





# Labour Relations Agency Annual Report and Accounts for the Year Ended 31 March 2018

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under Paragraph 15(5) and  
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Industrial Relations (Northern Ireland) Order 1992  
by the Department for the Economy  
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## CHAIR'S FOREWORD



2017-18 has been a challenging but very successful year for the Agency; against a background of significant political uncertainty, the absence of an agreed Programme for Government and ongoing funding constraints we have continued to meet the needs of individual employers and employees through the delivery of high quality and responsive advisory and dispute resolution services.

The Agency consulted on a draft 2017-21 Corporate Plan that establishes a new vision for the Agency as a key contributor to productive and inclusive workplaces and a more competitive economy. The responses to the consultation were very positive, providing important affirmation that the Agency's work continues to be highly valued and that our new corporate plan meets stakeholder expectations. Flexibility and the ability to respond quickly to changing circumstances are a constant for all public sector organisations. The Agency has been on a journey of significant organisational transformation to address ongoing budget pressures but primarily to ensure that we are able to deliver on our statutory commitments.

As part of that change process the Agency has restructured with a single Director now responsible for all frontline advisory and dispute resolution services. This will allow us to respond more flexibly to the needs of our service users and the wider labour market. Transformation is not just about implementing structural change; the Agency is also exploring more innovative ways to promote and deliver our services using a range of social media platforms. A number of our long serving staff left the organisation through voluntary exits funded by the Executive's Transformation Fund. These staff gave so much of their working lives to make workplaces better for all and I would like to take this opportunity to recognise their invaluable contributions. All of these changes require careful management and I want to commend the work of the joint Management and Trade Union project team, which has ensured that all industrial relations elements of our transformation programme have been effectively resolved.

I want to thank our staff for their commitment; they have worked tirelessly to ensure that we have delivered on all of our key service delivery targets against a backdrop of reducing resources. The Board and the Senior Management Team are also grateful to our sponsor Department, the Department for the Economy (DfE), for the support provided during the reporting period. We look forward to continuing to work with our DfE colleagues; preparation for the potential introduction of an Early Conciliation Service in 2019 will be a key priority for the Agency in 2018-19.

I also want to thank our many stakeholders and delivery partners for their support. The Agency continues to facilitate the work of the Northern Ireland Employment Relations Roundtable, which is representative of all of the main employer organisations and trade union bodies. In October 2017, the Roundtable launched a new Joint Declaration of Protection; this event was a very powerful demonstration of the collective commitment of all employer organisations and trade unions in Northern Ireland to ensure that workplaces are free from all forms of discrimination and harassment.

Finally, I would like to offer my personal thanks to my Board and the Senior Management Team for their support and commitment and look forward to a very positive and successful 2018-19.





# CHAPTER 1

# PERFORMANCE REPORT



## CHIEF EXECUTIVE'S OVERVIEW



This annual report covers the first operational year of our new 2017-21 Corporate Plan. It is in a slightly different format from previous reports to reflect the structure of the new Corporate Plan, adjustments to the way we monitor performance and a more integrated approach to service delivery following organisational restructuring and transformation.

This has been a year of significant transition for the Agency. We received confirmation of our budget at the end of June 2017 and that it would again be a one-year settlement. Uncertainty about future funding creates unique challenges in terms of workforce planning and the delivery of corporate plan commitments. The Agency's bid for resources from the Executive's 2017-18 Transformation Fund was only approved in May 2017; this meant that we had a very short window of opportunity to implement a Voluntary Exit Scheme (VES) to allow the Agency to make necessary in-year savings.

As our Chair has reflected in her foreword, the Board consulted on a new corporate plan that is closely aligned to the Executive's Programme for Government. Based on the positive feedback from our stakeholders I believe our corporate plan provides clarity about our core purpose and key business priorities.

We lost a number of very experienced staff through the VES; this presented significant challenges in maintaining service continuity and staff morale in the context of a reducing workforce. The Agency embarked on a programme of transformation in partnership with the local trade union committee; the key to the success of this project is the trust established from the outset through the agreement of terms of reference and a shared responsibility for communication with staff at key milestones. The role of our Board was also critical in meeting with the local trade union representatives to listen to concerns about the impact of budget reductions on the Agency's long-term sustainability.

A critical element of the transformation process has been the merger of the Agency's Advisory and Dispute Resolution Services into a single business under the leadership of David McGrath, former Director of Advisory Services. Benefits are already being realised through greater levels of service integration and enhanced flexibility in the use of available resources. This programme of change followed an earlier review of our corporate services functions, which made a number of recommendations relating to staffing and service delivery, and which are also being progressed through the Transformation Programme. Don Leeson, Director of Corporate Services, is responsible for the coordination of our organisational-wide transformation programme.

Our core business is the delivery of responsive advisory and dispute resolution services, and this has been another very productive and successful year. It is encouraging that all of our frontline service delivery targets were achieved and I want to take this opportunity to thank our staff who have made this possible. A number of development targets were not progressed because of a lack of resources or dependence on third party interventions. Our business continues to grow which is a reflection of the increasing diversity of our labour market. The number of individual conciliation cases received has increased, primarily due to a dramatic upturn in the number of multiple claims arising from recent case law. An increasing number of people are using our Mobile App to download information from our website, which is to be welcomed. Building on this momentum, we established an innovation project to look at how we can maximise our outreach work through greater use of social media.

In summary, this has been a very good performance in a difficult operating environment. I want to thank the Board for their leadership and direction; and our stakeholders and delivery partners for their positive contributions and support.

# THE PURPOSE AND ACTIVITIES OF THE LABOUR RELATIONS AGENCY

## Purpose

The Labour Relations Agency is a non-departmental public body established under the Industrial Relations (Northern Ireland) Order 1976<sup>1</sup>, and continued by the Industrial Relations Order (Northern Ireland) 1992<sup>2</sup>. The Agency is independent of Government, but accountable to and funded by the Department for the Economy.

The Agency's purpose is to improve employment relations, promote best employment practice and resolve workplace disputes through the delivery of quality, impartial and independent services.

The Agency operates out of its Headquarters in Belfast and a Regional Office in Derry/Londonderry.

