



# Annual Report & Accounts 2010/11

# Labour Relations Agency Annual Report And Accounts For The Year Ended 31 March 2011

Laid before the Northern Ireland Assembly  
under Paragraph 15(5) and  
Paragraph 16 (1) of Schedule 4 to the  
Industrial Relations (Northern Ireland) Order 1992  
by the Department for Employment and Learning

30 June 2011

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24 June 2011  
Mr Alan Shannon  
Permanent Secretary  
Department for Employment and Learning  
Adelaide House  
39-49 Adelaide Street  
Belfast  
BT2 8FD

Dear Mr Shannon,

**Annual Report and Accounts of the Labour Relations Agency : 2010-2011**

In accordance with Article 16(1) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992, I have pleasure in submitting the Annual Report and Accounts of the Labour Relations Agency on its activities during the twelve month period ending 31 March 2011.

Yours sincerely,

A handwritten signature in blue ink that reads 'Jim McCusker'. The signature is written in a cursive style with a large initial 'J'.

**JIM McCUSKER**  
Chairman

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# Chapter 1

Mission Statement,  
Equality Statement,  
Core Values



# Mission Statement, Equality Statement, Core Values

## Mission Statement

- The Agency aims to be the leading organisation in Northern Ireland for improving employment relations. We will contribute to organisational effectiveness by providing, on a quality basis, impartial and independent services for promoting good employment practices and preventing and resolving disputes.

## Equality Statement

- The Agency is fully committed to supporting the elimination of all forms of discrimination in employment and to using its services to help secure the objectives of fair employment, equality of opportunity and good relations. As a provider of services the Agency includes equality of treatments as a fundamental principle of good employment relations and best employment practice. As an employer the Agency seeks to ensure that its employment policies, procedures and practices conform to good practice as outlined in the relevant Codes of Practice. The Agency is required, under Section 75 of the Northern Ireland Act 1998, to produce an Equality Scheme. The Agency's Equality Scheme was approved by the Equality Commission for Northern Ireland on 5 July 2001.

## Core Values

- In delivering services the Agency will:
  - be accessible;
  - respond to customer needs;
  - be open and accountable;
  - act promptly; be professional;
  - behave with integrity;
  - maintain confidentiality;
  - respect opinions

# The LRA Board

## 1. Mr Jim McCusker (Chairman)

Mr Jim McCusker was appointed Chairman of the LRA with effect from 1 March 2008. He is a Member of the Public Service Commission. He was former General Secretary of NIPSA and former member of the Northern Ireland Committee and the Executive Council of the Irish Congress of Trade Unions. He is a Member of the European Economic and Social Committee and a former member of Council for Health Regulatory Excellence and Concordia.



## 2. Mr Lyn Fawcett

Mr Fawcett is a Senior Lecturer at the University of Ulster (UU) in Hotel and Tourism Management, and a Member of the Council of the UU Governing Body. Concurrently he is a member of the Board of the Health & Safety Executive. From 2003-2008 he was a board member of Northern Ireland Tourist Board and is currently active in a range of paid and voluntary positions in and around UU, as well as in the Hotel and Tourism Sector. Mr Fawcett is President of the University and Colleges Union in the University of Ulster. His teaching focuses on strategic management, which is applied in consultancy and in running a private self catering business. He has significant experience of employee relations, in advocacy and representing individuals and in negotiating policy and procedures with employers.



## 3. Mrs Brenda Maitland

Mrs Brenda Maitland formerly worked for British Telecom Northern Ireland as Senior Human Resources Business Partner. She is a Member of War on Want Management Council, a Board Member of the Health & Safety Executive NI and a Board Member of Ulster Supported Employment.



#### 4. Mrs Sally McKee

Mrs McKee is currently Honorary Secretary of the Disability Committee of NIC-ICTU and on the Board of Governors of Lakewood Special School and Vice-Chairperson of Glenlola Collegiate School. Mrs McKee was Chairperson of the General Teaching Council NI (GTCNI) 2006-10 and is a past President of the Ulster Teachers' Union and was a Board Member of the South Eastern Education and Library Board from 2004-06. Mrs McKee holds no other public appointments.



#### 5. Dr Trevor Morrow

Dr Trevor Morrow is the Programme Director of the MSc International Business and the Human Resource Management (HRM) subject co-ordinator at the University of Ulster's Department of International Business. His publications have appeared in journals such as The Irish Journal of Management, Personnel Review, Human Resource Management Journal, Long Range Planning, The Journal of Small Business and Enterprise Development, International Review of Entrepreneurship and The Journal of European Industrial Training. He is co-author of Strategic Human Resource Management: Contemporary Issues (Financial Times/Prentice Hall 2007 & 2011). Trevor has undertaken consultancy work/research projects for a range of organisations in the public and private sectors: The Northern Ireland Civil Service, Derry City Council, Shorts Bombardier, Seagate Technology, Abbott Industries, Mivan, Wright Bus, Translink, and Caterpillar. He has chaired/co-chaired three major international conferences. He has been an external examiner at 10 universities in the UK and Ireland. He has also served as an employee representative with the Association of University Teachers. In 2011 Trevor took up a post as a council member/non executive director of the Ulster Cancer Foundation.



## 6. Mrs Patricia O'Farrell (to November 2010)

Mrs O'Farrell was formerly Chair and Vice-Chair of the Northern Committee, Irish National Teachers' Organisation (INTO), a former member of the Northern Ireland Teachers' Council. She is a Council Member of the Council for Curriculum Examinations and Assessment (CCEA).

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## 7. Mr Gordon Parkes

Mr Parkes is HR Director of Northern Ireland Electricity Limited, the electricity networks company owned by ESB and is currently a member of the Employment Affairs Committee CBI (NI) and a member of the Careers, Education, Information, Advice and Guidance Steering group. Previously Mr. Parkes has held the position of Director or Head of Human Resources in a number of companies in the pharmaceutical, textile and engineering sectors and prior to his current role was General Manager Group Human Resources of the Viridian Group Limited. He was Chairman of the NI Textiles and Clothing Training Council from 1998-2001. Mr Parkes holds no other public appointments.

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## 8. Mr Peter Williamson

Mr Williamson is a Panel member of the Northern Ireland Industrial Court, Board member of the Engineering Training Council and Board Member of the Electrical Training Trust. Formerly, he was Irish Regional Secretary of Amicus/Unite Trade Union, Secretary to the Northern Ireland District Confederation of Shipbuilding and Engineering Unions (CSEU) District Committee and Executive Committee, Executive Member of the Irish Congress of Trade Unions and Executive Member of the Northern Ireland Committee of the Irish Congress of Trade Unions.

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## 9. Mr Neal Willis

Mr Willis has recently retired from the post of Director of Corporate Services at Newtownabbey Borough Council, a role which included HR Management. Prior to this he worked as a Senior Consultant, advising employers on employment law and fair recruitment practices, was Regional Manpower Services Manager with the NI Housing Executive and a Conciliation Officer with the LRA.

He now works as an independent consultant in the areas of HR and strategic and business planning.

**Full details of Board Member profiles are provided in the Agency's website:  
[www.lra.org.uk](http://www.lra.org.uk)**





## Chapter 2

Chairperson's Foreword and  
Chief Executive's Overview

# Chairperson's Foreword

Continuing economic uncertainty made it difficult to discern longer term trends in employment relations. As the initial impact of the recession eased there was a decline in the demand for some of the Agency's services, but into this situation we had to factor the programme of cuts in public expenditure embarked upon by the Government at Westminster and progressed through the Assembly in Northern Ireland.

In Northern Ireland where both the public and private sectors are more dependent on public spending, there will undoubtedly be a loss of employment hitting both sectors. While there were varying views on the extent to which the private sector would expand to offset this loss of employment, these circumstances will generate more employment relations problems and will probably lead to more calls on the Agency's services. Consequently the Agency was anxious to re-shape its services to ensure that the cost to the economy of employment relations problems is minimised.

In the difficult scenario referred to above the Review of Dispute Resolution carried out by the Department for Employment and Learning (DEL) had an important contribution to make. Early in the year DEL published the outcome of the Review. Going forward the elements of most importance to the Agency were: -

- The preparation and promotion of a new code of practice on discipline and grievance,
- The availability of a greater range of services for alternative dispute resolution,
- The expansion and promotion of a comprehensive arbitration service,
- The provision of more pre-claim intervention,
- The supply of awareness training in employment relations and
- The enhancement of the Agency's public profile.

By the end of the year work on carrying forward some of these objectives was well advanced, such as the code on discipline and grievance, but the task of carrying forward a number of them was rendered more difficult by indications that the Agency's budget was to be significantly cut over the 4 years starting in April 2011.



A highlight of the year was our conference on "Employment Relations in the New Decade". Trade unions, employers, lawyers and academics were well represented both as speakers and participants. Sessions on the future of employment relations, employment rights, dispute resolution and the public sector were well received.

During the course of the year productive relations were maintained with DEL. In July, consultants, commissioned by DEL, concluded a review of the Agency. While some aspects of the consultants' report gave cause for concern, the Agency Board accepted the thrust of most of their recommendations. Indeed a number of them were reflected in a considerably re-vamped corporate plan submitted to DEL in February 2011.

To husband our resources and to benefit from economies of scale co-operative relations were maintained with the Advisory Conciliation and Arbitration Service, our comparable organisation in Great Britain. In a similar vein we developed contacts with the Labour Relations Commission, our counterpart in the Irish Republic. Internationally we participated in a meeting of national employment relations agencies in October in Washington, United States of America. Other organisations, with which we co-operated to our mutual benefit, included the Office of

Industrial Tribunals and the Fair Employment Tribunal, the Equality Commission, the Industrial Court and the Certification Officer.

The continuing high reputation, which the Agency enjoys is due to the performance of its staff. The Board and the wider employment relations community owe a debt of gratitude to them. I am also grateful to the members of the Agency's Board for the way they have conscientiously exercised the duties placed on them, particularly in the context of the situation where by the end of the year we had one position on the Board vacant for 19 months and another for 4 months.

As we enter into a new term for the NI Assembly the Agency Board believes that it is important to take stock of the employment relations agenda, particularly since our Assembly is the only devolved administration in the UK to have responsibility for employment relations. We do therefore intend to enter into consultations with the social partners and other employment relations practitioners on the way forward for employment relations in Northern Ireland in furtherance of the new economic strategy to be drawn up by the NI Executive.



# Chief Executive's Overview of the Year

The 2010-11 financial year proved a challenging year for the Agency. During the year a total of 26,517 individual employment rights applications were received with Agency staff clearing a total of 33,597 claims. This resulted in a reduced overall carry-over of applications from 15,656 claims into the 2010-11 year to 8,576 claims into the 2011-12 year.

The claims received in 2009-10 included the receipt of 4570 equal pay/sex discrimination cases which amounted to 9140 applications from the NICS. During 2010-11 around 10,000 additional NICS claims were received directly by the Agency. The totality of these claims was dealt with by Agency staff over the 2010 summer period. The underlying trend, setting aside the NICS cases, is marginally down from 1,139 equality jurisdictional applications received 2009-10 to approximately 1,062 applications received 2010-11. Likewise the number of employment related jurisdictional applications received is down from 6,249 received in 2009-10 to 5,723 received in 2010-11.

Thirty six cases were referred to the Agency arbitration section during the year compared with 41 cases in the previous year.

Six collective conciliation cases were carried over from the previous year with 24 cases being received during 2010-11. A total of 27 collective conciliation cases were cleared during 2010-11. No cases were dealt with under the Unfair Dismissal or Flexible Working Statutory Arbitration Schemes.

There remains a widespread interest in the utilisation of alternative dispute resolution (ADR) processes with the credibility of ADR apparently increasing. The DEL Review of Dispute Resolution 2010 has encouraged the further uptake of pre-claim conciliation, mediation and arbitration. It appears that the essential message of the Agency, to resolve disputes as close to source as possible, is being heard.

The promotion of good practice in alternative dispute resolution remains a challenge for the Agency particularly with the opportunities arising from the policy proposals of the DEL Review of Dispute Resolution 2010. During the year the Agency contributed to the DEL Review steering group and further developed discussions with stakeholders on the way forward.

Agency Helpline staff dealt with a total of 27,730 callers, a decrease of 6% from the previous year. Of the callers, 71 had their enquiries dealt with in person via a pre-arranged appointment. Whilst the number of callers has decreased the standard of service has increased with the lost call rate for the year reducing from 37% (2009-10) to 24% (2010-11) and the average waiting time reducing from 3mins 46secs (2009-10) to 2mins 17secs (2010-11). The calls dealt with during 2010-11 generated a total of 53,684 separate enquiries a figure marginally down by 0.3% from the previous year.

In addition Agency staff received 221 advisory cases mainly from micro and small businesses. Thirteen good practice projects were facilitated and 17 workshops were held with 88 organisations attending the workshops.

The Agency delivered 162 good practice seminars with 2,288 individuals attending. The seminar series has had considerable appeal and success. During the year there were 3,953 web downloads per month and 55,374 page views per month.



The Agency has maintained its continuous improvement programme and is preparing to retain the award of IIP. Our financial performance and audit status continues to be sound. Further progress has been made with the implementation of the Agency Information and Systems Strategy. Priority has been given to information security and accreditation. We successfully completed a review and upgrading of our Gordon Street accommodation.

During the year the Agency received the DEL Review of Dispute Resolution 2010 and the DEL Value for Money Review of the Agency. Aspects of the proposals from both reports were addressed during 2010-11 with the introduction and promotion of pre-claim conciliation, the preparation of a Code of Practice on Discipline and Grievance and the commencement of a programme to address the clearer demonstration of the Agency's value for money.





# Chapter 3

Management Commentary  
for the Year ended 31 March 2011

# Management Commentary for the Year ended 31 March 2011

## 3.1 INTRODUCTION

### Background Information

The Labour Relations Agency is an executive Non-Departmental Public Body sponsored by the Department for Employment and Learning established in 1976 under the Industrial Relations (Northern Ireland) Order 1976 and continued by the Industrial Relations Order (Northern Ireland) 1992.

