value of property, plant and equipment noted above does not include maintained schools, apart from school meals kitchens accommodation operating on these sites, which are owned by the EA. The ownership of maintained schools rests with the trustees. In 2022-23 there were 476 (2021-22: 476, 2020-21: 476) such schools.

Consolidated	Land £000	Buildings £000	Transport Equipment £000	Information Technology £000	Plant & Machinery £000	Asset under Construction £000	Restated* Total £000
Cost or valuation							
At 1 April 2021	473,876	1,837,040	98,803	154,281	90,802	84,269	2,739,071
Correction to opening balance	-	-	-	-	(1)	-	(1)
Additions	2,859	18,895	19,992	32,802	13,668	52,497	140,713
Disposals	(57)	(41)	(13,515)	(80)	(514)	-	(14,207)
Reclassifications and transfers	-	28,598	172	22	187	(28,979)	-
Revaluation	(109)	85,066	2,066	(1,323)	7,073	(81)	92,692
Transferred to non-current assets held for sale	(2,126)	(32)	-	-	-	-	(2,158)
VG & GMI	200,896	879,294	-	-	-	-	1,080,190
At 31 March 2022	**675,339**	**2,848,820**	**107,518**	**185,702**	**111,215**	**107,706**	**4,036,300**
Depreciation							
At 1 April 2021	-	230,637	68,876	124,404	55,767	-	479,684
Correction to opening balance	-	-	1	-	(1)	-	-
Charged in year	-	81,910	5,637	17,633	6,924	-	112,104
Disposals	-	(42)	(13,415)	(52)	(511)	-	(14,020)
Reclassifications and transfers	-	-	-	22	(22)	-	-
Revaluation depreciation	-	-	1,426	(893)	4,397	-	4,930
Revaluation	-	13,564	-	(8)	22	-	13,578
At 31 March 2022	**-**	**326,069**	**62,525**	**141,106**	**66,576**	**-**	**596,276**
Carrying amount at 31 March 2022	**675,339**	**2,522,751**	**44,993**	**44,596**	**44,639**	**107,706**	**3,440,024**
Carrying amount at 31 March 2021	**473,876**	**1,606,403**	**29,927**	**29,877**	**35,035**	**84,269**	**2,259,387**

Consolidated	Land £000	Buildings £000	Transport Equipment £000	Information Technology £000	Plant & Machinery £000	Asset under Construction £000	Restated* Total £000
Asset financing							
Owned	648,642	2,231,826	44,993	44,596	44,639	107,706	3,122,402
On-Balance Sheet PFI contracts and other service concession arrangements	100	174,024	-	-	-	-	174,124
Long leasehold	26,597	116,901	-	-	-	-	143,498
Carrying amount at 31 March 2022	**675,339**	**2,522,751**	**44,993**	**44,596**	**44,639**	**107,706**	**3,440,024**
Of the total:							
Department	10,565	9,766	-	8	3	30,570	50,912
Other designated bodies	664,774	2,512,985	44,993	44,588	44,636	77,136	3,389,112
Carrying amount at 31 March 2022	**675,339**	**2,522,751**	**44,993**	**44,596**	**44,639**	**107,706**	**3,440,024**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

7. Intangible assets

Consolidated	Information Technology £000	Software licences £000	Asset under Construction £000	Total £000
Cost or valuation				
At 1 April 2022	6,298	7,205	30,968	44,471
Additions	1,061	9,623	7,761	18,445
Disposals	-	(45)	-	(45)
Reclassifications and transfers	1,097	113	(1,210)	-
Revaluation	1,021	32	-	1,053
At 31 March 2023	**9,477**	**16,928**	**37,519**	**63,924**
Amortisation				
At 1 April 2022	1,530	5,829	-	7,359
Charged in year	571	3,139	-	3,710
Disposals	-	(45)	-	(45)
Revaluation	166	32	-	198
At 31 March 2023	**2,267**	**8,955**	**-**	**11,222**
Carrying amount at 31 March 2023	**7,210**	**7,973**	**37,519**	**52,702**
Carrying amount at 31 March 2022	**4,768**	**1,376**	**30,968**	**37,112**
Asset financing				
Owned	7,210	7,973	37,519	52,702
Carrying amount at 31 March 2023	**7,210**	**7,973**	**37,519**	**52,702**
Of the total:				
Department	7,210	-	151	7,361
Other designated bodies	-	7,973	37,368	45,341
Carrying amount at 31 March 2023	**7,210**	**7,973**	**37,519**	**52,702**

Consolidated	Information Technology £000	Software licences £000	Asset under Construction £000	Restated* Total £000
Cost or valuation				
At 1 April 2021	5,212	6,678	21,320	33,210
Additions	48	542	10,308	10,898
Reclassifications and transfers	660	-	(660)	-
Revaluation	378	(15)	-	363
At 31 March 2022	**6,298**	**7,205**	**30,968**	**44,471**
Amortisation				
At 1 April 2021	1,042	4,465	-	5,507
Charged in year	441	1,379	-	1,820
Revaluation	47	(15)	-	32
At 31 March 2022	**1,530**	**5,829**	**-**	**7,359**
Carrying amount at 31 March 2022	**4,768**	**1,376**	**30,968**	**37,112**
Carrying amount at 31 March 2021	**4,170**	**2,213**	**21,320**	**27,703**
Asset financing				
Owned	4,768	1,376	30,968	37,112
Carrying amount at 31 March 2022	**4,768**	**1,376**	**30,968**	**37,112**
Of the total:				
Department	4,768	-	935	5,703
Other designated bodies	-	1,376	30,033	31,409
Carrying amount at 31 March 2022	**4,768**	**1,376**	**30,968**	**37,112**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

8. Impairments

The following impairments to current and non-current assets were incurred during the financial year.