## Vison and Values

The Agency's vision is:

*To be widely recognised as Northern Ireland's leading authority in promoting productive working relationships for the benefit of individuals and organisations and to support the creation of a thriving and inclusive economy.*

To achieve our vision and purpose, our values are to be:

- **Progressive** – forward thinking, outward looking, and creative in seeking better ways to support the economy;
- **Ethical** – always acting with integrity, impartiality and utmost professionalism, and demonstrating openness and accountability;
- **Exemplary** – challenging ourselves to be the best we can be and a role model in how we conduct employment relations; and,
- **Responsive** – listening to our customers and adapting to ensure our services meet their needs.

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<sup>1</sup> Available at: [www.legislation.gov.uk/nisi/1976/1043/made](http://www.legislation.gov.uk/nisi/1976/1043/made).

<sup>2</sup> Available at: [www.legislation.gov.uk/nisi/1992/807/contents](http://www.legislation.gov.uk/nisi/1992/807/contents).

## THE PURPOSE AND ACTIVITIES OF THE LABOUR RELATIONS AGENCY cont'd ...

### Services

The Agency provides a range of **advisory services** to promote good employment practice and advise employers and employees on their rights and responsibilities. These services include:

- **Enquiry Point** – this is a confidential advice line for employers and individuals, and their representatives.
- **Briefings, seminars, and workshops** – these are aimed at disseminating information and good practice on a range of employment issues and enhancing the employment relations skills of line managers.
- **Document reviews** – these provide commentary on an individual employer's employment documentation, including contracts of employment, to ensure legislative compliance and promote good practice.

The Agency also provides a range of confidential **dispute resolution services** designed to deal with problems that arise in the workplace. These include:

- **Conciliation** – this service seeks to find a mutually agreeable solution to a problem or disagreement where an individual has made, or could make, a claim to an employment tribunal.
- **Arbitration** – where a solution to a problem or disagreement to an individual dispute cannot be found, and the parties wish to avoid a tribunal, our arbitration service provides a quick, confidential, non-legalistic process to resolve the matter. Arbitration decisions, and remedies that flow from these, are legally enforceable in the same way as tribunal decisions.
- **Mediation** – this is an effective tool for restoring positive working relationships using a mediator to work with those in conflict or dispute to find a mutually agreed resolution to overcome their differences.
- **Collective Conciliation** – this service aims to help employers and trade unions resolve disputes.

### Influencing employment relations policy

As well as being a service provider, the Agency has a key role in working with representative bodies of employers and employees to facilitate discussion and seek to influence strategic employment relations issues. These bodies include the Confederation of British Industry (CBI), Federation of Small Businesses (FSB), Chambers of Commerce, Institute of Directors (IoD), and the Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU). We work with all types of employers across the public, private, community and voluntary sectors.

A major initiative in this field is the Agency's facilitation of the Northern Ireland Employment Relations Roundtable which enables discussion and collaboration by key stakeholders on matters of public policy, skills and research.

## KEY ISSUES AND RISKS IN 2017-18

### Financial pressures and organisational transformation

The Agency experienced significant change in 2017-18 and embarked on a major transformation programme, which will continue into 2018-19.

In common with other public bodies, the Agency faced substantial financial pressures and uncertainty in 2017-18. The resource budget was reduced by £74k (2%), with pay and price increases having to be absorbed. Furthermore, the financial outlook for 2018-19 and beyond was uncertain for much of the period, with the possibility of further reductions.

In response, the Agency operated a Voluntary Exit Scheme (VES). This resulted in nine staff (7.8 full time equivalents) leaving their posts in December 2017 and January 2018. The consequential savings from the VES, and other measures to reduce costs, enabled the Agency to manage within its reduced funding allocation in 2017-18.

As a consequence of the VES, and in order to deliver the new Corporate Plan for 2017-21, the Agency restructured from three to two Directorates with effect from January 2018. The Advisory and Conciliation and Arbitration directorates have been merged into a single Employment Relations Services Directorate to facilitate more effective integration of services.

An external review of the Corporate Services Directorate led to a number of changes in how the Agency's support services are organised and delivered.

These actions provide the basis for further transformation in 2018-19, with the creation of a number of new posts and more innovative ways of working to ensure delivery of Corporate Plan commitments and position the Agency for the anticipated introduction of Early Conciliation in 2019-20.

### Accommodation matters

The Agency is subject to the requirements of the Northern Ireland Executive's Assets Management Strategy<sup>3</sup>. This transfers ownership and management responsibility for government departments' and NDPB office accommodation to the Department of Finance (DoF). With the leases on the Agency's Headquarters and Regional Office buildings due to end in the first quarter of 2019-20, the Agency has been working with DoF's Reform of Property Management (RPM) project team to consider long-term accommodation options.

There will be no suitable accommodation options on the Government Estate in terms of our Headquarters operations until at least 2021-22 under the Belfast Optimisation Plan. DoF has therefore advised the Agency to seek an interim solution.

The Agency conducted an options appraisal that concluded that the most economically advantageous option was to seek to extend the lease on our Gordon Street premises until 2022. A business case to support this proposal was approved by DoF in March 2018 and negotiations to extend the lease are being concluded by Land and Property Services.

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<sup>3</sup> See [www.sibni.org/northern-ireland-asset-management-strategy/](http://www.sibni.org/northern-ireland-asset-management-strategy/).



## KEY ISSUES AND RISKS IN 2017-18 cont'd ...

A project to consider the long-term accommodation options for the Regional Office has commenced with a preferred option to be identified by the end of 2018.

### Pay award

At the year-end, negotiations between the Northern Ireland Civil Service (NICS) and the Trade Union Side regarding the pay award for 2017-18 were continuing. This award, when finalised, will then be due to the Agency's staff. Provisions for arrears of pay based on the NICS offer, backdated to 1 August 2017, have been included in the accounts.

### Risks

The Agency's arrangements for managing risk are set out in the Governance Statement.

The key corporate risks managed by the Agency in 2017-18 were:

- **Relevance** – the Agency fails to adequately influence, or respond to, changes in the NI employment relations environment;
- **Reputation** – the Agency's reputation for the provision of high quality, independent and impartial employment relations services is undermined;
- **Funding** – the Agency fails to deliver its key corporate and business objectives due to budgetary constraints;
- **Infrastructure** – the Agency's infrastructure or systems fail to adequately support effective governance and efficient operations;
- **Staffing** – the Agency encounters significant skill deficits; and
- **Compliance** – the Agency fails to comply with all relevant legislation and governance requirements, or fails to fulfil its statutory functions.