The Agency's accounts have been prepared in accordance with paragraph 15(2) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992 and in accordance with the Financial Reporting Manual (FRoM) issued by HM Treasury and accounting and disclosure requirements issued by the Department for Employment and Learning with the approval of the Department of Finance and Personnel insofar as these are relevant.

### Auditor Details

The Northern Ireland Audit Office has been appointed under statute to examine these accounts and report to the Northern Ireland Assembly on the audit examination. The agreed fees of £7,000 (2010:£8,000) to cover the Labour Relations Agency and the Certification Office are confined to the statutory audit and neither include or permit other services which might diminish auditor independence.

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

### Principal Activities

The Agency's principal activities are to assist employers, employees and their representatives to improve the conduct of their employment relations.

The Labour Relations Agency provides effective, impartial and confidential services to those engaged in industry, commerce and the public services in Northern Ireland, those services including:

- advice and assistance on all aspects of employment relations and employment practices
- comprehensive conciliation and arbitration facilities for resolving both individual and collective matters

This service is available to employers, employers' associations, individual employees, trade unions and other organisations or to individuals who require assistance with any question relating to employment relations or employment matters.

### Certification Officer for Trade Unions and Employers' Associations

Under Article 69(3) of the 1992 Order, the Agency is required to pay the Certification Officer's remuneration and allowances and to provide support services. These costs are reflected in the financial statements.

The Certification Officer's functions are contained in the Industrial Relations (Northern Ireland) Order 1992 (as amended) and in the Trade Union and Labour Relations (Northern Ireland) Order 1995 and the Employment Relations (Northern Ireland) Order 1999. The Certification Officer is responsible for ensuring that Trade Unions and Employers' Associations comply with statutory provisions relating to the regulation of Trade Unions and Employers' Associations.

## 3.2 CORPORATE OBJECTIVES

Deriving from our statutory duties and strategic direction are the Agency's six strategic objectives for the 2010-2013 performance years. Progress on these is as set out below.

### 1 To increase the awareness and accessibility of Agency services to our current and potential customers.

During 2010/11, the Agency continued to promote itself actively by ensuring that launches of new services were publicised in the local press and placing articles which described various aspects of its work in the province. An example of this was a large advertising feature placed in the Belfast Telegraph in the autumn of 2010. Further details of PR activity are in the Management Commentary.

### 2 To expand effective Dispute Resolution practices within the Northern Ireland workforce.

The expansion of ADR<sup>1</sup> services in 2010/11 involved additional advisory workshops, dealing with a very large set of equal pay cases from the NICS and the introduction of a preclaim conciliation service. These are detailed in the Management Commentary.

### 3 To proactively enhance employment relations' good practice throughout the economy.

In terms of employment relations' good practice and referring to the Management Commentary, the Agency continues to issue up to date codes of practice and has substantially increased good practice workshops, in particular, utilising employer premises to enable substantially greater Agency access to businesses in Northern Ireland.

### 4 To ensure that our operational processes are efficient and economic in supporting the delivery of quality employment relations services.

During the reporting period, the Agency has addressed economy by seeking savings in its indirect operating costs. These are as set out in "other expenditure" in the accounts and have reduced from £1,089,880 in 2010 to £1,026,562 in 2011. Furthermore, in compliance with a value for money review carried out in 2010, the Agency is actively looking at the competencies of its Board and Senior Management, considering the potential for obtaining fees for some of its services, developing unit costs, revising its corporate planning mechanisms, seeking measures of its social and economic impact on the province and streamlining its financial reporting to the Board.

### 5 To have engaged and motivated employees with the appropriate balance of skills, knowledge and behaviours to meet operational and management needs.

The Agency continues to foster good employment relations within its own organisation and this year increased the frequency of its JNCC meetings to address emerging stresses emanating from the economic downturn. It has offered significant temporary career development opportunities to its staff and engaged actively in both operational and management training. The Board has met with staff to discuss issues of common interest and to reward staff who have excelled. The Chief Executive has increased the number of face to face briefings held with staff to keep them involved in the corporate planning process and to convince them of the Agency's ongoing stability through the course of the current economic recession.

<sup>1</sup> Alternative Dispute Resolution

**6 To be acknowledged by our stakeholders as being effectively governed and managed to recognised public service standards.**

The Agency continues to develop and refine its corporate governance structure. Board members regularly attend seminars on governance and develop amendments to the structure of governance where necessary. For example, this year, they changed the detail of the risk management framework and the frequency of reporting of the risk register to the audit committee. In the period, the Agency was pleased to receive a “substantial” assurance rating from internal audit with regard to Finance and Management Information. The internal audit of Information Technology which had received a “limited” assurance in the prior year, improved to a “satisfactory” assurance in 2010/11.

**3.3 THE DIRECTORATES**

**3.3.1 ADVISORY SERVICES 2010-2011**

**Advisory Support**

This year the Agency received 221 requests for assistance. Including cases carried forward from the previous year the Agency assisted 270 organisations develop and maintain good practice in employment policies and procedures (274 in the previous year). This involved an Agency officer assisting with the vetting and updating of existing employment policies and procedures to ensure compliance with legislative requirements and to promote good practice. The Agency is of the view that sound policies and procedures are a desirable method of communicating rights and responsibilities in the workplace and form a valuable basis for the working relationship. In addition, sound procedures provide a means for disputes to be resolved in the workplace without the need for recourse to tribunals.

The users of the service reflect the structure of the Northern Ireland economy in that the vast majority

of clients are micro and small organisations in the service sector employing fewer than 50 employees.

In addition, Agency officers regularly vet InvestNI Guides on employment-related matters for accuracy. These guides and self-help tools appear on the INI website [www.nibusinessinfo.com](http://www.nibusinessinfo.com) –Northern Ireland’s online business advice service.

The Agency continues to assist in the preparation of new employment documentation through the provision of advisory workshops. At these workshops practical guidance is given on the preparation of employment documents such as Written Statements of Main Terms and Conditions of Employment, Disciplinary Rules and Procedures and Absence Notification and Certification Procedures. Whilst the workshops are designed primarily to provide participants with the necessary information to draft documentation which complies with statutory obligations and embraces good practice, they also provide an awareness of a range of employment related matters which, in the view of the Agency, enables disputes to be avoided and improves relationships in the workplace.

During the year the Agency held a total of 17 workshops, 9 in the Belfast Headquarters and the remainder in the Regional Office. A total of 88 organisations were represented.

As in previous years, feedback from the participants in the workshops remained very favourable with responses from individuals attending showing that 83 percent considered the workshops to be ‘very good’ and a further 17 percent said they were ‘good’.

As part of its programme of promoting good employment practice and preventing disputes arising in the workplace, the Agency hosted a series of seminars led by experienced Agency staff. To publicise this service the Agency produced a brochure providing details of the



seminars available, and also published this information on its website.

Good Practice seminars were offered during the year as follows:

- Introduction to Employment Law
- Fair Recruitment and Selection
- Handling Discipline and Grievance
- Handling Redundancy
- Legal Implications of Workplace Stress
- Conducting Employment Investigations
- Unfair Dismissal – The Law and Practice
- Bullying in the Workplace
- Managing Absence
- Family Friendly Working Arrangements
- Employment Rights of Migrant Workers
- Understanding Negotiations
- Information Consultation of Employees
- Working Time Regulations
- Annual Review of Employment Legislation

This year the Agency focused on publicising the good practice seminar programme in an effort to expand and enhance employment relations skills and knowledge in the Northern Ireland economy. The Summer, Autumn and Spring events programmes were produced as high quality brochures and widely circulated to targeted audiences. As a consequence of this promotion, while the target for the 2010-2011 year was 54 seminars, the Agency was actually able to deliver a total of 162. The increase was due to the Agency facilitating requests from organisations requesting “in-company” training. The total number of individuals attending the seminars during the year was 2,288, and their response to the presentations continued to be favourable with 63 percent rating the seminars as ‘very good’ and a further 36 percent providing a rating of ‘good’.

The Agency continues to offer a wide range of seminars which are topical and relevant in the current economic climate. The list of seminars is reviewed on a regular basis to ensure that topics identified by our clients through our operational services are included.

In addition to the Agency’s public and in-company seminars, Advisory officers regularly deliver joint seminars on a number of topics with the Equality Commission for NI and the Health and Safety Executive for NI. They also raise awareness of the Agency’s services by contributing to events organised by HM Revenue and Customs. Significant time and effort was devoted during the year to amending advisory documentation, presentations and publications in anticipation of the legislative changes due to be introduced by the Employment Act (Northern Ireland) 2011.

### **The Helpline**

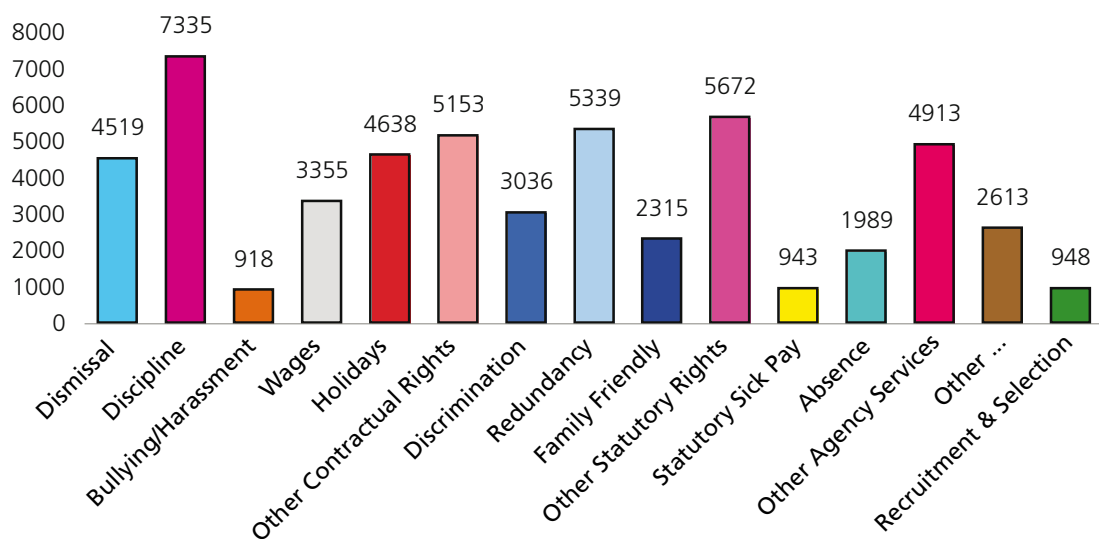
The Helpline is often the first point of contact for users of the Agency’s service and as well as providing an invaluable service for general employment related enquiries is often a gateway for other services that the Agency provides and can also signpost the user to other sources of information or advice. Helpline Advisers have considerable knowledge of employment law and practice and, while they will not give legal opinions, they will provide information and advice to enable employers, employees and their representatives to take informed decisions.

The service is impartial, confidential and free and the Helpline Adviser will, where appropriate, refer the caller to relevant guidance documents to provide further assistance.

During the year ending 31 March 2011 the Agency dealt with 27,730 callers, a decrease of 6% on 2009/2010. Of this total 27,588 contacted the Agency by phone and the remaining 71 had their enquiries dealt with in person via a pre-arranged appointment. Whilst the level of enquiries has decreased the standard of



## ENQUIRIES BY TYPE : 2010- 2011



service provided to customers has improved with a reduction in the annual “lost call” rate from 37% to 24% and average waiting time reduced from 3mins 46 sec to 2mins 17 sec with significant improvements on these averages since November 2010 when all staff in the Helpline were fully trained and operational.

Enquiries vary considerably in their nature and complexity and the calls to the Helpline in 2010-2011 generated a total of 53,684 separate enquiries on a wide range of employment topics. The chart above shows the subject matter covered in the enquiries handled during the year.

As in previous years, approximately 32% of users raised enquiries on behalf of employers and 68% on behalf of employees.

The largest single enquiry subject concerned discipline issues. This accounted for 14% of all enquiries, the same percentage as last year.

This is undoubtedly due to the economic downturn and accompanying job losses and

business reorganisations which continue to take place during the year.

### The Agency’s Website

The usage for the website was 55,374 page views per month and the number of downloads per month was 3,953. These figures are not a direct comparison to figures for previous years as the method of measuring page views and downloads was changed to “page tagging”. (Page tagging is considered to be the most effective and successful method to provide accurate and detailed data on website visitors).

The Agency monitors what documents are downloaded each month and there was an increase during the year for information on:

- redundancy issues such as consultation, selection, payments, variation of contracts, lay-off and guarantee payments;
- disciplinary and grievance issues; and
- managing absence and poor performance.

New information documents placed on the website are based on trends noticed by the Helpline advisors, other advisory services and suggestions by users. During the year the following new advisory publications were added to the website:

- Advisory Guide - Advice on handling discipline and grievances at work [updated to take account of changes which will be made by the Employment Act (Northern Ireland) 2011]
- Joint ECNI/LRA publications
  - Pregnancy and Maternity Rights -The Law and Good Practice- A Guide for Employers
  - Flexible Working - The Law and Good Practice - A Guide for Employers

All advisory publications are regularly reviewed to take account of changes in legislation.

A complete list of Agency publications is set out in Chapter 6.

The Agency events programme was published on the website giving details of content, location and online booking for good practice seminars and advisory workshops.

The Agency continued to update its directory of employment related legislation for 2010/2011

## Codes of Practice

### Code of Practice on Disciplinary and Grievance Procedures

The Agency published a draft Code of Practice on Disciplinary and Grievance Procedures on 6th September 2010 which was issued for a 12 week period of public consultation which ended on 28th November 2010. The draft Code of Practice reflected the proposed new, non-statutory approach to dealing with grievances in the workplace as well as the continuing requirement to comply with the statutory procedures in respect of disciplinary/dismissal situations. There will continue to be consequences in terms of

financial penalties for an employer or an employee at an Industrial Tribunal if they have not followed the minimum discipline and dismissal procedures as required under statute and, in terms of grievances, an Industrial Tribunal can take into account the fact that there was an unreasonable failure to follow the Code by either the employer or employee and thus may financially penalise the employer or the employee.