	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Impairment charge/(credit) to the SOCNE	(78)	5,584	97	(4,418)	(19)	5,356
Impairment taken through the revaluation reserve	-	-	-	(69,197)	-	4,106
Total impairment charge/(credit) for the year	**(78)**	**5,584**	**97**	**(73,615)**	**(19)**	**9,462**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

9. Financial Instruments

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

Classification of financial instruments

The Group has financial instruments in the form of an investment in MCA (Holdings) Limited, assets held for sale, trade receivables and payables and cash and cash equivalents.

The investment in the MCA (Holdings) Limited is measured at historical cost less any impairment. Assets held for sale, trade receivables and cash and cash equivalents are measured at amortised cost. Financial liabilities are recognised and carried at fair value, net of transaction costs.

Risk management

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. The Group's net revenue resource requirements are financed by resources voted annually by the NI Assembly, as is its capital expenditure. The Group is not, therefore, exposed to significant liquidity risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

All of the Group’s financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

Currency risk

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

The Group receives reimbursement of certain grant payments from the EU. Transactions with the EU are denominated in euro and therefore exposed to currency risk. The revenue due from the EU is recognised as a receivable when it is initially paid to grant recipients. However, only when the Group submits claims to the EU is the relevant portion of the receivable subject to exchange rate risk.

The Group does not have the authority to manage currency risk through hedging.

10. Investments in other public bodies

In the year to 31 March 2005 the Department invested in the "MCA (Holdings) Limited" as a joint venture with the Department of Education, Ireland. Both parties fund the company equally.

The investment in the MCA (Holdings) Limited at 31 March 2023 was:

	MCA (Holdings) Limited £000
At 1 April 2021 and 1 April 2022	815
Revaluation credit to SOCNE	107
At 31 March 2023	**922**

11. Assets held for sale

	Restated* Departmental Group £000
At 1 April 2021	321
Assets classified as held for sale in the year	2,158
Assets sold in the year	(2,158)
At 31 March 2022	**321**
Assets classified as held for sale in the year	4,154
Revaluation	(1,080)
Assets sold in the year	(2,815)
At 31 March 2023	**580**

*The Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

All assets classified as held for sale meet the following conditions:

- there is a commitment to a plan to sell;
- an active programme to locate a buyer has been initiated;
- the asset is actively marketed for sale;
- the asset is available for sale in its present condition; and
- the asset is expected to be disposed of within 12 months of being classified as "non-current assets held for sale".

Assets sold in the year comprised:

- Loanends Primary School;
- Annaghmore Primary School;
- Collone Primary School playing field;
- Ballymoney Music Centre;

- Garvagh High School;
- Enniskillen Model;
- Whiteabbey Main Depot;
- Lisnaskea High School;
- Land at Silverstream Primary School, Carrickfergus; and
- Ardnabannon Outdoor Education Centre.

At 31 March 2023 non-current assets held for sale comprise:

- land and buildings at Ballygolan Primary School.

12. Inventories

	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Schools' stock	-	44,356	-	26,649	-	23,318
Musical instruments and book stock	-	6,132	-	6,511	-	7,900
Grounds maintenance service stock	-	1,215	-	1,339	-	1,434
Personal Protective Equipment stock	-	-	-	-	-	1,196
Catering	-	1,455	-	1,005	-	782
Maintenance and central depots	-	674	-	740	-	722
Teaching Aids	-	1	-	2	-	4
	-	**53,833**	**-**	**36,246**	**-**	**35,356**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

13. Cash and cash equivalents

	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
At 1 April	39	23,012	(1,061)	8,352	635	21,948
Net change in cash and cash equivalents	(2,193)	(10,110)	1,100	14,660	(1,696)	(13,596)
At 31 March	**(2,154)**	**12,902**	**39**	**23,012**	**(1,061)**	**8,352**
The following balances at 31 March were held at:						
Commercial banks and cash in hand	(2,154)	12,902	39	23,012	(1,061)	8,352
At 31 March	**(2,154)**	**12,902**	**39**	23,012	**(1,061)**	**8,352**
The balance comprises:						
Cash at bank	-	15,056	39	23,012	-	9,413
Bank overdraft	(2,154)	(2,154)	-	-	(1,061)	(1,061)
	(2,154)	**12,902**	**39**	**23,012**	**(1,061)**	**8,352**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

13.1 Reconciliation of liabilities arising from financing activities

The Core Department had no liabilities arising from financing activities at 31 March 2023, 31 March 2022 and 31 March 2021.

Departmental Group	31 March 2022 £000	Cash flows £000	Acquisition £000	Other changes £000	31 March 2023 £000
Lease liabilities	-	(1,211)	107	6,102*	4,998
PFI liabilities	132,901	(5,460)	-	-	127,441
Total liabilities from financing activities	**132,901**	**(6,671)**	**107**	**6,102**	**132,439**

*Other changes include lease liabilities recognised as a result of implementing IFRS 16.