None of these risks materialised during the year.

## PERFORMANCE SUMMARY

The Agency was successful in delivering the majority of its planned service delivery outcomes for 2017-18. This was achieved against a backdrop of a number of experienced staff retiring, the merging of the two operational Directorates into a unified service, the development and upgrading of our case management systems and planning for the implementation of Early Conciliation.

### Employment Relations Services

The primary focus of our dispute resolution services is the provision of impartial assistance to employers and employees on both individual rights claims and collective disputes. In terms of individual rights almost 15,000 cases were received in the current reporting period; 13,000 were bulk cases (similar cases with the same respondent), most of which were generated from public sector organisations relating to tribunal claims lodged as a result of recent case law developments under the Working Time Regulations/Working Time Directive. In totality, the numbers of individual cases translated into just over 38,000 separate jurisdictional claims, and this has created very significant challenges for our administrative team. Of the cases dealt with by our Conciliators 64% settled with 26% being withdrawn; only 10% of the cases were referred to a tribunal.

The Agency continued to provide a dedicated on-site service for the Office of the Industrial Tribunal and the Fair Employment Tribunal (OITFET); dealing with case management discussion hearings relating to discrimination cases as well as responding to more general requests for assistance from employers, employees and their representatives at very short notice.

Cases received for Collective Conciliation remained at a similar level to the previous year (21), with most emanating from the private sector. The main issues in dispute related to pay and terms and conditions of employment. In 80% of the cases undertaken, progress was made or a settlement was reached.

The Agency also delivers a Mediation Service which focuses on restoring productive working relationships between individuals or groups where these have broken down. This service is delivered by our team of in-house accredited workplace mediators; of the 84 enquiries about our service 59 resulted in a referral; 19% of these referrals involved a group mediation (i.e. more than 2 participants). Where a mediation meeting took place, an agreement was achieved in 83% of cases.

The Arbitration Service managed by the Agency covers the following matters:

- Independent Appeals that are provided for in collective agreements; and
- Cases heard under the Statutory Arbitration Scheme as an alternative to the Employment Tribunal.

All hearings are conducted by an independent person appointed by the Agency from its panel of Arbitrators. Fifteen cases were received for Independent Appeals with the majority relating to grievances and harassment. Disappointingly, there were no referrals received under the Statutory Arbitration Scheme; the Agency has therefore decided to conduct an internal review of this scheme in the next reporting year to determine if there are any actions that can be taken to improve uptake.

## PERFORMANCE SUMMARY cont'd ...

Our Advisory work, working independently or in partnership with other delivery organisations, is concentrated on promoting good employment practice and developing the employment relations skills of both employers and employees throughout the labour market.

During the reporting period we conducted a review of our telephony-based Helpline Service to explore opportunities to make greater use of online self-help tools; the outworking of that review is that we will pilot the use of applications such as web chat and chat bot in the next reporting year. The service has also been renamed the Enquiry Point to better reflect its core purpose in delivering high quality information and advice. We have a dedicated team of advisors who carefully tailor the service to ensure that we meet the needs of our callers. The way in which customers access our information is changing and emerging case law has also increased the complexity of many of these enquiries.

Although the Agency continues to receive high volumes of calls (over 17,600 in the current year), there has been a gradual reduction in caller traffic with increasing numbers preferring to access our information on line. Website activity has been relatively constant with over 75,000 downloads from our site while customers are also turning to other channels such as the Agency's App, launched in early 2017, with almost 2,700 downloads in the past year. The Agency is responding to this changing dynamic by developing new channels of access and our new Communications Strategy will have a very strong focus on raising awareness of the services we provide. We are currently recruiting a dedicated communications manager to put fresh impetus into our promotional work.

Our programme of good employment practice seminars and briefings continues to meet the needs of a wide cross section of employers and umbrella organisations. Due to some staff reductions, we held slightly fewer events and hence the total number of attendees fell correspondingly. Importantly almost 90% of attendees at seminars and briefings indicated that they would be more confident in dealing with employment relations matters in their workplace following their attendance.

We continued to respond to requests from organisations to provide bespoke sessions specifically for their staff. This year we delivered 162 such events; the two most popular topics, *Handling Discipline, Grievance and Investigations* and *Handling Difficult Conversations and Resolving Workplace Disputes*, were well received by all delegates.

We held five workshops on employment documentation, slightly fewer than the previous year, with 31 organisations represented. These workshops focus on the skills and knowledge needed to develop and maintain basic employment documentation; we find that the small group approach works well for delivering such specific content.

Demand for our work on reviewing employment documentation to ensure compliance with legislation and good practice was consistent with the previous year. Over 80% of customers reported that they amended employment documentation and/or systems following the Agency's assistance.

## PERFORMANCE SUMMARY cont'd ...

Good Employment Practice projects varied this year from on-going sectoral work in health and local government on industrial relations constitutional machinery to individual employer projects on matters such as voluntary and semi-voluntary trade union recognition. Employment law is a devolved matter and the differences between employment law in NI and the rest of the UK continues to be an area of heavy demand with both employers and trade unions seeking the Agency's support in understanding the practical ramifications in areas such as collective redundancy and flexible working. Brexit could increase demand for information and the Agency is working with DfE to ensure that our services are properly orientated to the needs of our customers running up to and post Brexit.

Partnership working on an inter-agency basis continued this year with the Equality Commission for Northern Ireland (ECNI) through a series of seminars and workshops focusing on pregnancy and maternity and the annual roadshow on employment and equality law annual reviews. The Agency continues to vet the employment guides on the nibusinessinfo website hosted by Invest Northern Ireland (INI) and this year we agreed to become a business partner in the delivery of INI's Business Boost programme organised through Derry and Strabane District Councils. We hope to be able to support the roll out of this partnership approach to other council areas.

We continued our strategic working partnerships with the Health and Safety Executive Northern Ireland (HSENI) via the Workplace Stress Programme and the Northern Ireland Human Rights Commission's (NIHRC) Business and Human Rights forum. The Agency also facilitates the NIC-ICTU education programme delivering multiple modules attended by a wide variety of representatives from affiliated unions. The Agency has a key independent presence on the CBI Employment Committee and provides information on key developments on all matters ranging from legislative reform through to Brexit.