It was intended that the new Code would replace the current Agency Code of Practice - Disciplinary and Grievance Procedures published in April 2005.

Following responses from the public consultation exercise, the draft Code was laid before the Northern Ireland Assembly on 18th February 2011 and, if approved, was scheduled to come into effect by order of the Department for Employment and Learning on 3rd April 2011.

### Code of Practice on Time off for Trade Union Duties and Activities

The Labour Relations Agency revised its Code of Practice on Time Off for Trade Union Duties and Activities (which includes guidance on Time Off for Union Learning Representatives). This revised draft Code closely follows the Code which was issued by the Advisory, Conciliation and Arbitration Service (ACAS) in January 2010 for use in Great Britain. As well as dealing with all the issues covered in the previous Code, the revised draft Code provides updated guidance on the provision of cover when employees take time off, the training and the importance of e-learning and the responsibilities of line managers and union representatives in ensuring time off arrangements are effective.

The Agency invited comments on the draft Code and the public consultation exercise ended on Friday 6th August 2010. Following this consultation exercise, amendments were made to the draft Code and the amended draft Code was approved by the Board in September 2010 and

forwarded to the Department for Employment and Learning.

It is intended that, once receiving approval by the Department for Employment and Learning the Code will replace the current Agency Code of Practice – Time Off for Trade Union Duties and Activities published in May 2004.

### **Good Employment Practice**

This year the Agency facilitated 16 Good Employment Practice Projects, carrying over 6 from the previous year. Almost all of the project work undertaken this year was for the public and voluntary sectors combining on-going high-profile work and working with migrant and third sector related groups. The Agency continues to facilitate the Department for Employment and Learning's pilot Alternative Dispute Resolution working group and this collaborative working group is steadily moving towards an agreed model for early and effective dispute resolution.

On-going project work also included support to the Northern Ireland Joint Council for Local Authorities regarding the revision of its Constitution, and further roll out of support training within the Education sector in the form of the initiative entitled "Promoting Effective Industrial Relations in Schools" (PEIRS).

The Agency's Good Employment Practice Project areas this year covered: local government – joint management and lay union representative training on the law relating to trade unions; education – facilitating employment relations issues conferences on behalf of trade unions and management staff development bodies; individual schools – post-grievance/dispute agreements on training on how to handle grievances; and, the Police Service of Northern Ireland – on-going facilitation with the Police college on how to handle sensitive grievances. The Agency has also begun working with one of Northern Ireland's largest trade unions by facilitating key

employment relations issues training for full-time officials during 2011.

Agency officers also delivered a number of seminars as part of the PETAL (Progressive Equality Training and Learning) programme. This programme was developed by Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU), the Equality Commission for NI (ECNI) and the Agency. Participants can attend certified training programmes on a range of issues under a number of areas. The Agency is involved in Key Employment and Equality Issues for the Union Representative. The aim of the programme is to equip trade union representatives with the skills and knowledge to promote best practice in the workplace.

A notable additional project undertaken by the Agency was for Belfast City Council and the constituent trades unions. This took the form of facilitated bargaining to produce operating protocols for the Joint Negotiating and Consultative Committee. Other new projects saw the Agency supporting the Department for Employment and Learning in providing a training roadshow for organisations involved in advising migrant workers, and Business in the Community by chairing an Equal Pay Forum for its membership.

Collaboration and close working with ECNI has continued and been enhanced with the addition of new joint working opportunities being identified around the theme of "Recruitment and Recruiting Fairly" and the launch of a jointly authored information e-zine containing updates on developing and topical employment relations and equality issues.

### **Advisory Services Public Relations Initiatives**

In order to raise the profile of advisory services with existing customers and to reach new audiences throughout the province a number of public relations events took place during the year. These included promoting the Helpline during a

series of radio interviews with Agency staff on consumer advice programmes and the design and distribution of a dedicated leaflet promoting the Helpline. Our seminar, workshop and vetting services were promoted at exhibition stands at a number of shopping centres and during business advice days organised by local councils and HM Revenue and Customs. Our services were also promoted at conferences organised by Citizen's Advice Bureau NI, Business in the Community and the NIC-ICTU, through themed articles in business and community magazines and through the local press.

### 3.3.2 CONCILIATION AND ARBITRATION SERVICES 2010-2011

#### Introduction

The resolution of employment relations disputes, whether individual or collective, is the core responsibility of the Conciliation and Arbitration Section. Disputes are resolved through individual or collective conciliation, mediation or arbitration. These services are referred to as third party alternative dispute resolution processes (ADR). They are an alternative to the use of the law or industrial action. The Agency offers these third party services on a voluntary and confidential basis.

The number of individual employment rights of employees and workers has increased significantly over the past number of years. If an individual believes that there has been an infringement of their employment rights they may refer the matter to the Office of the Industrial Tribunals and the Fair Employment Tribunal.

The Agency receives a copy of all the claims to the tribunal offices and has a statutory duty to try to promote a settlement of these claims without the need for a tribunal hearing. In addition, claims may be made directly to the Agency in circumstances where the complainant has not yet made a complaint to a tribunal but could do so. This process of settlement is referred to as

“individual conciliation”. In conciliation a third party conciliator assists the parties to the dispute to come to their own resolution. It should be noted that individuals are not prevented from taking their case to a tribunal hearing if the conciliation process is unsuccessful in settling their case.

Industrial action can occur when a trade union becomes involved in a dispute with an employer about aspects of terms and conditions of employment. It can be noted that the origin of a dispute might lie in the decision of a union to put pressure on the employer's bargaining position, or vice-versa. Wages are an issue that can often come under dispute. Industrial action can take the form of a ‘go-slow’, overtime ban or a strike. This form of dispute is known as a “collective dispute”.

The Agency, with the agreement of both parties, can and does become involved in the process of resolving collective disputes. The participation of the parties in the process of resolution is voluntary. The time taken for the resolution of a collective dispute can vary. It is essentially dependent on the nature and complexity of the dispute itself. In some instances the dispute can be resolved at a single meeting but in other cases a resolution may require a series of meetings over a period of weeks.

When, following conciliation, a dispute remains unresolved, the parties may decide to refer the issues to a mediator or an arbitrator for settlement. In employment relations, mediation is understood as the process whereby a third party may make a recommendation to the parties to the dispute with respect to resolving the issues. Arbitration is the process whereby the arbitrator makes a decision on the resolution of the dispute. The decision is morally, but not usually legally binding on both parties to the dispute. The Agency retains a panel of qualified people to act as mediators or arbitrators in determining such disputes.

## Objectives for 2010-2011

### Provide effective and efficient third party alternative dispute resolution services

- The objective for the overall percentage of claims to go to a tribunal hearing was no more than 20%. The objective has been met with no more than 16% overall of claims going forward to a tribunal hearing. Fixed period claims are dealt with within appropriate timescales.
- Effective management of case load has been achieved.
- An officer is available on a daily basis in the LRA office in OITFET<sup>2</sup> primarily dealing with CMD<sup>3</sup> hearings.
- Another officer is available to deal with requests for assistance from OITFET at very short notice.
- Tribunal days saved data has continued to be analysed.
- Significant preparation work was undertaken in anticipation of the changes to the legislation i.e. the repeal of the fixed period under the Employment Act (NI) 2011. This included the review of Operational Guidelines and outgoing communications. Training of staff on the new rules was also completed.
- Preparation work was also undertaken in anticipation of the launch of pre-claim conciliation. This involved development of operational guidelines and development and implementation of training programmes for staff. A protocol has been developed for pre claim conciliation referrals from the Helpline Service. Preparation work for the launch of the pre-claim conciliation service is also underway and a number of briefing sessions are planned for April. Pre-claim conciliation will also be actively promoted with key agency stakeholders.

- Promotion materials have been reviewed and developed for individual conciliation, collective conciliation, arbitration, mediation and pre claim conciliation. Work is underway regarding the development of promotion programmes.
- A good practice seminar was developed and launched on “Resolving Workplace Disputes”
- A draft comprehensive arbitration scheme to enhance the existing Unfair Dismissal and Flexible Working Arbitration Schemes has been prepared and is awaiting implementation.
- During the reporting period we undertook our largest bulk conciliation to date, circa 10,000 pre-claim conciliations. In year, this has involved holding 31 road shows split over 13 different locations facilitating individual conciliation agreements with each employee. Prior to this significant preparation work was carried out to ensure that such a large scale exercise went smoothly. In addition to the road shows we also facilitated individual meetings including home visits. Extremely positive feedback has been received from the parties concerned.

### Provide effective and efficient arbitration/independent appeal/collective conciliation/mediation services

- Independent Appeal/Arbitration hearings continue to be dealt with promptly.
- Revised Arbitration & Collective Conciliation Operational Guidelines have been implemented in full.
- Mediation Operational Guidelines have been implemented in full.
- Management information is provided on a monthly basis.
- Newly appointed conciliation staff have completed the National Certificate in Workplace Mediation.

<sup>2</sup> Office of the Industrial Tribunal and the Fair Employment Tribunal

<sup>3</sup> Case Management Discussion

- There has been continuing expansion of the mediation service in response to requests and all requests have been dealt with promptly.
- Further mediation training is planned for the upcoming year. This will focus on enhancing existing mediation skills of staff and will focus particularly on dealing with group mediations.
- There has been a significant increase in the number of mediation referrals during the year. Mediation has proved very successful in preserving the working relationship which has benefits for both the employee and employer such as reduced stress, costs in relation to sickness absence, dealing with grievances, disciplinary issues and recruitment.

#### **Review and enhance the Agency's Individual Case Management System (ICMS)**

- Following a review it has been agreed that the current ICMS<sup>4</sup> should be replaced as the technology is out-dated and not fit for purpose. Preparation work has continued in the anticipation of the replacement of ICMS.

#### **Ensure all staff receive appropriate training**

- Team meetings continued and these included learning sessions on aspects of conciliation.
- Staff training - all new staff complete formal training within 6 months. A number of newly appointed staff joined the Conciliation Section during last year and have undertaken a comprehensive training programme.
- Shared learning is a standing item on all team meeting agendas.

#### **Ensure that all steps are taken to improve the effectiveness of individual conciliation services**

- Specific aspects of conciliation practice have been reviewed and changed in order to ensure effectiveness.

#### **Regional Office**

The Regional Office of the Agency is located in Londonderry and is equipped to provide the full range of advisory and dispute resolution services to employers and employees located in the North West of the Province.

Six staff are employed in the Regional Office with two officers dedicated to the resolution of tribunal complaints. During the current reporting year the staff dealt with 560 tribunal cases.

One officer has responsibility for delivering a range of advisory assistance i.e. assisting employers with the development of employment documentation and the delivery of workshops and seminars. During the reporting year 87 employers received assistance with their documentation. In addition 28 organisations attended the 6 workshops held and a total of 56 seminars and 6 talks were delivered on a variety of employment topics.

A Helpline Adviser is based at the Regional Office and the officer forms part of the overall staffing compliment within the Helpline service.

An Employment Relations Manager (ERM) oversees the management of the office and the delivery of services. During the reporting year the ERM dealt or assisted with 5 of the collective cases and 12 of the mediation cases received.

The team are supported by an Administrative Officer who has responsibility for all administrative tasks within the office.

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<sup>4</sup> Individual Case Management System



### Any trends which emerged

During the year under review, relationships were further strengthened between the Agency and OITFET to ensure effective and efficient delivery of services. The Agency has an office within the OITFET building to facilitate conciliation on individual claims. A member of the conciliation team is present on a daily basis.

Meetings were held with the relevant staff in the Department for Employment and Learning and the Office of the Industrial Tribunals and the Fair Employment Tribunal (OITFET). The OITFET continued to review the backlog of claims and have struck out claims where appropriate.

### Individual Conciliation (All claims by jurisdiction other than fair employment)

The Agency's conciliation officers have a high success rate in dealing with claims to the Tribunal. The percentage of claims proceeding to Tribunal in 2010-2011 was 16% and the percentage of claims being either settled or withdrawn was 84%. This represents a slight decrease from 87% in 2009-2010 reporting year.

In 2009-2010 there were 344 cases struck out by OITFET. This reduced to 99 in 2010-2011.

In the year ending 31 March 2011, 26,517 claims other than fair employment claims were received by the Agency. For the year ended 31 March 2010, 16,338 claims were received [see Table 1]. The 26,517 figure includes 21,055 direct requests made to and settled by the Agency. In 2009-2010 the number of direct requests was 1,649. The direct claims made are claims that could have been lodged with the tribunal system but for which, at the time of request to the Agency for assistance, no such lodgement had been made. If the Agency achieves a settlement in these pre-claim cases, then the individuals cannot subsequently submit a claim to a tribunal for the same alleged infringement of employment rights. Included in the claims received are circa 10,000

claims that formed part of a large bulk case which increased the claims in both Equal Pay and Sex Discrimination jurisdictions.

The number of claims dealt with (other than fair employment) in 2010-2011 was 33,597. In 2009-2010 the number of claims dealt with was 8,846. This increase can partly be accounted for by the large bulk case commented on above.

The number of discrimination claims going forward to Tribunal has increased significantly in the year (200 as opposed to 105). The Agency has again reviewed its approach to such claims. In future Conciliation Officers will take a more proactive approach by contacting parties upon receipt of the claim rather than waiting until the case is listed for CMD or CMD proceedings have been issued. Conciliation Officers will also encourage more face to face/joint meetings where it is apparent that there is a need to preserve the employment relationship.