Departmental Group	Restated* 31 March 2021 £000	Restated* Cash flows £000	Restated* 31 March 2022 £000
PFI liabilities	138,098	(5,197)	132,901
Total liabilities from financing activities	**138,098**	**(5,197)**	**132,901**

*The prior year Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

14. Trade receivables, financial and other assets

Amounts falling due within one year:	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
VAT	390	15,598	197	10,453	226	16,187
EU grants receivable	1,743	1,743	2,015	2,015	3,306	3,306
Trade receivables	322	6,802	292	7,060	317	7,441
Other receivables	137	1,184	178	1,638	129	1,059
Prepayments	615	7,083	219	4,671	526	10,850
Accrued income	847	32,416	953	25,403	754	24,165
Amounts due from the Consolidated Fund in respect of Supply	7,856	7,856	6,246	6,246	5,218	5,218
	11,910	**72,682**	**10,100**	**57,486**	**10,476**	**68,226**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Amounts falling due after more than one year:	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Trade receivables	-	66	-	177	-	60
	-	**66**	**-**	**177**	**-**	**60**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

15. Trade payables, financial and other liabilities

Amounts falling due within one year:	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Bank overdraft (Note 13)	2,154	2,154	-	-	1,061	1,061
VAT	-	53	-	35	-	46
Other taxation and social security	19,319	26,183	20,022	26,207	18,154	23,753
Trade payables	55,930	78,190	47,848	62,282	50,890	68,176
Other payables	1,291	5,119	1,270	12,583	1,131	11,005
Accruals	8,220	228,431	7,001	198,770	8,487	215,928
Deferred income	462	4,756	454	3,587	1,471	5,435
Current part of lease liabilities	-	1,401	-	-	-	-
Current part of capital and interest elements of PFI contracts and other service concession arrangements	-	5,737	-	5,460	-	5,197
Loans from DoF	-	402	-	500	-	-
Consolidated Fund extra receipts due to be paid to the Consolidated Fund						
- received	5,702	5,702	6,285	6,285	4,157	4,157
- receivable	-	-	237	237	-	-
	93,078	**358,128**	**83,117**	**315,946**	**85,351**	**334,758**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Amounts falling due after more than one year:	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Other payables	-	1,654	-	1,366	-	1,182
Leases	-	3,597	-	-	-	-
Capital and interest elements of PFI contracts and other service concession arrangements	-	121,704	-	127,441	-	132,901
Loans from DoF	-	4,319	-	4,669	-	-
	-	**131,274**	**-**	**133,476**	**-**	**134,083**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

16. Provisions for liabilities and charges

Core Department	Early departure costs £000	Legal Claims £000	2022-23 Total £000	Early departure costs £000	Legal Claims £000	2021-22 Total £000
At 1 April 2022	549	56	605	534	96	630
Provided in the year	20	4	24	-	40	40
Provisions not required written back	-	(36)	(36)	-	(80)	(80)
Provisions utilised in the year	(21)	(10)	(31)	(21)	-	(21)
Changes in discount rate	(215)	-	(215)	36	-	36
At 31 March 2023	**333**	**14**	**347**	**549**	**56**	**605**

Departmental Group	Early departure costs £000	Legal Claims £000	Other £000	2022-23 Total £000	Early departure costs £000	Legal Claims £000	Other £000	Restated* 2021-22 Total £000
At 1 April 2022	1,103	13,952	75	15,130	1,177	10,672	5,785	17,634
Provided in the year	20	8,650	89	8,759	-	6,446	-	6,446
Provisions not required written back	-	(4,100)	(38)	(4,138)	-	(1,765)	(5,710)	(7,475)
Provisions utilised in the year	(65)	(2,121)	-	(2,186)	(110)	(1,401)	-	(1,511)
Changes in discount rate	(215)	-	-	(215)	36	-	-	36
At 31 March 2023	**843**	**16,381**	**126**	**17,350**	**1,103**	**13,952**	**75**	**15,130**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

16.1 Analysis of expected timing of discounted flows

Core Department	Early departure costs £000	Legal Claims £000	2022-23 Total £000	Early departure costs £000	Legal Claims £000	2021-22 Total £000
Not later than one year	22	14	36	21	56	77
Later than one year and not later than five years	85	-	85	83	-	83
Later than five years	226	-	226	445	-	445
At 31 March 2023	**333**	**14**	**347**	**549**	**56**	**605**

Departmental Group	Early departure costs £000	Legal Claims £000	Other £000	2022-23 Total £000	Early departure costs £000	Legal Claims £000	Other £000	Restated* 2021-22 Total £000
Not later than one year	107	1,913	126	2,146	113	431	75	619
Later than one year and not later than five years	198	14,468	-	14,666	206	13,521	-	13,727
Later than five years	538	-	-	538	784	-	-	784
At 31 March 2023	**843**	**16,381**	**126**	**17,350**	**1,103**	**13,952**	**75**	**15,130**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Early departure costs

The Department is required to meet the costs of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age (or, in the case of Injury Awards estimated life expectancy), and must provide in full for the cost of meeting pensions resulting from such early retirement schemes. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the DoF Superannuation Vote. The HM Treasury discount rate of plus 1.7 per cent in real terms has been applied to early departure provisions where the time value of money is significant.