The Agency, in partnership with other service providers, promotes the Mental Health Charter, jointly produced by the ECNI, Action Mental Health (AMH), Disability Action, Mindwise, Mental Health Foundation and the Northern Ireland Association of Mental Health; this vitally important work provides a framework promoting and sustaining good mental health in the workplace.

A key initiative this year was the launch of a Post Graduate Certificate in NI Employment Law and Practice with participants from a wide range of employment settings. Working in partnership with Ulster University and Legal Island the Agency was a key partner in the design of this unique course and delivered a number of sessions on employment relations topics to around 30 students who are due to complete the course in May 2018.

The Agency also continues to facilitate the work of the Northern Ireland Employment Relations Roundtable. A key event this year was the publication and launch, in October 2017, of the Joint Declaration for Protection (Dignity at Work / A Harmonious and Inclusive Working Environment), signed by the main representative bodies of employers and employees in Northern Ireland.

## PERFORMANCE SUMMARY cont'd ...

### Corporate Services

Much of the focus of Corporate Services in 2017-18 has been on supporting the Agency's Transformation Programme and laying the foundations for delivery of the new Corporate Plan.

An independent review of our Corporate Services functions was completed in May 2017 with the key recommendations implemented as part of the roll out of the Agency's wider Transformation Programme. This review has already delivered positive outcomes in creating greater role clarity and flexibility around the deployment of staff. It also paved the way for the merger of the Agency's administrative functions into a single Business Support Team which will be concluded in 2018-19. As part of organisational transformation, Corporate Services led in the implementation of a Voluntary Exit Scheme (VES), which resulted in nine staff leaving the Agency

The following cross cutting strategies were developed and approved by the Board to support the delivery of the new Corporate Plan:

- **Communications Strategy** – focuses on the development of the Agency's information provision and broadening contact channels to include social media. A key objective will be to evaluate awareness of the Agency's services across different socio-economic groups and geographical areas to identify under-represented groups that will then be targeted through promotion campaigns.
- **Information Systems Strategy** – sets out how the Agency will increase its digital footprint to deliver frontline services even more efficiently and to better understand customer needs. It also sets a key objective of the Agency becoming a NISRA approved data centre to facilitate use by policy makers, academics and other stakeholders of statistical data collected by the Agency on employment relations issues.
- **People Strategy** – articulates how the Agency plans to develop and support its staff to deliver the highest quality services. It sets an ambitious target of achieving Investors in People (IiP) Platinum status by 2021 building on our current IiP Gold status.

## PERFORMANCE ANALYSIS

### Performance Monitoring

During the reporting period the Agency developed and consulted on a new Corporate Plan for the 2017-21 period that is closely aligned to the broader societal outcomes promulgated in the Executive's draft Programme for Government (PfG)<sup>4</sup> and the DfE's Economy 2030: The Industrial Strategy for Northern Ireland<sup>5</sup>. Our corporate plan sets out the Agency's core business under three strategic themes:

- Improving organisational performance and responding to the needs of individuals through expert employment relations advice and support;
- Working with stakeholders and delivery partners to evidence and promote the economic and social return from good employment relations and shape public policy; and
- Optimising the contribution of staff and resources to deliver our statutory functions through effective leadership and governance practices.

Delivery objectives are grouped under each strategic theme.

The Corporate Plan is then implemented through the development and delivery of annual business plans. The absence of a functioning Executive since January 2017 meant that the normal business planning cycle was delayed because of uncertainty about the status of the draft Programme for Government; the net effect being that the Agency's 2017-18 Business Plan was not signed off by the Board until August and subsequently approved by DfE in December 2018.

The Business Plan for 2017-18 contained 40 actions designed to deliver on the strategic objectives set out in the Corporate Plan with progress monitored at the monthly Senior Management Team meetings and reported at each governance meeting of the Board; progress is also noted at accountability meetings with DfE.

Senior Management has developed a performance management system which highlights at a glance where actions are completed, on track, behind schedule, or not yet started or will not be delivered during the year.

### Performance against Objectives

Overall, the Agency delivered, or delivered in large part, 33 of the 40 (83%) planned outcomes/ outputs contained in our Business Plan for 2017-18. All frontline service targets have been met and in some instances exceeded; a number of developmental targets were not achieved and have been carried forward into 2018-19.

The areas of work not progressed were due either to resource constraints or the outcome was dependent on third party interventions or external factors beyond the control of the Agency. The resource constraints were felt most keenly under Strategic Theme 2 (evidencing and promoting the economic and social return from good employment relations and shape public policy). The Agency is working with DfE and the Roundtable to identify the resources needed to make more substantive progress in 2018-19.

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<sup>4</sup> Available at: [www.northernireland.gov.uk/programme-government](http://www.northernireland.gov.uk/programme-government)

<sup>5</sup> Available at: [www.economy-ni.gov.uk/consultations/industrial-strategy](http://www.economy-ni.gov.uk/consultations/industrial-strategy)



## PERFORMANCE ANALYSIS cont'd ...

Circumstances in DfE meant that work to agree a new Management Statement and Financial Memorandum (Objective 3.2(e)) and induct new Board members (Objective 3.2(i)) are now expected to be undertaken in 2018-19.

<b>Strategic Theme 1: Improving organisational performance and responding to the needs of individuals through expert employment relations advice and support.</b>	
<b>1.1 To provide effective guidance on employment relations issues to individuals and organisations.</b>	
a. <i>Deliver an Enquiry Point service with waiting times of less than one minute and a 'lost call' rate of less than 10%.</i>	<p><b><u>Outcome delivered</u></b> 17,654 calls were handled:</p> <ul style="list-style-type: none"> <li>• the average waiting time was 55 seconds; and</li> <li>• the 'lost call' rate was 6.6%.</li> </ul>
b. <i>Deliver a range of good practice seminars and briefings to encourage legislative compliance and promote good practice with at least 75% of attendees being better equipped to deal with employment matters as a result.</i>	<p><b><u>Outcome delivered</u></b> Target exceeded with an 86% achievement rate.</p>
c. <i>Deliver a 'document review' service with at least 50% of customers having amended documentation/systems as a result of Agency assistance.</i>	<p><b><u>Outcome delivered</u></b> Target exceeded with an 83% achievement rate.</p>
d. <i>Deliver a good practice facilitation service in accordance with agreed operational guidelines.</i>	<p><b><u>Outcome delivered</u></b> Examples include:</p> <ul style="list-style-type: none"> <li>• voluntary trade union recognition projects;</li> <li>• jointly agreed pay negotiation framework; and</li> <li>• minimum wage and employment investigations workshops.</li> </ul>
e. <i>Work with key delivery partners on a range of signature projects.</i>	<p><b><u>Outcome delivered</u></b> Examples include:</p> <ul style="list-style-type: none"> <li>• development and delivery of new Post Graduate Certificate in NI Employment Law in partnership with Ulster University and legal Island;</li> <li>• working with eight local councils to develop negotiation and consultation arrangements.</li> </ul>
f. <i>Support the Department for Communities (DfC) in the development of an employment relations pilot project.</i>	<p><b><u>Outcome delivered</u></b> Pilot proposals submitted to DfC.</p> <p>The Agency has agreed to facilitate a joint Management/Union meeting to initiate the project</p>