**Table 1:** Individual Conciliation Claims Received and Dealt With (other than fair employment)  
(For comparison, the 2009-2010 figures are given in brackets)

Jurisdiction	Claims Received		Claims Dealt With	
Unfair Dismissal	2,184	(2,911)	2,366	(2,748)
Wages Order	741	(804)	677	(1,297)
Breach of Contract	965	(1,195)	1,104	(867)
Other Employment Rights	1,833	(1,354)	1,608	(3,176)
Equal Pay	10,067	(4,632)	13,527	(79)
Age Discrimination	95	(136)	117	(103)
Sex Discrimination	10,285	(4,886)	13,775	(271)
Disability Discrimination	172	(222)	223	(166)
Race Discrimination	138	(162)	164	(104)
Sexual Orientation Discrimination	23	(19)	19	(19)
Flexible Working	14	(17)	17	(16)
<b>TOTAL</b>	<b>26,517</b>	<b>(16,338)</b>	<b>33,597</b>	<b>(8,846)</b>

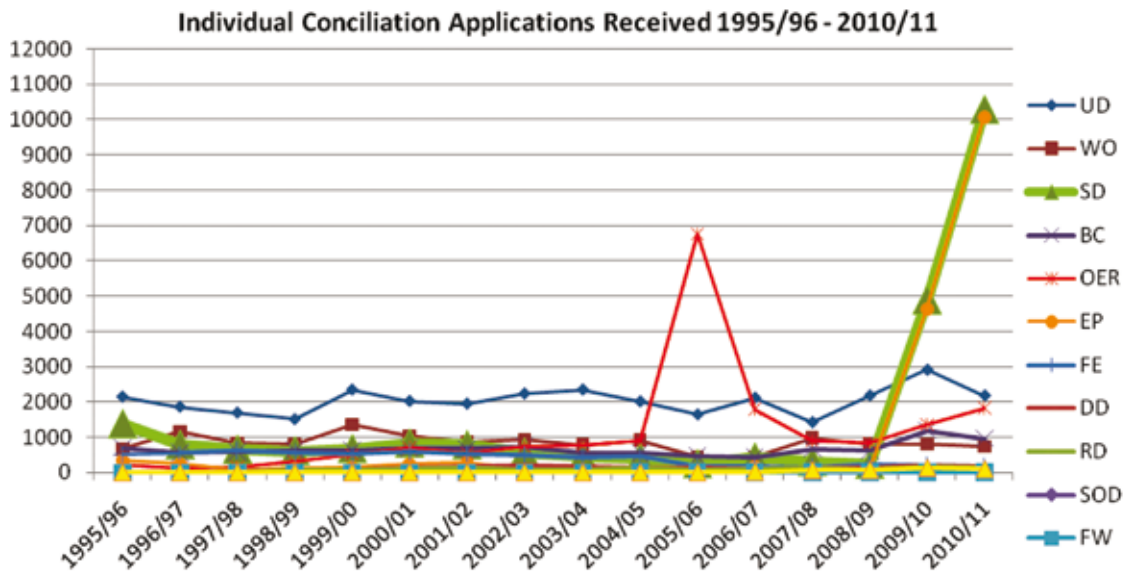


Table 2 (which follows) provides an analysis of the outcome of the 33,597 claims dealt with between 1 April 2010 and 31 March 2011. The number of

conciliated settlements was 22,827 and in 2009-2010 it was 3,893.

**Table 2:** Individual Conciliation Claims Dealt with and their Outcome (other than fair employment)  
(For comparison, the 2009-2010 figures are given in brackets)

Jurisdiction	Settled by Conciliation		Withdrawn During Conciliation		Referred to a Tribunal		Total Claims Dealt With	
Unfair Dismissal	1,668	(2,054)	402	(491)	296	(203)	2,366	(2,748)
Wages Order	268	(571)	222	(618)	187	(108)	677	(1,297)
Breach of Contract	349	(348)	401	(278)	354	(241)	1,104	(867)
Other Employment Rights	334	(671)	813	(1,868)	461	(637)	1,608	(3,176)
Equal Pay	9,950	(8)	3,568	(67)	9	(4)	13,527	(79)
Age Discrimination	38	(34)	62	(57)	17	(12)	117	(103)
Sex Discrimination	10,043	(96)	3,675	(146)	57	(29)	13,775	(271)
Disability Discrimination	86	(61)	105	(91)	32	(14)	223	(166)
Race Discrimination	73	(36)	56	(55)	35	(13)	164	(104)
Sexual Orientation Discrimination	9	(10)	6	(7)	4	(2)	19	(19)
Flexible Working	9	(4)	7	(11)	1	(1)	17	(16)
<b>TOTAL</b>	<b>22,827</b>	<b>(3,893)</b>	<b>9,317</b>	<b>(3,689)</b>	<b>1,453</b>	<b>(1,264)</b>	<b>33,597</b>	<b>(8,846)</b>



The chart above illustrates trends in applications received by year.

*Note: In the above chart the peak shown at 2005/06 for OER<sup>5</sup> is due to a bulk case of 6,183 claims against one employer which had previously been separately recorded but have now been incorporated into the overall figures. Figures without the bulk case would read 588 applications received.*

*The peak at 2008-2009 to 2010-2011 is due to the large bulk claim dealt with during the period.*

### Religious/Political Discrimination (Fair Employment)

The Agency has a statutory duty to promote the settlement of claims relating to complaints of religious and/or political discrimination in the same way as with other employment jurisdictions. Tables 3 and 4 summarise the complaints alleging religious and/or political discrimination received and dealt with by the Agency. The number of claims received in 2010-2011 was 168 and in 2009-2010 the number of claims received was 210.

The number of claims dealt with by the conciliation officers (253) was higher than the number of claims received (168) resulting in a continuing reduction in the backlog. The number of conciliated settlements in fair employment claims in 2010-2011 was 49 and in 2009-2010 the number of conciliated settlements was 62.

**Table 3: Fair Employment Claims Received and Dealt With**

Claims	2010 - 2011	2009 - 2010
Received for Conciliation	168	210
Dealt With	253	249

<sup>5</sup> Other Employment Rights

**Table 4:** Analysis of Fair Employment Claims Dealt With

Claims	2010 - 2011	2009 - 2010
Withdrawn	159	157
To Tribunal	45	30
Settled by Conciliation	49	62
Total Dealt With	253	249

**All Claims Including Fair Employment**

Table 5 above takes into account all the cases dealt with by the Agency, including those arising out of claims made to the Industrial Tribunal, claims made to the Fair Employment Tribunal, and claims made directly to the Agency. It shows the information categorised into claims arising from employment relations based legislation and claims arising from equality based legislation.

Employment relations based legislation covers claims in respect of unfair dismissal, wages order, breach of contract, and other employment rights. Equality based legislation covers claims in respect of equal pay, sex discrimination, fair employment (religious and political discrimination), disability discrimination, racial discrimination, sexual orientation discrimination, flexible working, and age discrimination.

**Table 5:** All Claims Received and Dealt With During 2010-2011 Year

Category	Carried over From Previous Years	Cases Received	Cases Dealt With	Carried Over to 2011-2012
Employment Matters	4,478	5,723	5,755	4,446
Equality Matters	11,202	20,962	28,095	4,069

**Equal Pay for Work of Equal Value**

The Agency maintains a list of independent experts who may be asked by an industrial tribunal to report on whether or not particular jobs are equally demanding. These requests usually arise out of equal pay for work of equal value claims. The members of the Agency’s independent expert panel are listed below:

- Mr W E Deane
- Mr J N McCaul
- Dr O Lundy
- Dr J R Young
- Mr J G Lyttle

### Independent Appeals/Arbitration Requests

During the year under review, the Agency received 36 requests for independent appeals/arbitration. The sources of these requests are outlined in the table below:

**Table 6: Request for Independent Appeals/Arbitration**

Source of Requests	No. Received
Teaching Sector of Education Service	17
Non-Teaching Sector of Education Service	1
Board Officers of Education Service	4
Procedures agreed within local Government	1
Further Education Sector	6
Public Bodies/Voluntary	5
PSNI <sup>6</sup>	2
Subject of Requests	
Grievance	9
Grading/Job Evaluation	1
Harassment	5
Interpretation of Agreement	1
Redundancy	9
Discipline/Dismissal	11

The 36 requests received when combined with the 13 cases brought forward from the previous year amounted to a caseload of 49 independent appeal/arbitration cases. Independent appeal chairs/arbitrators from the list of qualified people retained by the Agency were appointed to hearings and decisions were issued in 22 cases. A total of 11 cases were withdrawn, 1 was dealt with by conciliation and in total 34 cases were cleared during the year. Fifteen requests have been carried forward into the 2011-2012 year.

<sup>6</sup> Police Service of Northern Ireland

Table 7 shows the independent appeal/ arbitration cases received and dealt with from 1996/97 to 2010/11.

**Table 7: Arbitration Cases Received and Dealt With 1996-2011**

Year	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Cases brought forward from previous year	2	14	8	19	18	21	12	18	8	11	16	22	21	14	13
Cases received in year	44	34	36	29	39	32	35	24	19	35	36	42	24	41	36
Total cases in hand	46	48	44	48	57	53	47	42	27	46	52	21	45	55	49
Cases dealt with	31	36	20	14	25	37	22	24	10	19	18	35	23	27	23
Cases withdrawn	1	4	5	16	11	4	7	10	6	11	12	8	8	15	11
Cases carried forward into next year	14	8	19	18	21	12	18	8	11	16	22	21	14	13	15

Independent appeals, arbitration and mediation remain effective means of resolving difficult disputes. The Agency is encouraging employers and trade unions to review internal procedures with a view to formally incorporating, where appropriate, independent appeal, arbitration and/or mediation as alternatives to pursuing industrial action or taking legal proceedings.

### Statutory Arbitration Schemes

The Agency's Statutory Arbitration Scheme for the Resolution of Unfair Dismissal Disputes offers an alternative to using the Industrial Tribunal. It became operational on 28 April 2002.

The Agency's Statutory Arbitration Scheme for the Resolution of Flexible Working Disputes was approved by the Board of the Agency and submitted to DEL. Approval by DEL was granted in May 2006.

An extensive range of documentation to support both schemes is available and has been circulated widely to relevant organisations and individuals. These publications are also available on the Agency's website or on request from the Agency.

It is normal practice that all complainants, respondents and their representatives for cases of alleged unfair dismissal or flexible working disputes are sent appropriate documentation on the relevant Scheme with their first contact letter from their allocated conciliation officer. This ensures that all relevant parties are fully informed about the Schemes as early as possible. No cases were heard under either statutory scheme during the 2010-2011 year.

### Appointment of Independent Appeal Chairs/Arbitrators/Mediators

The Agency retains a list of qualified people who are prepared to act as independent appeal chairs, mediators or arbitrators.

Single chairs, arbitrators or panels are appointed by the Agency after consultation with the parties to each dispute. A panel consists of an independent person in the Chair, a person to represent employer interests and a person to represent employee interests.

There is a preference for single chairs/arbitrators in the private sector, but most procedural agreements in the public sector provide for panels of arbitration to determine disputes. In the education sector, panels of arbitration are referred to in the agreed procedures as Independent Appeals Committees. These procedures require the Agency to appoint the Chairperson only and each party nominates its own panel member to serve on each Committee.

Occasionally parties will agree to refer a dispute to mediation. In such cases a single mediator is appointed by the Agency, after consultation with the parties, to make recommendations for a resolution.

The Agency has also been providing a mediation service to the teaching sector of the Education Service under their Bullying and Harassment Procedures. This service is a welcome addition to the range of ADR options available.

The Agency also occasionally nominates individuals from its panel of arbitrators to facilitate parties who wish to make their own private arbitration arrangements.

### Collective Conciliation

Collective disputes can arise in a number of ways, most commonly when an employer and a trade union are in dispute over pay and/or conditions of employment, trade union activities, discipline, redundancy or dismissal. The Agency has a statutory role to provide assistance to parties involved in such disputes. Article 96 of the Industrial Relations (Northern Ireland) Order 1992 defines, in comprehensive terms, the meaning of a trade dispute for the purpose of conciliation.

The Agency received 24 new requests for conciliation in trade disputes in the year under review. The number of requests received was a slight decrease on the number received in the previous year. In total 27 cases were dealt with during the year under review. There has been a reduction in the number of collective conciliation cases carried forward into the following year.

An analysis of the cases received and dealt with compared to the previous year, is shown in Table 8.

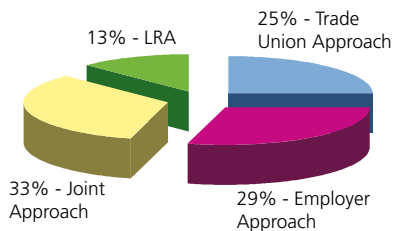
**Table 8: Collective Conciliation Cases Received and Dealt With**

Cases	2010 - 2011	2009 - 2010
Brought forward from previous year	6	7
Received for conciliation	24	27
<b>Total</b>	<b>30</b>	<b>34</b>
Dealt with during the year	27	28
Carried forward to following year	3	6

The Agency may receive requests for assistance from either of the parties or may actively contact the parties to a dispute to offer assistance. Table 9 shows the sources of requests for assistance.

**Table 9:** Sources of Requests for Collective Conciliation

	2010 -2011	2009 -2010
Trade Union Approach	6	6
Employer Approach	7	12
Joint Approach	8	7
LRA	3	2
Industrial Court	0	0
<b>Total</b>	<b>24</b>	<b>27</b>

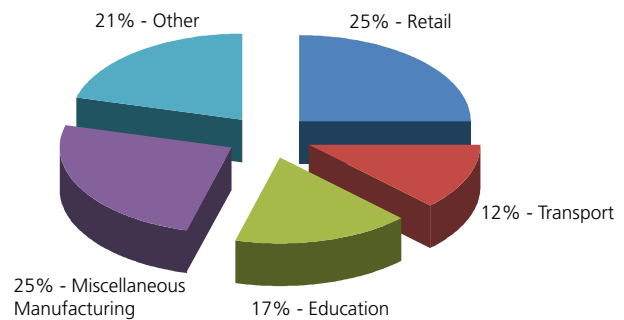


The sectors with the largest number of disputes were manufacturing and retail– see Table10.