Legal claims (including Employer and Public Liability Claims)

Provision has been made for various legal claims against the Group. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. A discount rate has not been applied to the provisions for legal claims as the time value of money is not significant.

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 17.

The CoA judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can extend as far back as 1998. However, the PSNI appealed the CoA judgment to the Supreme Court. The hearing was held in December 2022 and the judgment was delivered on 4 October 2023. The 2022-23 Holiday Pay provision has been estimated by HR and covers the period from November 1998 to 31 March 2020. There are still some significant elements of uncertainty around this estimate for a number of reasons:

a) Outstanding legal advice now required following the Supreme Court judgment.

b) Lack of accessible data for years previous to 2011.

c) Ongoing negotiations with Trade Unions.

Legal claims are also submitted by members of staff and/or the public in relation to accidents or incidents, which have happened before the SOFP date. Claims which are not considered dormant or statute barred by the passage of time since being lodged, but have progressed sufficiently to allow an estimated ‘settlement’ figure to be calculated, are included in the provision. Estimates are calculated by reference to analysis of previous claims of a similar type, the previous history of successful settlements and professional judgement.

The possible timing of payments in settlement of such cases is uncertain; it is plaintiff driven and the case’s progress is dependent on the individual circumstances of that case. As a case progresses and more information becomes available the amount of the estimated ‘settlement’ figure may in subsequent years be revised up or down.

Other

Other includes provision for job evaluation, industrial tribunal cases pending and sundry legal costs.

The job evaluation element relates to EA employees, whose posts are due to be evaluated under the job evaluation scheme. As a result, employees may be re-graded to a higher grade and therefore entitled to a higher salary from the date additional duties were undertaken. The provision is made only in respect of those employee categories where it is probable that a liability will arise and where the EA is able to make a reasonable estimation of the arrears liability. Following a reassessment of the position at 31 March 2023, the EA has assessed that there is no requirement for a provision for Job Evaluation as any recent payments made for job evaluation are immaterial and there is no expectation of material payments in the future.

Premature Retirement for Teachers

A provision has not been included in the Group's accounts for future liabilities in respect of existing teacher premature retirement cases. Any assessment of future financial liabilities in this regard will be reflected in the NITPS.

The in-year charge in respect of such cases as well as requisite employer superannuation contributions is charged to the Group's SOCNE. In that respect there were 5,144 (2021-22: 5,377, 2020-21: 5,545) premature retirement compensation cases at 31 March 2023.

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

In addition to the following, the Department has entered into a number of guarantees, indemnities or provided letters of comfort, but the possibility of these crystallising is considered to be too remote to require disclosure. Remote contingent liabilities which the Department has reported to the Assembly are disclosed within the Other Assembly Accountability Disclosure Notes in the Assembly Accountability and Audit Report.

Legal Cases and Public Liability

Proceedings against the Group have been initiated for a number of public employer's liability and employment tribunal cases.

The Group has accrued or provided for the estimated settlement cost of cases where it can be reliably estimated, i.e. amounts which are probable and ascertainable.

No amounts have been accrued or provided for in the accounts for cases where the likelihood of the Group being found liable cannot be reliably determined or the value of settlements reasonably estimated on the basis that the cases concerned have not progressed sufficiently to allow assessment by solicitors.

Based on previous cases of a similar nature, should the Group be found liable for all cases listed and not already provided for within the accounts, the potential total settlement costs are estimated to be in the region of £5,897k (2021-22: £5,738k, 2020-21: £5,366k) for 207 (2021-22: 211, 2020-21: 1,008) legal challenges.

Public Sector Pensions - Injury to Feelings Claims

The DoF is a named Respondent in a class action affecting employers across the public sector and is managing claims on behalf of the NICS Departments. This is an extremely complex case and may have significant implications for the NICS and wider public sector. However the cases are at a very early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

Job Evaluation - EA

Assessment and Review Process for Classroom Assistants

An assessment and review process in relation to allocated classroom assistant job descriptions is still to be agreed with the trade unions.

Job Evaluation - Moratorium

As a consequence of an ongoing moratorium on headquarters and out-centre job evaluations there are approximately 150 posts awaiting re-evaluation, most of which arise in the legacy organisations which pre-date the creation of the EA. It is estimated that the cost of re-evaluation of current claims and associated arrears could amount to £3m. A pilot exercise is to be undertaken to progress agreement with Trade Union Side on revised procedures to support a business case.

Repayment of grants

NICIE and CnaG have a contingent liability to repay revenue grants received if certain conditions are not fulfilled.

17.2 Contingent assets

The following contingent assets at 31 March 2023 have not been included in the financial statements:

	Number of cases	Value £000
Probable recoupment of monies from school trustees following closure	17	2,531

18. Retirement benefit asset/(obligation)

	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Fair value of assets	-	2,924,903	-	3,101,549	-	2,852,709
Present value of funded defined benefit obligation	-	(2,886,810)	-	(3,776,930)	-	(3,815,829)
Present value of unfunded defined benefit obligation	-	(14,381)	-	(16,082)	-	(18,050)
Asset/(liability) at 31 March	**-**	**23,712**	**-**	**(691,463)**	**-**	**(981,170)**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Further detail in relation to pension obligations can be found in the Remuneration and Staff Report within the Annual Report and Accounts of each NDPB.