## PERFORMANCE ANALYSIS cont'd ...

1.2	<b>To help prevent and resolve individual and collective workplace employment disputes.</b>	
a.	<i>Deliver an Individual Conciliation Service with no more than 20% of individual rights claims subsequently dealt with by an employment tribunal.</i>	<b><u>Outcome delivered</u></b> Target exceeded with only 10% of the 2,943 cases cleared progressing to an employment tribunal.
b.	<i>Deliver a Collective Conciliation Service where there is a promotion of a settlement in 70% of reported collective disputes in which the Agency is involved.</i>	<b><u>Outcome delivered</u></b> Target exceeded with an 80% achievement rate.
c.	<i>Deliver a Mediation Service where there is a promotion of a settlement in at least 70% of referrals accepted and where mediation takes place.</i>	<b><u>Outcome delivered</u></b> Target exceeded with an 83% achievement rate.  Furthermore, 83% of respondents stated that working relationships had improved following mediation.
d.	<i>Deliver an Arbitration and Independent Appeals Service that meets agreed performance standards.</i>	<b><u>Outcome delivered</u></b> 11 cases completed in line with agreed performance standards.
e.	<i>Work with key delivery partners in line with agreed Memoranda of Understanding (MoUs).</i>	<b><u>Outcome delivered</u></b> Target met.
f.	<i>Ensure internal readiness for the introduction of Early Conciliation (EC), in line with a timetable agreed with the Department for the Economy (DfE).</i>	<b><u>Outcome delivered</u></b> Target met. A joint DfE, Agency and Tribunal Service project established to prepare for the introduction of EC.



## PERFORMANCE ANALYSIS cont'd ...

<p><b>Strategic Theme 2: Working with stakeholders and delivery partners to evidence and promote the economic and social return from good employment relations and shape public policy.</b></p>	
<p><b>2.1 To facilitate the work of the NI Employment Relations Roundtable to stimulate discussion and collaboration by key stakeholders on matters of public policy, skills and research.</b></p>	
<p>a. <i>Host, by December 2017, the launch of the Joint Declaration for Protection (Dignity at Work / A Harmonious and Inclusive Working Environment).</i></p>	<p><b><u>Outcome delivered</u></b> Successful launch of the Joint Declaration for Protection on 26 October 2017 by the Roundtable facilitated by the Agency and supported by the Equality Commission.</p>
<p>b. <i>Secure, by March 2018, stakeholder and Government support for a major employment / industrial relations conference in 2018-19.</i></p>	<p><b><u>Outcome delivered</u></b> The Roundtable endorsed this proposal at its August 2017 meeting. Preliminary discussions with DfE have taken place.</p>
<p>c. <i>Develop, by March 2018, an employment relations skills pilot.</i></p>	<p><b><u>Outcome partially delivered</u></b> Initial proposals endorsed by the Roundtable. Agreed to explore the feasibility of using INI's Business Growth initiative as the basis for a pilot.</p>
<p>d. <i>Provide opportunities for Government to have early engagement with key stakeholders on a range of policy proposals.</i></p>	<p><b><u>Outcome delivered.</u></b> DfC presented latest position on Gender Pay Gap Reporting at the February 2018 meeting of the Roundtable. The Agency also presented a paper on the key policy issues emanating from the Taylor Report. DfE and DfC senior officials have agreed to attend future meetings.</p>
<p><b>2.2 To develop and promote an Employment Relations Model for Northern Ireland.</b></p>	
<p>a. <i>Conduct, by March 2018, a literature review of international employment relations models.</i></p>	<p><b><u>Outcome not delivered due to resource constraints.</u></b> The Chief Executive was a speaker at the International Labour Organisation's (ILO) annual Employment Relations conference and discussed this issue. The ILO is developing a position paper setting out Guiding Principles for Effective Resolution of Disputes. The Agency will be involved in the consultation and development process.</p>
<p>b. <i>Identify, by March 2018, the key components of an Employment Relations Model for Northern Ireland for discussion with the Roundtable.</i></p>	<p><b><u>Outcome not delivered due to resource constraints.</u></b> Project carried forward into 2018-19 Business Plan.</p>

<sup>6</sup> 'Good work: the Taylor review of modern working practices' – an independent review of modern working practices by Matthew Taylor, Chief Executive of the Royal Society of Arts, published by the Department for Business, Energy and Industrial Strategy, July 2017 (available at: [www.gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices](http://www.gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices)).

## PERFORMANCE ANALYSIS cont'd ...

<p><b>2.3</b> <i>To review the mechanisms for evidencing the economic and social return from good employment and industrial relations practice.</i></p>	
<p>a. <i>Work with DfE and research bodies to commission a research project to evidence the economic and social return from good employment and industrial relations practice – timetable to be determined by DfE.</i></p>	<p><b><u>Outcome not delivered</u> due to resource constraints.</b>                      Project carried forward into 2018-19 Business Plan.                       The Agency is working with Advisory, Conciliation and Arbitration Service (Acas) to commission Cardiff Business School to conduct research on approaches to handling workplace conflict. This research will be completed in 2018-19.</p>
<p>b. <i>Discuss with Acas and the Workplace Relations Commission (WRC), by March 2018, a collaborative approach to measuring the social and economic impact of employment relations services.</i></p>	<p><b><u>Outcome not delivered</u> due to resource constraints.</b>                      Project carried forward into 2018-19 Business Plan.                       The Agency will raise this issue at the upcoming International Agencies conference hosted by Acas in November 2018.</p>
<p>c. <i>Review, by March 2018, the existing quantitative and qualitative arrangements for evaluating the Agency's employment relations services.</i></p>	<p><b><u>Outcome not delivered</u> due to resource constraints.</b>                      Project carried forward into 2018-19.</p>