**Table 10:** Collective Conciliation Cases Received by Industry Classification

Type of Industry	Cases Received
Retail	6
Transport	3
Education	4
Miscellaneous Manufacturing	6
Other	5
<b>TOTAL</b>	<b>24</b>

**Cases Received**



The majority of requests for assistance are resolved relatively quickly. It is important to note that the collective conciliation officers are available at all times to assist in the resolution of trade disputes. Involvement of the Agency at the earliest possible stage of a trade dispute will generally lead to a quicker resolution of the issues in dispute between the parties.

At year end 3 cases were still the subject of ongoing collective conciliation assistance.

There have been a number of disputes in which the Agency has given advice to the parties and where the disputes have been subsequently resolved without the parties seeking formal conciliation assistance from the Agency.

The Agency is proactive in respect of contacting parties to known disputes at the earliest stage possible in order to offer assistance and in this year the Agency initiated conciliation on five occasions.

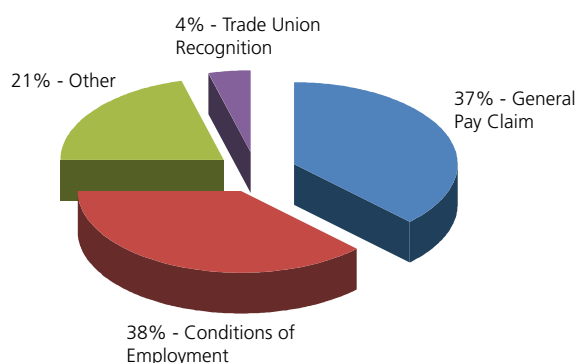
The majority of the disputes have involved pay and conditions of employment.

Table 11 provides information on the nature of the disputes in the year under review.

In respect of mediation the Agency are now listing these separately in Table 12.

**Table 11: Nature of Disputes**

	2010 - 2011	2009 - 2010
Conditions of Employment	9	5
General Pay Claim	9	8
Other	5	12
Trade Union Recognition	1	1
Teacher Grievances	0	1
<b>Total</b>	<b>24</b>	<b>27</b>



**Table 12: Mediation Cases 2010-2011**

Mediation	No of cases
Brought Forward from previous year	4
Received in period	52
<b>Total</b>	<b>56</b>
Cleared in period	36
Carried forward to following period	5
Stayed	0
Withdrawn	13
Pre Claim Conciliation	2

Many of the referrals received for mediation are complex interpersonal disputes. Mediation has proved to be a highly successful way of dealing with interpersonal disputes within the workplace and in most cases it has helped to preserve and repair the working relationship. Where the working relationship proves to be beyond repair then other services such as pre-claim conciliation can be utilised. Not all cases referred are suitable for mediation. Where suitability for mediation is a concern this is discussed with the parties involved before the case is withdrawn.

### 3.3.3 CORPORATE SERVICES

In the management of finance, the Agency took cognisance of value for money issues arising from the (Department for Employment and Learning) DEL Review of Value for Money in the Agency. In line with the objectives of this review, the Finance Section developed a unit cost model and populated it with initial figures. Also in line with the Review, Board reports on financial performance are now derived directly



from the finance computer system. The Agency was pleased to receive a “substantial” assurance rating from internal audit with regard to Finance and Management Information.

The internal audit of Information technology which had received a “limited” assurance in the prior year, improved to a “satisfactory” assurance in 2010/11. This was due to the implementation of a remote location disaster recovery facility and a considerable strengthening of controls and procedures in relation to computer security.

A significant improvement in the Agency’s premises was achieved through further renovations to the headquarters building. The construction of adjoining doors on all of the floors of the building has enabled the provision of an extended suite of meeting rooms for clients for seminars and dispute resolution purposes. This has required a considerable relocation of Agency staff.

Human Resources/Personnel was dominated by staff consultation issues arising from the relocations mentioned in the previous paragraph. This required a considerable up-gearing of communication to all members of staff through the union. Towards the end of the year, a similar level of communication was required to keep staff abreast of the implementation of the 2009 pay settlement. In the period, the Agency was informed that DFP approval had been obtained for four additional posts which were in its Helpline and for support in information technology and corporate compliance. In the period, the Human Resources (HR) section filled all establishment posts. They also developed a HR Strategy which ran alongside the corporate planning process and implemented a significant training programme which included professional mediation training for operational officers and training for managers at both senior and middle management tiers.

## 3.4 BODY CORPORATE

### Pension Liabilities

Details of how pension liabilities are treated in the accounts are given in the Remuneration Report which follows and note 2(b) to the accounts.

### Results for the Year

The results of the Labour Relations Agency and the Certification Officer for Northern Ireland are set out in detail in the Net Expenditure Account. The Net Expenditure for the year was £3,515,712 for the Agency and £174,189 for the Certification Officer, totalling £3,689,901 (prior year: Total Net Expenditure of £3,491,022).

At the beginning of the financial year, the Agency was allocated £3,745,000 grant-in-aid of which £280,000 had been received prior to the start of the year. In February 2011, the Department implemented a surrender of £200,000 by the Agency. Furthermore, at the year end, implementation of the 2009 pay settlement for staff remained pending; in consequence, £155,000 was not requested by the Agency. This resulted in the net grant being recorded in the accounts as £3,745,000 minus £280,000 minus £200,000 minus £155,000 coming to a net funding received in the period of £3,110,000.

### Going Concern

The LRA operates as a going concern, in spite of significant net current liabilities at the year end. The liabilities relate mainly to £293,028 [the pay accrual]. The LRA is financed by funding from the Department for Employment and Learning. The 2011/12 funding has been approved by the Department.

### Plant Property and Equipment:

Details of the movement of these assets are set out in Note 4 to the accounts.

### Important events occurring after the year end:

There have been no significant events since the year end which would affect these accounts.

**Charitable donations:** No charitable donations exceeded £250.

### Payment to Suppliers

The Labour Relations Agency 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 goods or services, or presentation of a valid invoice or similar demand, whichever is later. A more recent addition to the Code from December 2008 onwards is the requirement to make payment within 10 days of the receipt of goods or services, or presentation of a valid invoice or similar demand, whichever is later.

Annual out turn for payments to suppliers was 94% within 30 days and 51% within 10 days (compared with prior year figures of 89% {30 days} and 34% {10 days}).

### Personal Data Related Incidents

No such incidents occurred in the period.

### Sickness Absence

Percentage absence was 5.3% (against a 4.5% target and a prior year average, also 5.3%) for the year. Taking the number of available days per member of staff as being 224, the number of days lost to sickness per member of staff in 2010/11 was 11.8 days. The Agency is taking measures in terms of strengthening procedural controls and encouraging the health and well being of staff to improve on these figures.

### Research and Development

The Agency, along with all public sector organisations, is being challenged to demonstrate value for money. Previous work commissioned by the Arbitration Conciliation and Advisory Service in Britain examined the economic impact of its services. This economic impact dealt solely with short- term economic impact as opposed to the inclusion of impact created over the longer term.

The Agency took the view that its activities are intended to have a longer term impact and looked for a methodological approach to account for both the economic and potential social impacts of its services. Social Return On Investment (SROI), developed from social accounting and cost benefit analysis, provided such an approach in that it is a framework for understanding, measuring and managing the outcomes of an organisation's activities. Accordingly, during the year, the Agency tendered for and commissioned a scoping study to determine the feasibility of adopting SROI methodology to demonstrate the value for money of the Agency's employment relations services. The results of this scoping study are being considered as part of the Agency's value for money strategy.

### Corporate Promotional Activities

The Agency held a seminar on 13 May in the Hilton Hotel with the objective of stimulating discussion amongst its stakeholders in relation to the Department for Employment and Learning's consultation on dispute resolution in the province. There were approximately 95 attendees representing the public sector, trade unions and the private sector. A high degree of engagement was evident at the meeting and the Agency's Board gained useful insights which enabled it to firm up on its strategic position in this area.

In September, the Agency held a conference on: "Employment Relations in the New Decade". The conference stimulated a wide ranging debate on how Northern Ireland might be made a world-class place to work. The key drivers of this debate were the devolved power of the Assembly and the evolving framework for dispute resolution as it applies in the Northern Ireland context. Keynote addresses were from Terence Brannigan of the CBI (NI) and John Monks, General Secretary, ETUC<sup>7</sup>.

<sup>7</sup> European Trade Union Confederation

Ed Sweeney, Chairman of ACAS was guest speaker at the LRA Public Board Meeting in October 2010. His talk, attended by approximately seventy people from an employment relations background, centred on the role which organisations such as the ACAS and the LRA might have in influencing government, employers and trades unions when it came to brokering acceptance of difficult economic decisions in the current period of severe budget constraint.

The Agency continued to take promotional stands at events where it believed the time and expense involved is justified by its promotion to clients. Typical of this type of activity would have been an Agency stand at the Big into Baby Show in October 2010.

In November, the Agency placed a large promotional insert which described its work in the Belfast Telegraph which had a circulation of 69,859. Based on feedback from some of the Agency's key stakeholders, this had a very high impact on the readership. During the course of the period, the Agency placed various smaller articles on employment relations in the press and journals.

### Environmental and Social Matters

The Agency has continued to demonstrate its commitment to reducing its carbon footprint particularly following the introduction of recycling initiatives implemented in September of 2009. The materials recycled by the Agency included paper, cardboard, plastics, cans, cartridges, and electronic multi-media devices. All materials were recycled in accordance within legislative requirements, were measured and quantifiable. Our Statutory Duty of Care to comply with waste transfer and disposal through licensed waste carriers was fully complied with. During the period January – December 2010 we successfully diverted 8215 kilos of cardboard, paper, cans and plastics from landfill.

### Employee Involvement

Information is provided and consultation undertaken with employees through day-to-day contact, regular section briefings, notice boards and staff circulars. The Agency and the recognised trade union NIPSA<sup>8</sup> have in place a Joint Negotiating and Consultative Committee which meets quarterly and on an "as and when basis".

### Equality Statement

The Agency is fully committed to supporting the elimination of all forms of discrimination in employment and to using its services to help secure the objectives of fair employment and equality of opportunity and good relations. As a provider of services the Agency includes equality of treatment as a fundamental principle of good employment relations and best employment practice. As an employer the Agency seeks to ensure that its employment policies, procedures and practices conform to good practice as outlined in the relevant Codes of Practice.

The Agency continues with its obligations laid out in its Equality Scheme (approved July 2001). The Agency has developed a broad brush approach to the definition of what are "policies" within the definition of Section 75 and aims to ensure that all of the operational decisions introduced under its control are screened.

The Agency reviews content of its training plan on an annual basis to ensure that any training refresh on equality matters is included. The Agency continued its participation in the Race Forum Migrant Workers Thematic Sub Group (MWTSG) and its Enforcement Working Group. This allows the Agency to contribute to the Migrant Worker Strategy and Action Plan and to develop a joint training plan with the Equality Commission in the context of employment rights, rights to

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8 Northern Ireland Public Service Alliance

work based on country of origin, and methods of enforcement. The Board holds an annual joint meeting with the Equality Commission to compare areas where fresh joint initiatives may be viable or to clarify their policies to ensure a maximum degree of synergy.

### Employees with a Disability

The policy of the Agency in relation to those with a disability is to ensure compliance with the spirit and purpose of related legislation and the requirements set out in relevant Codes of Practice. The detail of the Agency's policy is set out in the Agency's Equal Opportunities policy.

### Board Members

Board membership and members' benefits are detailed in the Remuneration Report. Board arrangements and sub-committees are further described in the Corporate Governance section. All of the Board are non-executive members.

Between the end of the financial year and the date on which these accounts were issued there were no changes to the composition of the Board.

**Board members' interests:** An up to date register of Board members' interests is maintained by the Chief Executive, as Accounting Officer, and is available for inspection at the Agency's head office, 2-16 Gordon Street, Belfast, BT1 2LG.





# Chapter 4

Remuneration Report  
for the Year Ended 31 March 2011

# Remuneration Report for the Year Ended 31 March 2011

## Remuneration Policy

As an NDPB, members of staff of the Labour Relations Agency are not civil servants. However, staff of the Agency, whether on permanent or temporary contract, are subject to levels of remuneration and terms and conditions of service (including superannuation) within the general NICS pay structure as approved by the Department and DFP.

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a freeze on senior pay in respect of 2010/11 and 2011/12 pay awards, in line with the Executive's decision in Budget 2011-15 to mirror the UK Coalition Government's commitment to impose pay restraint.

The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of NICS Permanent Secretaries pay in line with the annual pay strategy as approved by the Minister of Finance and Personnel. The freeze on pay in 2010/11 and 2011/12 also applies to Permanent Secretaries.

The pay system in place for senior civil servants in the Northern Ireland Civil Service is currently under review.

Only one member of staff, the Chief Executive, works in alignment with Senior Civil Service pay and conditions.

## Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org)

## Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials of the Agency.

## Remuneration (Audited information)

Board members	2010/2011 Salary £000	Benefits in Kind (to nearest £100)	Bonus Payments	2009/2010 Salary £000	Benefits in Kind (to nearest £100)	Bonus Payments
Mr J McCusker	20-25	Nil	Nil	20-25	Nil	Nil
Mrs P O'Farrell - term of office ended on 30 Nov 2010	5-10	Nil	Nil	5-10	Nil	Nil
Mr P Williamson	5-10	Nil	Nil	5-10	Nil	Nil
Mrs B Maitland	5-10	Nil	Nil	5-10	Nil	Nil
Mr W R Ward - term of office ended on 30 Sept. 2009	-	Nil	Nil	0-5	Nil	Nil
Ms J A Clarke – term of office ended on 30 Sept. 2009	-	Nil	Nil	0-5	Nil	Nil
Mrs N Heaton – term of office ended on 31 May 2009	-	Nil	Nil	0-5	Nil	Nil
Mr T Morrow	5-10	Nil	Nil	5-10	Nil	Nil
Mr S L Fawcett	5-10	Nil	Nil	5-10	Nil	Nil
Mr N Willis	5-10	Nil	Nil	5-10	Nil	Nil
Mr G Parkes	5-10	Nil	Nil	0-5	Nil	Nil
Mrs S McKee	5-10	Nil	Nil	0-5	Nil	Nil
Management						
W Patterson Chief Executive & highest paid employee	75-80	Nil	Nil	80-85	Nil	*
P Holloway	45-50	Nil	Nil	45-50	Nil	Nil
D McGrath	50-55	Nil	Nil	50-55	Nil	Nil
G O'Neill	50-55	Nil	Nil	50-55	Nil	Nil

\*A bonus relating to performance of the Chief Executive in 2007/2008 of £5,640 has been accrued in the 2010/11 accounts.