19. Leases

The Group has adopted IFRS 16 Leases from 1 April 2022. As permitted by the *FReM*, the Group has implemented it using the cumulative catch-up method, without restating prior year figures. Most leases recognised as operating until 31 March 2022 are now recognised as right of use assets.

The Group's lease contracts comprise land and buildings.

19.1 Right-of-use lease assets

	Land £000	Buildings £000	Total £000
Cost or valuation			
Initial recognition – transferred from Property, Plant and Equipment	276	-	276
Initial recognition	504	5,827	6,331
Additions	-	195	195
Revaluations	26	19	45
At 31 March 2023	**806**	**6,041**	**6,847**
Depreciation			
Charged in year	105	1,406	1,511
Revaluations	(39)	(15)	(54)
At 31 March 2023	**66**	**1,391**	**1,457**
Carrying amount at 31 March 2023	**740**	**4,650**	**5,390**

19.2 Lease liabilities

Maturity analysis	2022-23 Core Department £000	2022-23 Departmental Group £000
Land and Buildings		
Not later than one year	-	1,435
Later than one year and not later than five years	-	3,104
Later than five years	-	572
	-	**5,111**
Less interest element	-	(113)
Present Value of obligations	**-**	**4,998**

Maturity analysis	2022-23 Core Department £000	2022-23 Departmental Group £000
Current	-	1,401
Non-current	-	3,597
Total Present Value of obligations	**-**	**4,998**

19.3 Amounts recognised in the SOCNE

	2022-23 Core Department £000	2022-23 Departmental Group £000
Depreciation	-	1,511
Interest expense	-	45
Expense related to short term leases	-	185
Expense related to low-value asset leases (excluding short term leases)	-	737
	-	**2,478**

19.4 Amounts recognised in the Statement of Cash Flows

	2022-23 Core Department £000	2022-23 Departmental Group £000
Interest expense	-	45
Repayments of principal on leases	-	1,211
	-	**1,256**

19.5 Reconciliation from the IAS 17 operating lease commitment on 31 March 2022 to the IFRS 16 opening lease liability on 1 April 2022

This table reconciles the amount of the Group's operating lease commitments as at 31 March 2022, to the lease liabilities as at 1 April 2022, immediately following adoption of IFRS 16. The operating lease commitments figure has been restated for arrangements not previously identified as leases. Thereafter, the material reconciling items are an adjustment for the impact of discounting and for the differing assessments of the lease term (the previous operating lease commitment reflected amounts payable during the non-cancellable lease period, while the IFRS 16 lease term reflects the Group's assessment of the likelihood that it will exercise lease extension or cancellation options).

	£000
Operating leases disclosed at 31 March 2022	7,220
Adjustments to leases for arrangements not previously identified as leases, IAS 17 basis	933
Re-stated operating lease commitments as at 31 March 2022	**8,153**
Adjustments from IAS 17 to IFRS 16	
Impact of discounting	(66)
Assessments of lease extension periods and break clauses	439
Low value and short term lease commitments	(2,053)
Service charges and other elements outside the scope of IFRS 16	(170)
Sub-total, reconciling items	**(1,850)**
Lease liabilities 1 April 2022	**6,303**

19.6 Prior year IAS 17 disclosure

Finance leases

Under IAS 17 the Group had several finance leases but the repayments of the leases were of a peppercorn nature. The discounted present value of the lease payments were deemed immaterial and therefore a finance creditor was not created in the accounts.

Operating leases

	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
Operating lease expense in the SOCNE	-	2,071

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

Obligations under operating leases for the following periods comprised:	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000
Land		
Not later than one year	-	88
Later than one year and not later than five years	-	281
Later than five years	-	87
	-	**456**
Buildings		
Not later than one year	-	1,316
Later than one year and not later than five years	-	3,282
Later than five years	-	217
	-	**4,815**
Other		
Not later than one year	-	831
Later than one year and not later than five years	-	1,118
	-	**1,949**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

In addition to the above, the Department leased a number of land and building assets to the EA and to St. MacNissi's Educational Trust for a peppercorn rent.

20. Commitments under PFI and other service concession arrangements

20.1 Off-balance sheet (SOFP)

The EA acts as a paying agent for the Department in relation to a number of PFI contracts. In each case the property is not an asset of the EA and is not included in the SOFP.

The contracts in place are as follows:

- Lagan College, Belfast (a GMI School) - in this case the payments are accounted for on a ‘pass-through’ basis and do not affect the amounts disclosed in these accounts.

- Down and Connor Public Private Partnership (PFI) Scheme - this scheme consists of three schools - St Joseph’s Primary School, Carryduff (a Catholic Maintained School), Our Lady and St Patrick’s College Knock (a VG School) and St Mary’s Primary School, Portglenone (a Catholic Maintained School). The unitary payments in respect of St Joseph’s Primary School, Carryduff and St Mary’s Primary School, Portglenone are funded through the EA while the payments in respect of Our Lady and St Patrick’s College Knock are accounted for on a ‘pass-through’ and do not affect the amounts disclosed in these accounts.

- De La Salle PFI Scheme - this scheme consists of St Patrick’s Grammar School, Downpatrick (a VG School). Payments in respect of this scheme are accounted for on a ‘pass-through’ basis and do not affect the amounts disclosed in these accounts.

- Holy Cross College, Strabane (a Catholic Maintained School).