## PERFORMANCE ANALYSIS cont'd ...

Strategic Theme 3: Optimising the contribution of staff and resources to deliver our statutory functions through effective leadership and governance practices.	
<b>3.1 To ensure the effective development of Agency staff and systems to deliver our statutory functions.</b>	
a. <i>Develop, by December 2017, a People Strategy to support the delivery of the Corporate Plan for 2017-21.</i>	<b>Outcome delivered</b> People Strategy approved at the November 2017 Board meeting with year one targets included in 2018-19 Business Plan.
b. <i>Develop, by December 2017, an Information Systems Strategy to support the delivery of the Corporate Plan for 2017-21.</i>	<b>Outcome delivered</b> Information Systems Strategy approved at the November 2017 Board meeting with year one targets included in 2018-19 Business Plan.
c. <i>Develop, by December 2017, a Communications Strategy to support the delivery of the Corporate Plan for 2017-21.</i>	<b>Outcome delivered</b> Communications Strategy approved at January 2018 Board meeting with year one targets included in 2018-19 Business Plan.
d. <i>Develop, by December 2017, an action plan for reaccreditation against the Investors in People Gold Standard in 2018-19.</i>	<b>Outcome partially delivered</b> Independent survey of the Agency's compliance against the new liP standard completed in January 2018 with findings shared and discussed at our staff conference.  Delivery of an liP action plan included in the 2018-19 Business Plan.
e. <i>Develop, by December 2017, an action plan to achieve the Customer Service Excellence Award in 2018-19.</i>	<b>Outcome delivered</b> Action plan approved by the Senior Management Team (SMT) and an Innovation Group established.  The existing Helpline Service rebranded as an Enquiry Point. A pilot project to integrate the use of web chat into the Enquiry Point service will commence in April 2018.  The Agency is an active member of the NI Customer Service Excellence Network, facilitated by INI.
f. <i>Implement, by March 2018, a Voluntary Exit Scheme (VES) to help ensure the Agency can manage within its budget allocation for 2017-18 and provide resources for organisational transformation in 2018-19.</i>	<b>Outcome delivered</b> Nine staff (7.8 full time equivalents) left their posts under the VES by January 2018 with in year savings of circa £80k.  Annualised savings will continue to be used to offset any further budget reductions and to fund new posts required as part of the Agency's organisational transformation.

## PERFORMANCE ANALYSIS cont'd ...

<p>g. <i>Agree, by March 2018, proposals for a new organisational structure.</i></p>	<p><b><u>Outcome delivered</u></b>                  The Agency restructured from three to two Directorates, with effect from January 2018.</p> <p>The wider Transformation Programme, of which restructuring was a part, will continue throughout 2018-19.</p>
<p>h. <i>Implement, by March 2018, Phase 2 of the development of the Case Management Records System (CMRS).</i></p>	<p><b><u>Outcome delivered</u></b>                  The primary development work completed by the end of March 2018. The enhanced system went live in April 2018, following user acceptance testing and staff training.</p>
<p><b>3.2 To deliver excellent governance in the management of the Agency's resources in line with the requirements placed on public bodies.</b></p>	
<p>a. <i>Achieve a budget outturn of 98%.</i></p>	<p><b><u>Outcome delivered</u></b>                  The final outturn was 99%.</p>
<p>b. <i>Develop, by October 2017, an action plan for managing budget pressures in 2017-18 and beyond.</i></p>	<p><b><u>Outcome delivered</u></b>                  The action plan included the following measures:</p> <ul style="list-style-type: none"> <li>• implementation of a Voluntary Exit Scheme; and</li> <li>• rationalisation of core establishment costs relating to security, utilities and printing/postage.</li> </ul> <p>Delivery of these actions leaves the Agency better placed to deal with further budget pressures in 2018-19 while seeking to maintain key frontline services.</p>
<p>c. <i>Publish, by October 2017, the Agency's Annual Report and Accounts for 2016-17, certified without qualification by the Northern Ireland Audit Office.</i></p>	<p><b><u>Outcome delivered</u></b>                  The Annual Report and Accounts certified without qualification and laid in the Assembly in June 2017; published in August; and formally launched at the Agency's annual public meeting in October 2017.</p>
<p>d. <i>Submit to DfE, by October 2017, the Agency's Corporate Plan for 2017-21.</i></p>	<p><b><u>Outcome delivered</u></b>                  The draft Corporate Plan approved at the September 2017 Board meeting for consultation with stakeholders (including DfE). Feedback from consultees was considered at the February 2018 Board meeting and the Corporate Plan was formally approved at the March 2018 Board meeting.</p> <p>Given the current political situation, the Corporate Plan remains in draft form pending Ministerial approval.</p>