## Salary

'Salary' includes gross salary; performance pay and overtime. The Agency makes no other payments to Board members or staff other than expenses, travel and subsistence.

## 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 benefits in kind paid to any member of staff or to members of the Board of the Agency.

## Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2010-11 relate to performance in 2010-11 and the comparative bonuses reported for 2009-10 relate to the performance in 2009-10.

## Pension Benefits (Audited information)

Chairman/Officials	J Mc Cusker £	W Patterson £	P Holloway £	D McGrath £	G O'Neill £
Pension increase at 31/03/10 – 31/03/11	0-2,500	0-2,500	(0-2,500)	(0-2,500)	0-2,500
Lump sum increase at 31/03/10 – 31/03/11	-	0-2,500	(0-2,500)	(0-2,500)	0-2,500
Accrued pension at 31/03/11 or date of leaving	0-5,000	25,000 -30,000	20,000 -25,000	20,000 -25,000	15,000 -20,000
Accrued lump sum at 31/03/11 or date of leaving	-	85,000 -90,000	60,000 -65,000	65,000 -70,000	50,000 -55,000
CETV @ 31/03/11 or at date of leaving (to nearest £k)	29	662	463	509	411
CETV @ 31/03/10 or at date of leaving (to nearest £k)	19	614	431	498	389
Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)	9	1	(2)	(2)	2

\*\*\* The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

## Northern Ireland Civil Service Pension Arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the CPI. For 2011, public service pensions will be increased by 3.1% with effect from 11 April.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum

(but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. Further details about the CSP arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their

total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. 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) (Amendment ) Regulations 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.

The actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31/03/10 will not be the same as the corresponding figure shown in last year's report.

## 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.

## Compensation for loss of office

No members of staff leaving the Agency in 2010/11 received compensation for loss of office.



Chief Executive

24 June, 2011  
Date



# Chapter 5

## Corporate Governance

# Corporate Governance

The arrangements for corporate governance can be summarised as follows.

The Board of the Agency has a full membership of 10 non-executive members including the Chairman, Mr Jim McCusker. All of the Board members are independent. During the year, there were two vacancies which meant that only eight members were in place to conduct business. The Board held 11 meetings in 2010/11.

The Board has an Audit Committee chaired by Peter Williamson, other members being Trevor Morrow, Lyn Fawcett and Gordon Parkes. The Audit Committee met formally on 3 occasions in 2010/11. This committee focuses on corporate governance and the management of risk. The spring meeting concentrates on internal audit matters. The summer meeting reviews the draft accounts and the autumn meeting focuses on the risk register, the Committee's terms of reference and general corporate governance issues.

The terms of reference of the Board's Audit Committee keep pace with HM Treasury's Audit Committee Handbook (presently March 2007 edition) which is updated from time to time.

There is also a Personnel and Finance Sub Committee of the Board chaired by the Chairman of the Board, other members comprising Patricia O'Farrell (to November 2010), Brenda Maitland, Neal Willis and Sally McKee. This committee met formally 3 times in the year. Its function is to focus in greater detail on the finance and personnel issues which are presented to the Board on a bi-monthly basis throughout the year. This sub-committee also conducts the Chief Executive's appraisal.

Members of the Board are appointed under the Offices of the Commissioner for Public Appointments Regulations administered through the Agency's sponsoring Department, Department for Employment and Learning (DEL).

Each Board member received an annual performance appraisal which included a written assessment of their effectiveness on the Board which is returned to DEL.

All Board members are non-executive and have the following roles:

- provide leadership of the Agency within a framework of prudent and effective controls which enable risk to be assessed and managed;
- set the Agency's strategic aims, ensuring that the necessary financial and human resources are in place for it to meet its objectives;
- review senior management performance; and
- set the Agency's values and standards and ensure that its obligations to its stakeholders and others are understood and met.

Therefore, activities of the Board as non-executives have the following key components:

## **Strategy:**

Challenging constructively and contributing to the development of strategy.

## **Performance:**

Monitoring the performance of management in meeting agreed goals and objectives, and monitoring the reporting of performance.

## **Control:**

Obtaining assurance that financial and operational information is accurate and that financial and operational controls are robust and defensible.

## **Risk:**

Establishing the Agency's appetite for risk and ensuring that systems for risk management are effective.

By statute, the Labour Relations Agency is required to pay the Certification Officer's remuneration and to provide support services. The Certification Officer is supported fully by staff from the Labour Relations Agency. As the objectives and function of the Certification Officer are fundamentally different from those of the Agency, this support is provided through a Memorandum of Understanding / Service Level Agreement (MOU/SLA).





# Chapter 6

LRA Publications



# LRA Publications

## Corporate matters

- Annual Reports and Accounts
- Annual Review
- Board Minutes
- Corporate Plans
- Customer Complaints Procedure
- Disability Action Plan
- Draft Communications Policy for Consultation
- Finance & Personnel Sub-Committee meetings
- Labour Relations Agency Publication Scheme
- National Fraud Initiative Notice
- Recruitment Selection and Transfer Procedure
- Senior Management Team Minutes

## Advice and Guidance on Employment matters

- Advisory Guides
  - Collective Dispute Resolution
  - Advice on agreeing and changing contracts of employment
  - Advice on handling discipline and grievances at work
  - Advice on handling redundancy
  - Advice on managing absence from work
  - Advice on Managing Poor Performance
  - Advice on recruitment, selection and induction.
  - Advice on Conducting Employment Investigations

- Codes of Practice
  - Disciplinary and grievance procedures -3rd April 2005
  - Disciplinary and grievance procedures - 3rd April 2011
  - Time off for trade union duties and activities
  - Disclosure of information to trade unions for collective bargaining purposes
- Disciplinary and Grievance Procedures - Sample letters and Flowcharts
  - Sample letters
  - Flowcharts
- Joint ECNI/LRA publications
  - Harassment and Bullying in the Workplace
  - Pregnancy and Maternity Rights -The Law and Good Practice- A Guide for Employers
  - Flexible Working - The Law and Good Practice - A Guide for Employers
- Self Help Guides
  - Preparing a written statement of main terms and conditions of employment
  - Sample written statement of main terms and conditions of employment
  - Preparing an absence notification and certification procedure
  - Preparing a grievance procedure
  - Preparing a disciplinary procedure

- Information Notes
  - No.1 Employee grievances
  - No.2 Disciplinary matters
  - No.3 Holidays and holiday pay
  - No.4 Sickness absence notification and statutory sick pay
  - No.5 Temporary lay-off and short-time working
  - No.6 Transfer of Undertakings (Protection of Employment) Regulations 2006
  - No.7 Deductions from wages by employers
  - No.8 Federations, associations and other organisations of employers
  - No.9 Trade unions and other employees' associations
  - No.10 Chairpersons & members of statutory bodies
  - No.11 Time Off - Rights and Responsibilities
- Information on the rights of workers in Northern Ireland
  - Latvian
  - Lithuanian
  - Polish
  - Portuguese
  - Slovak
  - Cantonese
  - Russian
  - Tetum
- Occasional papers
  - Review of Developments In Employment Law 2008-09
  - An Examination of Recent and Likely Future Developments in Employment Law in Northern Ireland
  - New Developments in Public Sector Pay Setting
  - The Changing World of Work - Key Issues for Northern Ireland - Conference Proceedings
  - Developments in employment law in Northern Ireland
  - Review of employment law 2006-2007
  - The Northern Ireland labour market 1977-2007: then, today and tomorrow
  - Employment relations in Northern Ireland – Co-operation or Confrontation?
- Dispute Resolution Matters
  - Pre-Claim Conciliation Explained
  - LRA Arbitration Schemes
  - Proposals of the Labour Relations Agency for improving the resolution of disputes
  - LRA response to DEL review of the NI employment dispute resolution system





Financial Statements  
of  
The Labour Relations Agency  
and  
The Certification Officer  
For Northern Ireland

31st March 2011



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# Statement of the Agency's and Chief Executive's Responsibilities

## Background information

The Labour Relations Agency is an executive Non-Departmental Public Body sponsored by the Department for Employment and Learning established in 1976 under the Industrial Relations (Northern Ireland) Order 1976 and continued by the Industrial Relations Order (Northern Ireland) 1992.

Under paragraph 15(2) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992 the Agency is required to prepare a statement of accounts in the form and on the basis determined by the Department for Employment and Learning, with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, statement of change in reserves and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- observe the accounts direction issued by the Department for Employment and Learning, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Labour Relations Agency will continue in operation.

The Accounting Officer of the Department for Employment and Learning has designated the Chief Executive of the Agency as the Accounting Officer. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officer's Memorandum (Chapter 3 – Managing Public Money Northern Ireland), issued by the Department of Finance and Personnel.

# Statement on Internal Control

## 1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Labour Relations Agency's policies, aims and objectives, whilst safeguarding the public funds and the Agency's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money (NI).

The Labour Relations Agency is an independent executive Non Departmental Public Body established by statute. The Agency's Board establishes strategic direction and monitors organizational performance. The Chief Executive through the Senior Management Team directs the work of the Agency. The Chief Executive is the Organisation's Accounting Officer and is not a member of the Board. There is a comprehensive reporting and accountability system provided through the Board and Management Team and also through quarterly accountability meetings with the Agency's sponsor, Department for Employment and Learning (DEL). Checks and balances are provided by Internal and External Audit and by the Agency's Audit Committee.

## 2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Labour Relations Agency for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts and accords with DFP guidance.

## 3. Capacity to Handle Risk

The Labour Relations Agency has well-established corporate planning and management arrangements which address business risks. The key elements are:

- A three year corporate plan developed and approved by the Agency's Board and DEL;
- An annual business plan which reflects the Corporate Plan (and if appropriate, incremental amendments to the Corporate Plan each year);
- Agreed programmes and allocation of resources to sections; and
- Regular monitoring of outputs and inputs by the Board and Management Team.

The organisation also has well-established approaches to managing the quality of its outputs through regular evaluations of its services, the results of which are reported to the Board and Management Team.

Risk management training is built into the Agency's contract for internal audit services. Training additional to this provision is obtained on an as required basis. In particular, Board members are kept abreast of governance training opportunities and avail of these frequently on an ongoing basis.



# Statement on Internal Control (contd)

## 4. The Risk and Control Framework

Risk appetite is determined by Board decisions on policy direction. In general, the Agency considers itself to be risk averse in terms of compliance requirements as set out in statute or through the external control framework within which it operates (as detailed in its Management Statement / Financial Memorandum). The approach is somewhat more tailored with regard to its operational objectives where risk can be managed, i.e. tolerated, treated, transferred or avoided. Decisions as to the most appropriate risk strategy are based on a matrix approach governed by the classification of likelihood and impact into five categories.

All risks are reviewed at least every six months by the Chief Executive supported by the Directors.

The full risk register is discussed at each of the Agency's three formal audit committee meetings with a full formal review at the autumn meeting.

In the 2010/11 financial year, Internal Audit provided overall "satisfactory" assurance rating. Financial and Management Information obtained a "substantial" rating and all other areas examined obtained a "satisfactory" rating.

## 5. Review of Effectiveness

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

The Board through its Audit Committee oversees the policy and framework for risk management and reviews the most significant risks on an annual basis. The Audit Committee supports me as the Accounting Officer by offering objective advice on issues concerning the risk, control and governance of the Agency and the associated assurances. Reporting to the Board on Risk Management is through the Audit Committee. The Audit Committee advises me as the Accounting Officer and the Board on the strategic processes for risk, control and governance. The Audit Committee does not in itself own or manage risks and is, as with Internal Audit, not a substitute for the proper role of management in managing risk.

I co-ordinate the monitoring of risk and am accountable for approving, implementing, monitoring and evaluating an adequate risk policy, framework and arrangements. I submit an annual Risk Management Report to the Board through the Audit Committee. This includes key risk indicators and sets out the status of management in covering exposed areas of risk.

Directors have general responsibility for identifying any new areas of operational risk, or significant changes in risk, and bringing these to my attention.

# Statement on Internal Control (contd)

## 6. Significant Internal Control Weaknesses

The Agency's individual conciliation client database system is now some 10 years in service. It is not possible to further modify the data structure. The Agency perceives that it may take up to two years to replace the system. In that time, the existing system will require additional controls to ensure that data integrity and availability can be maintained. The specification of these controls is now underway.

The Agency's Board has been running with two vacancies since December 2010. This is a significant reduction in the knowledge base of the Board and can also increase the risk of non achievement of a quorum at certain meetings.



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**William Patterson**  
Chief Executive / Accounting Officer

**24 June 2011**

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**Date**

# The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Labour Relations Agency for the year ended 31 March 2011 under the Industrial Relations (NI) Order 1992. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Agency's and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported on the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

# The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (contd)

## Opinion on Regularity

In my opinion, 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.

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Labour Relations Agency's affairs as at 31 March 2011 and of its net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance the Industrial Relations (NI) Order 1992 and Department for Employment and Learning directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for Employment and Learning directions issued under Industrial Relations (NI) Order 1992; and
- the information given in the Chairman's Foreword, Chief Executives Overview of the Year, Management Commentary and Corporate Governance for the financial year for which the financial statements are prepared is consistent with the financial statements.

# The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (contd)

## Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

## Report

I have no observations to make on these financial statements.