- St Mary’s College, Derry (a Catholic Maintained School).

- St Cecilia’s College, Derry (a Catholic Maintained School).

- St Genevieve’s High School, Belfast (a Catholic Maintained School).

The unitary payments in respect of Catholic Maintained Schools are funded through the EA and are disclosed in these accounts.

Charge to the SoCNE and future commitments

The total amount charged in the SOCNE in respect of off-balance sheet (SOFP) PFI or other service concession transactions was £14,347k (2021-22: £14,436k, 2020-21: £13,388k). Total future minimum payments under off-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods:

	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Not later than one year	-	16,256	-	15,503	-	14,966
Later than one year and not later than five years	-	61,855	-	62,016	-	59,866
Later than five years	-	73,724	-	88,353	-	101,323
	-	**151,835**	**-**	**165,872**	**-**	**176,155**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

20.2 On-balance sheet (SOFP)

The EA has a number of on-balance sheet (SOFP) PFI contracts and other service concession arrangements contracts currently in place. In each case under IFRIC12 the asset is included as an asset of the EA. The substance of the contracts is that the EA has a finance lease with the payments comprising two elements:

- imputed finance lease charges; and
- service charges.

The following PFI contracts and other service concession arrangements contracts are currently in place.

PFI Wellington College, Balmoral High School and the Regional Training Unit

The EA built Wellington College, Balmoral High School and the Regional Training Unit under a single PFI contract involving a land swap arrangement. The value of the land transferred covered the cost of construction and furniture and equipment of the buildings. The contract will last for 25 years from 2 January 2002. The monthly unitary charges relate to the caretaking, maintenance (building and grounds), cleaning, security, catering services and the renewal of furniture and equipment on the sites. The cost of the services is indexed on an annual basis.

PFI Contract for five Schools – Orangefield Primary School, Ashfield Girls' High School, Belfast Model School for Girls, Grosvenor Grammar School and Belfast Boys' Model School

The EA has a single contract in place to build and provide services at five schools which were opened in 2009 and 2010 and include:

- Orangefield Primary School;
- Ashfield Girls' High School;

- Belfast Model School for Girls;
- Grosvenor Grammar School; and
- Belfast Boys' Model School.

The contract for the services for each building covers the 30 year period from the date that the school is opened. The monthly unitary charge covers the contribution to the construction costs and the provision of services for caretaking, maintenance (building and grounds), external cleaning, security and the renewal of furniture and equipment on the sites. The cost of the services is indexed on an annual basis. Internal cleaning and catering services are provided by the EA. The Belfast Model School for Girls and the Belfast Boys' Model School buildings also include community facilities, the North Belfast City Learning Centre, which were previously funded jointly by DE; DoF; the DoH; TEO; and the DfC.

Bangor Academy and Sixth Form College and Nendrum College

The EA operates a PFI Contract in respect of Bangor Academy and Sixth Form College and Nendrum College. Nendrum College opened on 29 February 2008 and Bangor Academy opened on 30 April 2008. Both of these schools are shown on-balance sheet. Ownership will transfer to the EA in 2038.

Tor Bank Special School

The EA operates a PFI Contract in respect of the provision of accommodation and related services at Tor Bank Special School. The school was available for use from October 2012. Ownership of the school will transfer to the EA in 2037. This scheme is shown on-balance sheet, although the budget is off-balance sheet which is accounted for through a dual reporting adjustment.

Drumglass High School – Dungannon

The EA operates a PFI contract in respect of the provision of accommodation and related services at Drumglass High School, Dungannon. The PFI contract commenced in September 2000 and runs for 25 years, ending on the 31 August 2025. This scheme is shown on-balance sheet, although the budget is off-balance sheet which is accounted for through a dual reporting adjustment.

C2k Project

The EA has responsibility for the C2k project. This is a PFI scheme which provides an Information Technology system to schools which supports teaching, learning and administration.

The total amount charged in the SOCNE in respect of the service element of on-balance sheet PFI or other service concession transactions was £13,474k (2021-22: £11,805k, 2020-21: £11,528k). Total future obligations under on-balance sheet PFI and other service concession arrangements are given in the table below for the following periods:

Capital elements due in future periods	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Due within one year	-	11,900	-	11,900	-	11,900
Due later than one year and not later than five years	-	46,171	-	46,723	-	47,276
Due later than five years	-	127,510	-	138,857	-	150,204
Total	**-**	**185,581**	**-**	**197,480**	**-**	**209,380**
Less interest element	-	**(58,140)**	**-**	(64,579)	**-**	(71,282)
Present Value	**-**	**127,441**	**-**	**132,901**	**-**	**138,098**

Service elements due in future periods	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Due within one year	-	15,273	-	13,545	-	12,398
Due later than one year and not later than five years	-	57,685	-	53,355	-	49,497
Due later than five years	-	128,886	-	122,887	-	138,045
Total service elements due in future periods	**-**	**201,844**	**-**	**189,787**	**-**	**199,940**
Total Commitments	**-**	**387,425**	**-**	**387,267**	**-**	**409,320**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

21. Capital and other commitments

21.1 Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements are disclosed in the table below.