## PERFORMANCE ANALYSIS cont'd ...

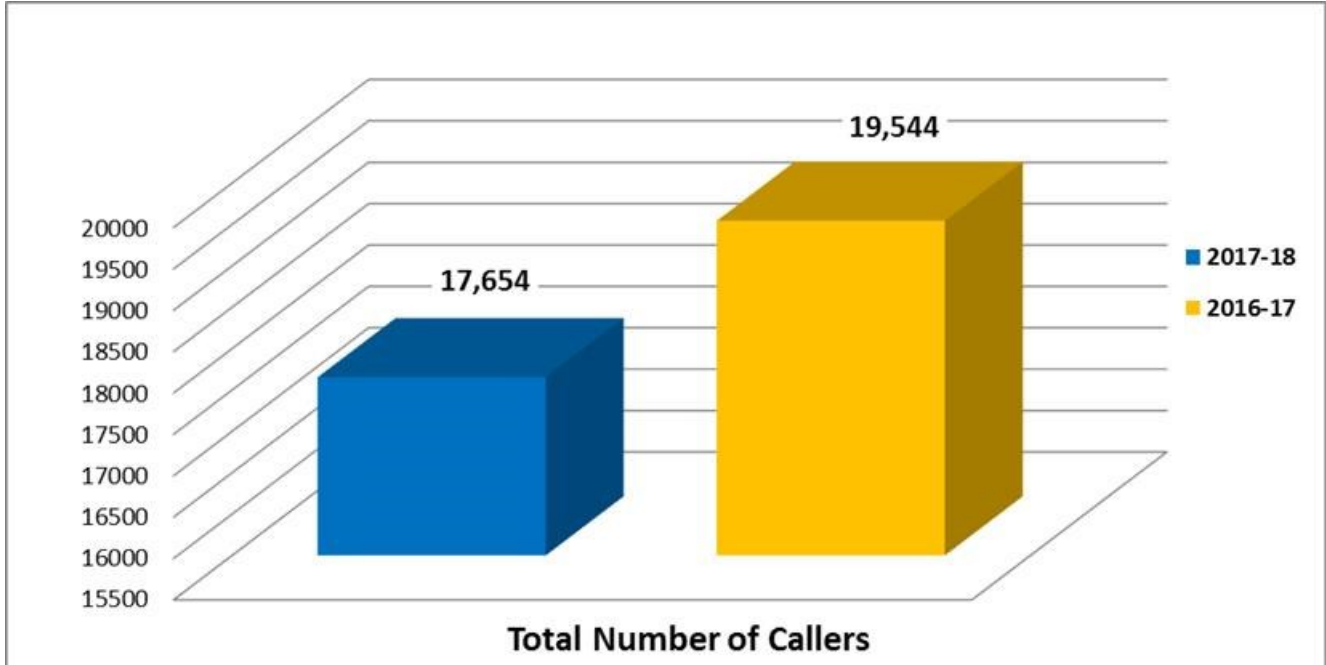
<p>e. <i>Agree a revised Management Statement and Financial Memorandum (MSFM) with the Department for the Economy in line with a timetable to be set by DfE.</i></p>	<p><b><u>Outcome not delivered</u></b> The Agency provided feedback on a revised draft MSFM to DfE in November 2017. A further iteration is awaited from DfE and this activity has been carried forward into the Agency's Business Plan for 2018-19.</p>
<p>f. <i>Implement, from June 2017, a revised Risk Management Framework.</i></p>	<p><b><u>Outcome delivered</u></b> A new Risk Management Framework approved at the June 2017 Board meeting. Internal Audit provided a satisfactory assurance rating following a review of the Agency's risk management arrangements in January 2018.</p>
<p>g. <i>Develop and implement from September 2017 a new Strategic Internal Audit Plan.</i></p>	<p><b><u>Outcome delivered</u></b> The Strategic Internal Audit Plan was approved by the Audit and Risk Assurance Committee (ARAC) at its September 2017 meeting. The 2017-18 audits have been completed and the outcomes considered by the ARAC and SMT.</p>
<p>h. <i>Prepare an economic appraisal of the Agency's accommodation requirements following the expiry of its building leases in 2019 in line with a timetable agreed with the Department of Finance's (DoF) Reform of Property Management (RPM) team and DfE.</i></p>	<p><b><u>Outcome partially delivered</u></b> The DoF advised in year that the Agency will not be accommodated within the Government Estate until at least 2021-22; and should seek to extend the current lease for three years.  The Agency secured the necessary DoF approvals to extend the Belfast lease in March 2018.  A review of the accommodation options for the Regional Office commenced in consultation with RPM. This project carried forward into the 2018-19 Business Plan.</p>
<p>i. <i>Induct new Board members in line with a timetable agreed with DfE.</i></p>	<p><b><u>Outcome not delivered</u></b> This target not achieved due to the general impasse regarding Board member recruitment. The induction target has been carried forward to 2018-19 Business Plan.</p>
<p>j. <i>Develop, by December 2017, an action plan to ensure organisational readiness for the implementation of the General Data Protection Regulation (GDPR) in May 2018.</i></p>	<p><b><u>Outcome delivered</u></b> Gap analysis of the Agency's current data protection arrangements demonstrated that the Agency is well placed to comply with the new GDPR.  Delivery of the necessary actions to ensure full compliance by the 25 May 2018 well advanced.</p>
<p>k. <i>Review and update, by March 2018, the Agency's Equality Scheme.</i></p>	<p><b><u>Outcome delivered</u></b> The review completed in March 2018 and concluded that the Equality Scheme remains fit for purpose.</p>