KL Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

28 June 2011

# Statement of Comprehensive Net Expenditure

For the year ended 31 March 2011

	Notes	Agency £	Certification Officer £	2011 Total £	2010 (as restated) Total £
<b>Expenditure</b>					
Staff costs	2	<b>2,405,717</b>	<b>127,716</b>	<b>2,533,433</b>	2,281,992
Other administrative costs	3	<b>1,109,995</b>	<b>46,473</b>	<b>1,156,468</b>	1,209,030
Totals		<b>3,515,712</b>	<b>174,189</b>	<b>3,689,901</b>	3,491,022
Net Expenditure		<b>3,515,712</b>	<b>174,189</b>	<b>3,689,901</b>	3,491,022

## Other Comprehensive Expenditure

	2011 £	2010 £
Net gain/(loss) on revaluation of Property, Plant and Equipment	16,017	12,083
Net gain/(loss) on revaluation of Intangibles	3,595	(210)
<b>Total Comprehensive Expenditure for the year ended 31 March 2011</b>	<b>3,709,513</b>	<b>3,502,895</b>

All amounts above relate to continuing activities.

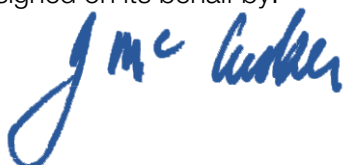
The notes on pages 73 to 91 form part of these financial statements

# Statement of Financial Position

as at 31st March 2011

	Notes	2011 £	2010 £
<b>Non-current assets:</b>			
Property, plant and equipment	4	<b>336,323</b>	326,007
Intangible assets	5	<b>3,247</b>	15,086
<b>Total non-current assets</b>		<b>339,570</b>	341,093
<b>Current assets:</b>			
Trade and other receivables	6	<b>52,458</b>	60,203
Cash and cash equivalents	7	<b>36,476</b>	571,013
<b>Total current assets</b>		<b>88,934</b>	631,216
<b>Total assets</b>		<b>428,504</b>	972,309
<b>Current Liabilities</b>			
Trade and other payables	8	<b>(337,697)</b>	(320,759)
<b>Assets less liabilities</b>		<b>90,807</b>	651,550
<b>Taxpayers' equity</b>			
Revaluation reserve		<b>62,586</b>	43,428
General reserve		<b>28,221</b>	608,122
<b>Total taxpayers' equity</b>		<b>90,807</b>	651,550

The financial statements on pages 69 to 72 were approved by the Board on 24 June 2011 and were signed on its behalf by:



**J Mc Cusker,**  
Chairman



**William Patterson,**  
Chief Executive and Accounting Officer

The notes on pages 73 to 91 form part of these financial statements

# Statement of Cash Flows

for the year ended 31st March 2011

	Notes	2011 £	2010 (as restated) £
<b>Cash flows from operating activities</b>			
Net operating cost		(3,689,901)	(3,491,022)
Adjustments for non-cash transactions	3	129,906	119,150
Decrease/(increase) in trade and other receivables		7,745	20,297
Increase/(decrease) in trade payables exc. capital creditors		89,822	134,275
<b>Net cash outflow from operating activities</b>		<b>(3,462,428)</b>	<b>(3,217,300)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant, property and equipment		(178,092)	(95,977)
Purchase of intangible assets		(4,017)	(4,677)
<b>Net cash flows from investing activities</b>		<b>(182,109)</b>	<b>(100,654)</b>
<b>Cash flows from financing activities</b>			
Financing – grant drawn down from Department for Employment & Learning			
- Agency		2,955,000	3,523,000
- Certification Officer		155,000	172,000
<b>Net financing</b>		<b>3,110,000</b>	<b>3,695,000</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>	7	<b>(534,537)</b>	<b>377,046</b>
<b>Cash and cash equivalents at the beginning of the period</b>	7	<b>571,013</b>	193,967
<b>Cash and cash equivalents at the end of the period</b>	7	<b>36,476</b>	<b>571,013</b>

## Notes:

Grant is drawn down under Request for Resources B (2009: Request for Resources B).

The grant drawn down is intended to finance both revenue and capital expenditure, details of which are summarised in the Statement of Comprehensive Net Expenditure and Notes 4 & 5 to the financial statements respectively.



# Statement of Changes in Taxpayers' Equity

for the year ended 31st March 2011

		Notes	General Fund £	Revaluation Reserve £	Total Reserves (as restated) £
<b>Balance at 31st March 2009 – as restated</b>			378,875	31,345	410,220
Grant from Department for Employment & Learning – drawn down			3,695,000	-	3,695,000
Movements in Reserves					
Net gain (loss) on revaluation of property, plant & equipment				37,352	37,352
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost			25,269	(25,269)	-
Comprehensive expenditure for the year			<u>(3,491,022)</u>		<u>(3,491,022)</u>
<b>Balance at 31st March 2010</b>			<b><u>608,122</u></b>	<b><u>43,428</u></b>	<b><u>651,550</u></b>
Grant from Department for Employment & Learning-drawn down			<b>3,110,000</b>	-	<b>3,110,000</b>
Comprehensive expenditure for the year			<b>(3,689,901)</b>	-	<b>(3,689,901)</b>
Movements in Reserves					
Net gain/(loss) on revaluation of property, plant & equipment				<b>71,989</b>	<b>71,989</b>
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost		4,5	<u>-</u>	<u>(52,831)</u>	<u>(52,831)</u>
<b>Balance as at 31st March 2011</b>			<b><u>28,221</u></b>	<b><u>62,586</u></b>	<b><u>90,807</u></b>

The general fund serves as the chief operating fund. The general fund is to be used to account for all financial resources except those required to be accounted for in another fund.

The revaluation reserve records the unrealised gain or loss on the revaluation of assets.

# Notes to the Financial Statements

for the year ended 31st March 2011

## 1. Accounting Policies

### Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Labour Relations Agency and The Certification Officer for Northern Ireland for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Labour Relations Agency and the Certification Officer for Northern Ireland are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting convention

The Agency has the responsibility under Article 69 of the Industrial Relations (Northern Ireland) Order 1992 to provide the Certification Officer for Northern Ireland with the requisite accommodation, equipment, facilities, remuneration, travelling and other expenses, together with such sums as he may require for the carrying out of his duties. The Agency also has the responsibility under paragraph 15(2) of Schedule 4 to the 1992 Order to show separately sums disbursed to or on behalf of the Certification Officer.

The financial statements incorporate the results for The Certification Officer for Northern Ireland, and have been prepared in accordance with the historical cost convention, modified by the revaluation of certain fixed assets, and with the Industrial Relations (Northern Ireland) Order 1992. These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

#### 1.2 Recognition of Income

The approved resource allocations from the Department for Employment & Learning are credited direct to the General Fund reserve on a cash draw-down basis.

The annual recurrent allocations from the Department for Employment & Learning are intended to meet recurrent costs.

Income from services rendered is included to the extent of the completion of the contract or service concerned.

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 1.3 Property, plant and equipment

The cost of property, plant and equipment comprises the purchase price and any installation charge.

A capitalisation threshold of £250 (2010:£250) is applied. On initial recognition assets are measured at cost including any costs such as installation directly attributable to bringing them into working condition.

For all assets depreciation is calculated to write off their cost or valuation over their estimated useful lives. Additions in the year bear a due proportion of the annual charge.

The methods adopted and estimated useful lives used are:

- Adaptations to short leasehold buildings - 10 years straight line
- Office equipment, furniture and fittings - 5 & 7 years straight line
- Computer equipment - 3 years straight line

Property, plant and equipment are revalued by reference to appropriate “Price Index Numbers for Current Cost Accounting” published by the Central Statistical Office. Surpluses on revaluation of assets are credited to revaluation reserve pending their realisation.

To the extent that depreciation based on the revalued amount exceeds the corresponding depreciation on historical cost, the excess represents realisation of the surplus and is transferred annually from the revaluation reserve to the general fund.

## 1.4 Intangible assets

Intangible assets comprise capitalised operational software licenses and the costs involved in implementing the software. The cost of licences and implementation costs are amortised over their expected useful lives of three years. The minimum level for capitalisation of an intangible asset is £250 (2010:£250). These assets have been restated using valuation techniques produced by the Office for National Statistics.

## 1.5 Treatment of pension liabilities

During the year the Agency participated in the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The Agency meets the cost of pension cover provided for staff they employ by payment of charges calculated on an accruing basis.

## 1.6 Value Added Tax

The Agency does not have any income which is subject to output VAT. Accordingly, the Agency cannot recover any input VAT.

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 1.7 Capital Charge

Changes in prior year accounting Policy/Prior year statement

In accordance with the Department of Finance and Personnel guidelines FD (DFP) 02/11, the Agency has removed the notional cost of capital charge from the financial statements.

The removal of the cost of capital charge from the budgets, estimates and financial statements has been approved on the grounds that they will result in improved consistency of financial reporting in accordance with HM Treasury's "alignment" project.

The prior year totals have been restated in the accounts to reflect this change in treatment and the effect of these changes is shown in the table below.

### Impact of Prior Period adjustment 2009/10

Net Expenditure	3,509,603
Removal of cost of capital	(18,581)
Adjusted Net Expenditure	3,491,022

## 1.8 Operating Leases

The total cost of operating leases is expensed in equal instalments over the life of the lease.

## 1.9 Operating Income

Operating income principally relates to bank interest receivable which is accounted for on an accruals basis.

## 1.10 Impending application of newly issued accounting standards not yet effective

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Agency's accounting periods beginning on or after 1 April 2011 or later periods, but which Labour Relations Agency has not adopted early. The Agency does not anticipate that the adoption of these standards will have a material impact on the Agency's accounts in the period of initial application.

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 1.11 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 Agency 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 derecognition. A financial liability is derecognised when, and only when, it is extinguished.

The Agency has financial instruments in the form of trade receivables, trade payables and cash at the bank.

Cash and other receivables are classified as they are initially measured at fair value and are subsequently measured at amortised cost, if appropriate, using the effective interest method less any impairment.

Financial liabilities are initially measured at fair value, net of transaction costs, if applicable. They are subsequently measured at amortised cost using the effective interest method.

## 1.12 Staff Costs

Under IAS 19 Employee Benefits legislation, all 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 as at the year end. The cost of untaken leave has been determined using the Agency's annual leave records.

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 2. Staff numbers and related costs

(a)	<b>Staff costs comprise:-</b>	<b>2011</b> £	<b>2010</b> £
	<b>Agency</b> (excluding Certification Office):-		
	<b>Permanently employed staff:</b>		
	Wages and salaries	1,827,623	1,635,339
	Social security costs	115,095	116,403
	Other pension costs – superannuation	<u>352,468</u>	<u>279,084</u>
		2,295,186	2,030,826
	<b>Others:</b>		
	Employment Agency Staff	<u>110,531</u>	<u>122,923</u>
	Total (excluding Certification Office)	<u><u>2,405,717</u></u>	<u><u>2,153,749</u></u>
	<b>Certification Office:</b>		
	The Certification Officer and assistants		
	Wages and salaries	111,345	106,206
	Social security costs	4,363	7,624
	Other pension costs - superannuation	<u>12,008</u>	<u>14,413</u>
		<u><u>127,716</u></u>	<u><u>128,243</u></u>
	<b>TOTAL STAFF COSTS</b>	<u><u>2,533,433</u></u>	<u><u>2,281,992</u></u>

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 2. Staff numbers and related costs (cont'd)

(b)	2011 £	2010 £
<b>The above staff costs are analysed as follows:</b>		
<b>Board members</b>		
Chairman's salary and other Board members fees	62,196	62,197
Social security costs	2,272	2,370
Other pension costs – superannuation re Chairman	4,696	3,424
	<u>69,164</u>	<u>67,991</u>
<b>Staff: Chief Executive and other management</b>		
Salary	227,625	232,455
Social security costs	18,907	21,213
Other pension costs – superannuation	52,496	49,858
	<u>299,028</u>	<u>303,526</u>
<b>Operational: Salaries (permanent staff) *</b>		
Salary	1,222,931	1,083,098
Social security costs	75,254	76,419
Other pension costs – superannuation	243,565	181,612
Employment agency staff	-	8,907
	<u>1,541,750</u>	<u>1,350,036</u>
<b>Support: Salaries *</b>		
Salary	316,885	257,591
Social security costs	16,648	16,400
Other pension costs – superannuation	51,711	44,189
Employment agency staff	110,531	114,016
	<u>495,775</u>	<u>432,196</u>
Total staff costs (excluding Certification Officer)	<u>2,405,717</u>	<u>2,153,749</u>
Certification Officer: Salary	23,929	21,006
Social security costs	2,014	1,922
	<u>25,943</u>	<u>22,928</u>
Support: Salaries		
Social security costs		
Other pension costs- superannuation	87,416	85,200
	2,349	5,702
	<u>12,008</u>	<u>14,413</u>
Total Certification Office staff costs	<u>127,716</u>	<u>128,243</u>
<b>TOTAL STAFF COSTS</b>	<u><u>2,533,433</u></u>	<u><u>2,281,992</u></u>

\*Staff costs include a pay award for the period February 2009 – January 2011.

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 2. Staff numbers and related costs (cont'd)

### (c) Pension Costs

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] is an unfunded multi-employer defined benefit scheme but the Labour Relations Agency is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2007 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2010-11, employers' contributions of £364,476 were payable to the PCSPS(NI) (2009-10, £293,497) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employees of the Agency have opted to do this. Accordingly, these financial statements do not reflect any costs in this regard.

There were no prepaid pension costs at 31 March 2011.

Details of contributions due to PCSPS (NI) at the year end are given in note 11.

### (d) Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

The number of Board members serving at any one time during the year was:	2011 No	2010 No
Board Members (including Chairman)	9	9
The average number (full time equivalent) of:-		
Management (including Chief Executive)	4	4
Operational	44	39
Support	13	13
The Certification Officer (part-time)	1	1
Certification Office Support Staff	3	4
	65	61
Employment Agency staff	5	6
Total (including The Certification Officer)	<b>79</b>	<b>76</b>

### (e) Compensation for loss of office

No members of staff leaving the Agency in 2011-11 received compensation for loss of office.



# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 3 Other Expenditure (including VAT, where relevant)

	Agency £	Certific. Officer £	2011 Total £	Agency £	Certific. Officer £	2010 Total (as restated) £
<b>Cash items</b>						
<b>Premises Costs:</b>						
Rent, under operating leases, including car parks	<b>211,638</b>	<b>11,802</b>	<b>223,440</b>	198,975	11,802	210,777
Rates, including car parks	<b>85,197</b>	<b>5,952</b>	<b>91,149</b>	78,706	5,952	84,658
Service charges, maintenance, cleaning, heating, lighting and insurance	<b>120,885</b>	<b>6,189</b>	<b>127,074</b>	98,334	6,401	104,735
Security	<b>41,769</b>	-	<b>41,769</b>	39,732	-	39,732
<b>Other Office Running Costs:</b>						
Staff training	<b>72,320</b>	-	<b>72,320</b>	105,666	244	105,910
IT Managed Services, Maintenance and licenses	<b>49,048</b>	<b>2,999</b>	<b>52,047</b>	64,724	3,000	67,724
IT Development and implementation	<b>8,761</b>	<b>8,761</b>	<b>44,220</b>	-	44,220	
Postage and telephones	<b>45,223</b>	<b>585</b>	<b>45,808</b>	48,911	428	49,339
Library services	<b>33,507</b>	<b>2,580</b>	<b>36,087</b>	24,919	2,067	26,986
Office, supplies, printing and stationery	<b>42,180</b>	<b>103</b>	<b>42,283</b>	33,505	1,711	35,216
Publications and advertising	<b>32,668</b>		<b>32,668</b>	63,702	2,583	66,285
Conference & Seminars	<b>12,635</b>		<b>12,635</b>	10,063	717	10,780
Travel and subsistence	<b>29,418</b>		<b>29,418</b>	21,990	818	22,808
Hospitality	<b>8,609</b>	<b>362</b>	<b>8,971</b>	8,758	341	9,099
Miscellaneous expenditure and venue hire	<b>36,698</b>	<b>5,952</b>	<b>42,650</b>	22,616	6,485	29,101
Professional subscriptions	<b>7,991</b>		<b>7,991</b>	7,558	-	7,558
Advertising (staff vacancies)	<b>17,368</b>		<b>17,368</b>	5,953	-	5,953
Bank charges	<b>528</b>	<b>59</b>	<b>587</b>	1,374	96	1,470

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 3 Other Expenditure (including VAT, where relevant) (contd)

	Agency £	Certific. Officer £	2011 Total £	Agency £	Certific. Officer £	2010 Total (as restated) £
<b>Fees and Expenses:</b>						
Other professional fees	<b>71,963</b>	<b>770</b>	<b>72,733</b>	94,767	475	95,242
Advisors' fees and expenses	<b>20,101</b>	<b>596</b>	<b>20,697</b>	28,387	142	28,529
Arbitration fees and expenses	<b>13,381</b>	-	<b>13,381</b>	13,980	-	13,980
Legal fees	<b>9,185</b>		<b>9,185</b>	7,628	-	7,628
Internal auditors' remuneration	<b>8,445</b>	<b>650</b>	<b>9,095</b>	10,635	650	11,285
External auditors' remuneration	<b>7,795</b>	<b>650</b>	<b>8,445</b>	10,215	650	10,865
<b>Total cash expenditure</b>	<b>987,313</b>	<b>39,249</b>	<b>1,026,562</b>	<b>1,045,318</b>	<b>44,562</b>	<b>1,089,880</b>
<b>Non-cash items</b>						
<b>Depreciation</b>						
Depreciation of property, plant and equipment	<b>107,568</b>	<b>2,886</b>	<b>110,454</b>	102,135	2,591	104,726
Amounts written off intangible assets			<b>159</b>	51	210	
Amortisation of non-current assets	<b>15,114</b>	<b>4,338</b>	<b>19,452</b>	11,775	2,439	14,214
	<b>122,682</b>	<b>7,224</b>	<b>129,906</b>	114,069	5,081	119,150
Total net non-cash expenses	<b>122,682</b>	<b>7,224</b>	<b>129,906</b>	114,069	5,081	119,150
Total	<b>1,109,995</b>	<b>46,473</b>	<b>1,156,468</b>	1,159,387	49,643	1,209,030
	<b>5</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>

External auditors' remuneration includes National Fraud Investigations' expenditure of £1,445.

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 4. Property, plant and equipment

2010-2011

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certific. Officer Office Furniture Fittings £	Certific. Officer Computer Equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2010	370,658	413,074	216,720	27,000	12,578	<b>1,040,030</b>
Additions	67,907	16,706	18,155	1,984		<b>104,752</b>
Disposals						
Adjustment arising on revaluation	5,744	3,997	40,782	266	2,368	<b>53,157</b>
<b>At 31 March 2011</b>	<b>444,309</b>	<b>433,777</b>	<b>275,657</b>	<b>29,250</b>	<b>14,946</b>	<b>1,197,939</b>
<b>Depreciation</b>						
At 1 April 2010	194,607	324,786	157,831	25,161	11,638	<b>714,023</b>
Provision for year	25,352	36,540	45,675	719	2,167	<b>110,453</b>
Disposal						
Adjustment arising on revaluation	3,015	3,026	29,700	258	1,141	<b>37,140</b>
<b>At 31 March 2011</b>	<b>222,974</b>	<b>364,352</b>	<b>233,206</b>	<b>26,138</b>	<b>14,946</b>	<b>861,616</b>
<b>Net book value At 31 March 2011</b>	<b>221,334</b>	<b>69,425</b>	<b>42,451</b>	<b>3,112</b>	<b>0</b>	<b>336,323</b>
Net book value At 31 March 2010	176,051	88,288	58,889	1,839	940	326,007

All Assets were subject to revaluation using annual indices provided by the Office of National Statistics.

NB The depreciation charge per note 3 of £110,454 (2010: £104,726) for the year reflects the depreciation provision for Property, plant and equipment. A net revaluation upwards adjustment of £53,157 (2010 £25,269) has been posted to reserves.

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 4. Property, Plant and equipment (cont'd)

### Leased Assets

The adaptations to Agency buildings on short leasehold land carried at a Net Book Value at 31 March 2011 of £221,334 represent the only Agency leased assets.

2009-2010

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certific. Officer Office Furniture Fittings £	Certific. Officer Computer Equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2009	251,841	388,955	186,901	25,771	12,684	<b>866,152</b>
Additions	99,540	5,602	42,699	-	-	<b>147,811</b>
Disposals	-	-	(11,285)	-	-	<b>(11,285)</b>
Adjustment arising on revaluation	19,277	18,517	(1,565)	1,229	(106)	<b>37,352</b>
<b>At 31 March 2010</b>	<b>370,658</b>	<b>413,074</b>	<b>216,720</b>	<b>27,000</b>	<b>12,578</b>	<b>1,040,030</b>
<b>Depreciation</b>						
At 1 April 2009	171,193	277,431	137,750	23,112	11,096	<b>620,582</b>
Provision for year	10,310	35,143	32,519	853	632	<b>79,457</b>
Disposal	-	-	(11,285)	-	-	<b>(11,285)</b>
Adjustment arising on revaluation	13,104	12,212	(1,153)	1,196	(90)	<b>25,269</b>
At 31 March 2010	194,607	324,786	157,831	25,161	11,638	<b>714,023</b>
<b>Net Book Valued At 31 March 2010</b>	<b>176,051</b>	<b>88,288</b>	<b>58,889</b>	<b>1,839</b>	<b>940</b>	<b>326,007</b>
Net Book Value as Restated At 31 March 2009	80,648	111,524	49,151	2,659	1,588	245,570

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 5. Intangible Assets

Intangible assets comprise computer software and development costs.

2010-11

	Agency £	Cert' Office £	Total £
<b>Cost or Valuation</b>			
At 1st April 2010	91,242	8,787	100,029
Additions	4,017	-	4,017
Adjustment arising on revaluation	17,620	1,654	19,274
<b>At 31st March 2011</b>	<b>112,879</b>	<b>10,441</b>	<b>123,320</b>
<b>Amortisation</b>			
At 1st April 2010	79,550	5,393	84,943
Charged in year	15,114	4,337	19,451
Adjustment arising on revaluation	14,968	711	15,679
<b>At 31st March 2011</b>	<b>109,632</b>	<b>10,441</b>	<b>120,073</b>
<b>Net Book Value</b>			
<b>At 31st March 2011</b>	<b>3,247</b>	<b>0</b>	<b>3,247</b>
At 31st March 2010	11,692	3,394	15,086

All Assets were subject to revaluation using annual indices provided by the Office of National Statistics.

NB The depreciation charge per note 3 of £19,451 (2010: £14,214) for the year reflects the depreciation provision for intangible assets. A net revaluation upwards adjustment of £15,679 (2010 £0) has been posted to reserves.

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 5. Intangible Assets (cont'd)

Intangible assets comprise computer software and development costs.

2009-10

	Agency £	Cert' Office £	Total £
<b>Cost or Valuation</b>			
	-	-	-
<b>At 1st April 2009</b>	87,296	8,861	96,157
Additions	4,677	-	4,677
Adjustment arising on revaluation	(731)	(74)	(805)
<b>At 31st March 2010</b>	<b>91,242</b>	<b>8,787</b>	<b>100,029</b>
Amortisation			
	-	-	-
At 1st April 2009	68,347	2,977	71,324
Charged in year	11,755	2,439	14,214
Disposals	-	-	-
Adjustment arising on revaluation	(572)	(23)	(595)
<b>At 31st March 2010</b>	<b>79,550</b>	<b>5,393</b>	<b>84,943</b>
<b>Net Book Value</b>			
<b>At 31st March 2010</b>	<b>11,692</b>	<b>3,394</b>	<b>15,086</b>
At 31st March 2009 (as restated)	18,950	5,885	24,835

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 6. Trade receivables and other current asset

	2011 £	2010 £
<b>Amounts falling due within one year:</b>		
Other receivables	1,041	1,350
Prepayments	48,960	58,853
Other taxation and social security	2,457	-
	<b>52,458</b>	<b>60,203</b>

## 7. Cash and Cash Equivalents

	Agency £	Certification Officer £	2011 Total £	2010 Total £
Balance at 1 April	560,174	10,839	571,013	193,967
Net change in cash and cash equivalent balances	(522,406)	(12,131)	(534,537)	377,046
<b>Balance at 31 March</b>	<b>37,768</b>	<b>(1,292)</b>	<b>36,476</b>	<b>571,013</b>
The following balances at 31 March were held at: Commercial banks and cash in hand	37,768	(1,292)	36,476	571,013
<b>Balance at 31 March</b>	<b>37,768</b>	<b>(1,292)</b>	<b>36,476</b>	<b>571,013</b>

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 8. Trade payables and other current liabilities

	2011 £	2010 £
<b>Amounts falling due within one year:</b>		
Trade payables	<b>5,188</b>	68,782
Other taxation and social security	-	4,954
Other payables:		
<i>Superannuation creditor</i>		
<i>Capital creditors</i>	-	
	-	13,954
	-	73,334
Accruals	<b>332,509</b>	159,735
Total	<b>337,697</b>	320,759



# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 9. Capital Commitments

	2011 £	2010 £
<b>Contracted capital commitments at 31st March not otherwise included in these financial statements:</b>		
- remainder of refurbishment of extended Belfast leasehold premises	-	15,000
	2011 £	2009 £
<b>Authorised, but not contracted for at 31st March:</b>		
Property, plant and equipment		
- new security door for Belfast leasehold premises	<b>15,000</b>	15,000
- 3 computer servers	-	-
- refurbishment of L/Derry leasehold premises	-	-
<b>Total</b>	<b>15,000</b>	<b>15,000</b>

## 10. Contingent Liabilities disclosed under IAS 37

There are no contingent liabilities at the year-end 31 March 2011

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 11. Commitments under leases

### Operating Leases:

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

	2011 £	2010 £
Buildings:		
Not later than one year	<b>226,919</b>	-
Later than one year and not later than five years	<b>864,000</b>	-
Later than five years	<b>864,000</b>	1,926,659
	<b><u>1,954,919</u></b>	<u>1,926,659</u>

In November 2009 the Agency leased additional adjacent premises in Belfast and at the same time negotiated a new longer lease for the expanded building.

No payments were made under finance leases.

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 12. Other Financial Commitments

The Labour Relations Agency has entered into non-cancellable contracts (which are not leases or PFI contracts) for the services listed below. The payments to which the Agency is committed during 2010/11, analysed by period during which the commitment expires are as follows:-

	2011 £	2010 £
<b>Not later than one year:</b>		
Security accreditation projects	<b>1,000</b>	21,412
IS Strategy	-	11,200
SMT Training Programme	-	39,300
	<b>1,000</b>	71,912
<b>Later than one year and not later than five years:</b>	-	-
<b>Later than five years:</b>	-	-
Total	<b>1,000</b>	71,912

# Notes to the Financial Statements

for the year ended 31st March 2011 (contd)

## 13. Related Party Transactions

The Labour Relations Agency is a Non-Departmental Public Body sponsored by the Department for Employment and Learning. The Department for Employment and Learning is regarded as a related party. During the year the only transactions which the Agency has had with the Department is the receipt of £3,110,000 grant, as disclosed in the statement of cash flows. None of the Board members, members of the key management staff or other related parties has undertaken any material transactions with the Agency during the year, other than the reimbursement of expenses necessarily incurred by staff in the course of their employment.

## 14. Financial Instruments

As the cash requirements of the Labour Relations Agency and the Certification Officer of Northern Ireland are met through Grant-In Aid provided by the Department for Employment and Learning, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Labour Relations Agency's expected purchase and usage requirements and the Labour Relations Agency is therefore exposed to little credit, liquidity or market risk.

## 15. Events after the reporting period

There are no events after the reporting period which need to be disclosed.

These accounts are authorised for issue on the same day that the Comptroller and Auditor General signs his audit report.





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