	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Property, plant and equipment	3,487	133,748	3,811	94,285	1,029	215,018
Intangible assets	978	978	460	460	833	833
	4,465	**134,726**	**4,271**	**94,745**	**1,862**	**215,851**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

21.2 Other financial commitments

The Group has entered into non-cancellable contracts (which are not leases or PFI contracts or service concession arrangements), for the provision of security, facilities management, evaluation and other services.

The payments to which the Group is committed at 31 March are as follows:

	2022-23 Core Department £000	2022-23 Departmental Group £000	2021-22 Core Department £000	Restated* 2021-22 Departmental Group £000	2020-21 Core Department £000	Restated* 2020-21 Departmental Group £000
Not later than one year	1,193	1,193	1,161	1,161	1,180	1,180
Later than one year and not later than five years	2,292	2,292	1,482	1,482	1,948	1,948
Later than five years	-	-	224	224	588	588
	3,485	**3,485**	**2,867**	**2,867**	**3,716**	**3,716**

*The 2021-22 and 2020-21 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

22. Related-party transactions

The following list represents those bodies for which the Department had direct funding responsibility during this financial year. These bodies are regarded as related parties with which the Department has had material transactions during the year. These are mainly payments of grant in aid to the NDPBs. All such transactions have been eliminated during the preparation of these consolidated accounts.

Executive NDPBs

Education Authority
Comhairle na Gaelscolaíochta
Council for Catholic Maintained Schools
General Teaching Council for Northern Ireland
Middletown Centre for Autism
Northern Ireland Council for Integrated Education
Northern Ireland Council for the Curriculum, Examinations and Assessment
Youth Council for Northern Ireland
GMI schools*
VG schools*

Tribunals

Exceptional Circumstances Body

Other public bodies

Middletown Centre for Autism (Holdings) Limited
Strategic Planning and Performance Group (formerly the Health and Social Care Board)

* Note: Other schools, maintained and controlled, were funded via the EA. VG and GMI schools were classified by the Office of National Statistics (ONS) as public sector bodies in 2005, and subsequently sub-classified as NDPBs by the DoF in 2017. A pragmatic approximate approach has been taken in respect of the consolidation of these schools' within the Department's Estimates and Annual Report and Accounts given the impracticality of full consolidation for both the Department and the schools.

The Group has had a small number of transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the DoF, DfE, DoH, the Strategic Planning and Performance Group (formerly the Health and Social Care Board) which is sponsored by DoH, DAERA, DoJ, DfC, DfI, Further Education Colleges, Universities and Libraries NI.

Philip Irwin is Director of the Secretariat to the Independent Review of Education and a close family member is a partner in RSM UK Consulting LLP. During the year ended 31 March 2023 RSM UK Consulting LLP undertook a Review of Childcare in NI that completed in January 2023. They also commenced work on a project entitled "Standardisation of the Pre-School Education Programme" which will continue into the 2023-24 financial year. During the year ended 31 March 2023, the Department paid £118,786.88 to RSM UK Consulting. Philip confirmed that he had no involvement in the decision to award the contracts to RSM UK Consulting LLP.

Paul Corrigan, NEBM of the DE Board and is a volunteer Business Advisor with Young Enterprise NI. During the year ended 31 March 2023, the Department paid £630,605.78 to Young Enterprise NI. Paul confirmed that in his role as a NEBM he had no involvement in the decision for DE to pay a grant to Young Enterprise NI.

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

23. Third-party assets

The Department administers the Endowment and Miscellaneous Trust Funds on behalf of a number of Royal Schools. In addition, the EA is responsible for the administration of trust funds which benefit the pupils of certain schools within its area. These are not Group assets and are not included in the SOFP. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances, and listed securities. They are set out in the table below.

	2022-23 Core Department £000	**2022-23 Departmental Group £000**	**2021-22 Core Department £000**	**Restated* 2021-22 Departmental Group £000**
Monetary assets such as bank balances	32	277	30	261
Listed securities	859	1,329	925	1,396
Total	**891**	**1,606**	**955**	**1,657**

*The 2021-22 Departmental Group figures have been restated owing to the implementation of Review of Financial Process as explained in note 1.27.

The Department also holds legal title to a number of Turbary rights (the right to extract peat) and associated land which is held in Trust. These assets are not included within the

Departmental accounts on the grounds that the legal basis of the trusts involved ensures that the Department cannot obtain economic benefit from these assets.

24. Entities within the Departmental boundary

The entities within the boundary comprise those entities listed in the Designation and Amendment Orders presented to the Assembly. They are:

Executive NDPBs

- Education Authority
- Comhairle na Gaelscolaíochta
- Council for Catholic Maintained Schools
- General Teaching Council for Northern Ireland
- Middletown Centre for Autism
- Northern Ireland Council for Integrated Education
- Northern Ireland Council for the Curriculum, Examinations and Assessment
- Youth Council for Northern Ireland
- GMI Schools
- VG Schools

Non-executive NDPBs

- Exceptional Circumstances Body

Others

- Middletown Centre for Autism (Holdings) Limited

The Annual Reports and Accounts of the above bodies are published separately.

25. Events after the reporting period

There are no events after the reporting period relating to the 2022-23 financial year.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 31 October 2023.

Report of the Comptroller and Auditor General

A. EXCESS VOTE

Purpose of the Report

1. In 2022-23, the Department of Education expended more resource than the Northern Ireland Assembly (the Assembly) had authorised. By so doing, the Department breached the Assembly's control over its expenditure and incurred what is termed an 'excess' for which further Assembly approval is required. I have qualified my regularity opinion on the Department of Education 2022-23 Annual Report and Accounts in this regard.
2. The purpose of this report is to explain the reasons for this qualification and to provide information on the extent and nature of the breach to inform the Assembly's further consideration.

My responsibilities with regard to the breach of regularity

3. As part of my audit of the Department of Education Annual Report and Accounts 2022-23, I am required to satisfy myself that, in all material respects, the expenditure and income shown in the Annual Report and Accounts have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them; that is, they are 'regular'. In doing so, I have had regard to the Supply limits set on expenditure by the Assembly.

Background to the Excess

4. The Assembly authorises and sets limits on expenditure on two bases – 'resources' and 'cash'. Such amounts are set out in the Supply Estimates for which approval and authority is given in the annual Budget Acts Northern Ireland. Total Managed Expenditure (TME) includes resource and capital Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME).
5. In the case of the Department of Education Annual Report and Accounts, AME is provided for the *take up and maintenance of departmental and ALB's provisions and associated non-cash items including … bad debts, impairments, tax and pension costs for the Department, its ALBs and payment of corporation tax.* The expenditure on any legislatively voted control limit must not exceed the amount granted by the Assembly.

Limits

6. The resource limit for AME was set out in the Northern Ireland Main Supply Estimates for 2022-23. The limit on the resource AME was set at £282,301,000 for 2022-23. This limit was authorised in the Budget Act (Northern Ireland) 2022. The breach reported below is against this limit.

Breach of Resource AME limit

7. The Statement of Parliamentary Supply for the Department of Education 2022-23 Annual Report and Accounts shows that resource AME outturn was £289,681,000 which is £7,380,000 or 2.61 per cent in excess of the estimate authorised. It is proposed to ask the Assembly to authorise a further grant of supply from the Consolidated Fund by way of an Excess Vote.

Details and Causes

8. The resource AME breach is an overspend on Gross Expenditure; this overspend was because of higher than anticipated costs for provisions, depreciation and impairments. As

a result the actual outturn for Gross Expenditure for the 2022-23 year is £7,380,000 higher than estimated.

9. A statement of excesses will be brought to the Assembly to seek authority for the excess expenditure of £7,380,000 to be funded by new supply.

10. The Department has told me the excess is primarily attributable to higher than anticipated AME expenditure during the period resulting from:

    - increased provisions due to a higher than anticipated increase of the current service cost in respect of the NI Local Government Officers' Superannuation Scheme reported in the triennial valuation and inflationary factors; and
    - increased depreciation and impairments mainly resulting from the quinquennial revaluation of the education estate by Land and Property Services at 31 March 2023, noting an ageing school estate.

11. The Department further told me that during 2022-23, the lack of clarity in respect of the Budgets and Estimates position, the timing of the LPS quinquennial review of the education estate and actuarial reporting of the impact of inflationary increases, impeded the ability to provide accurate AME forecasts.

Action to be taken by the Department to help prevent a recurrence

12. The Department has put a number of measures in place to mitigate, as far as possible, the risk of future AME overspends including enhanced monitoring of AME forecasts/outturn on a Group wide basis and engagement with DE Group component bodies to alert them to the importance of providing accurate forecasting of AME expenditure.

Conclusion

13. In forming my opinion on the Department of Education Annual Report and Accounts 2022-23, I am required to confirm whether, in all material respects, the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them. On the basis of my findings above, I concluded that net resource outturn of £289,681,000 was in excess of the £282,301,000 authorised by the Assembly resulting in an excess of £7,380,000, and that it was therefore irregular. My regularity audit opinion has been qualified in this respect.

B. Expenditure incurred without proper approvals

1. In addition to forming an opinion on whether the financial statements show a true and fair view, I am required to give an opinion on the regularity of transactions, by considering if the income and expenditure has been applied for the purposes intended by the Assembly and whether the transactions comply with the authorities which govern them. This includes whether any necessary approvals for expenditure had been sought and obtained from DoF.

2. During my audit of DE's 2022-23 financial statements I identified instances where expenditure had been incurred without the necessary approval.

    a) Comhairle na Gaelscolaíochta (CnaG): Expenditure related to three business cases where approvals were not obtained. Expenditure relating to two of the three items has been retrospectively approved whilst discissions are ongoing to resolve the third item.

b) Strule Shared Education Campus (SSEC) construction works: Potential irregular spend required to secure planning permission was identified in July 2023. A business case has subsequently been completed and approved to regularise this spend.

c) A post project evaluation of the SSEC Programme's External Programme Delivery Unit (PDU) business case for External Appointees (3rd Addendum), resulted in associated expenditure being identified as potentially irregular, largely relating to the duties carried out by the Construction Director in relation to the development of the programme Full Business Case. This expenditure has been retrospectively approved by DoF.

3. I note that on page 63 of the Annual Report and Accounts, the Department indicates that it has taken forward a number of measures to prevent recurrence of irregular expenditure and this is an area which will be the subject of ongoing scrutiny by the Department.

4. My regularity audit opinion has not been qualified on these issues because the amounts involved are not material to the financial statements. Nevertheless, it is important that the Department follows due process and that approvals are sought from DoF on a timely basis.

Dorinnia Carville

Comptroller and Auditor General

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31 October 2023

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