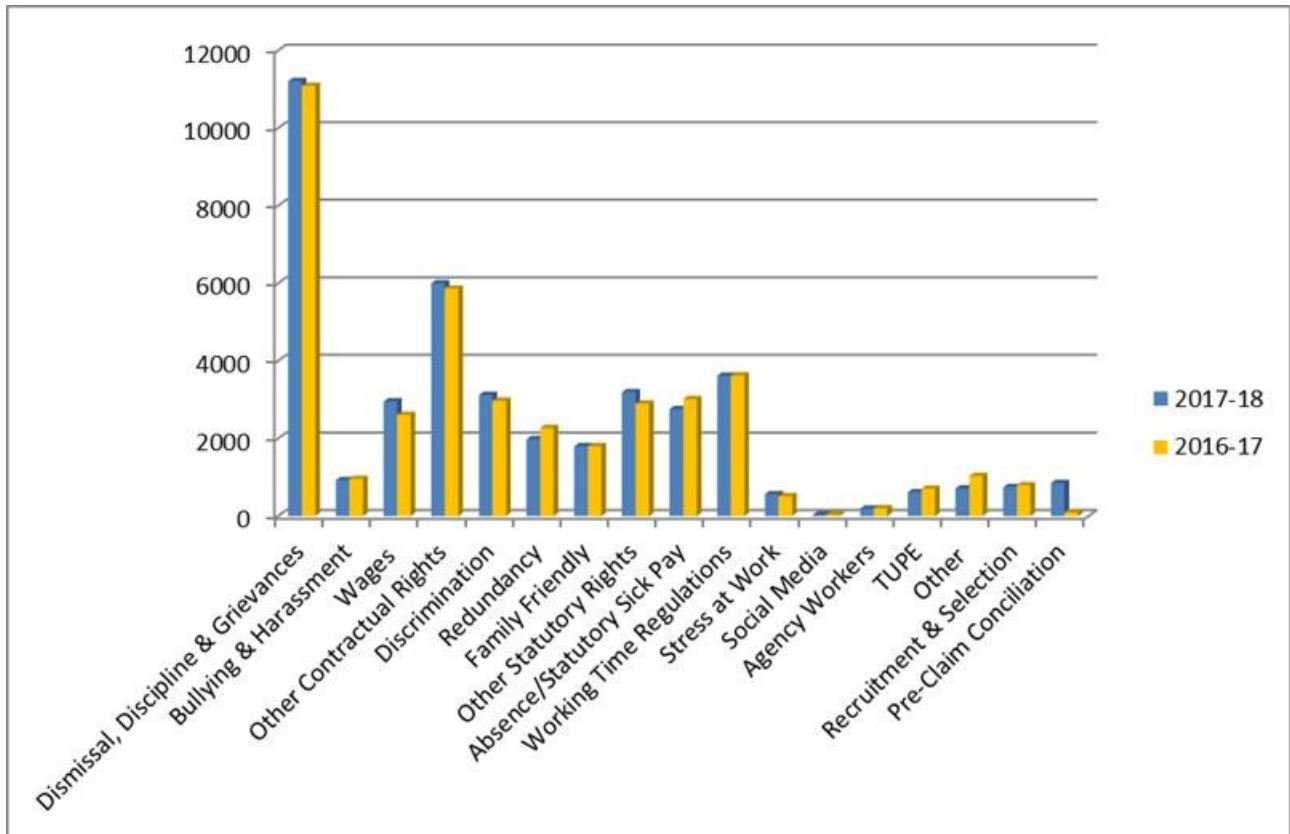
# CASE VOLUMES AND CUSTOMER ENGAGEMENT STATISTICS

## ADVISORY FACTS AND FIGURES

**Table 1: General Enquiries**

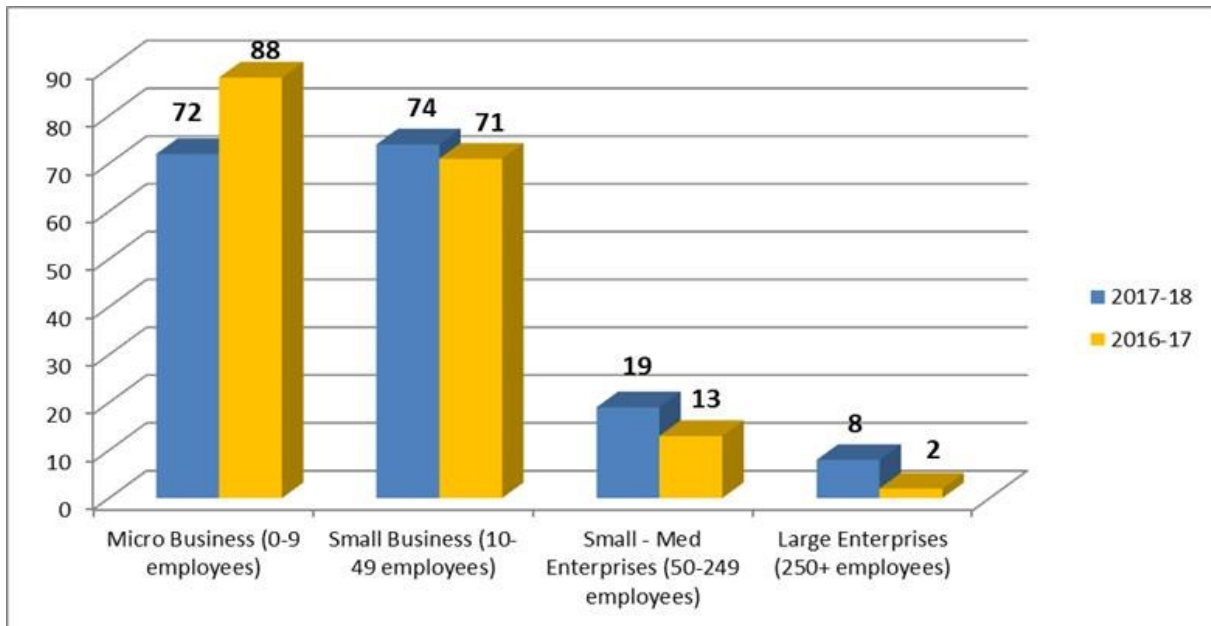


**Table 2: General Enquiries by Type**

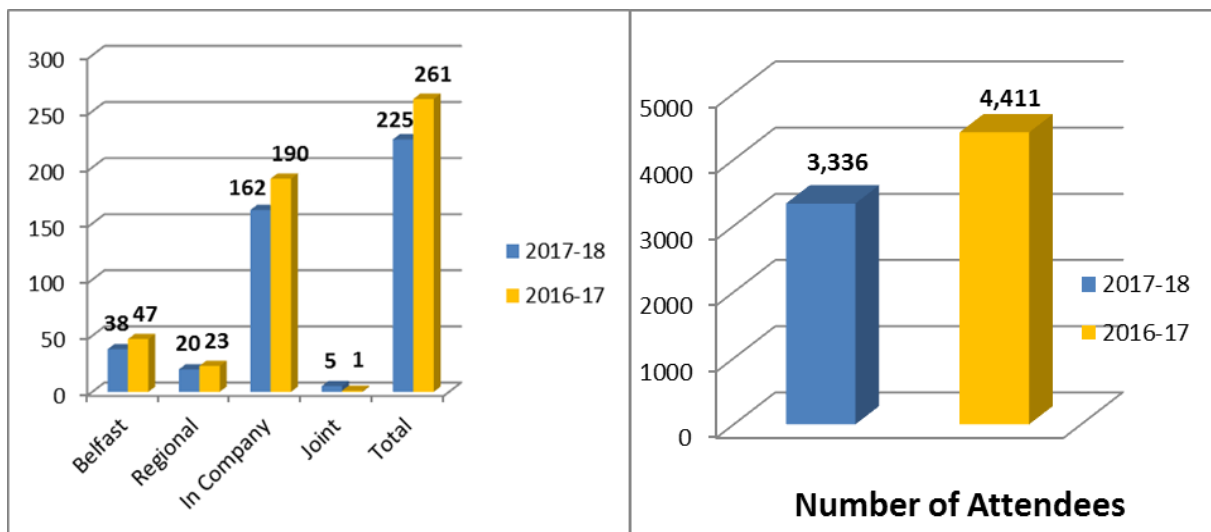


## ADVISORY FACTS AND FIGURES cont'd ...

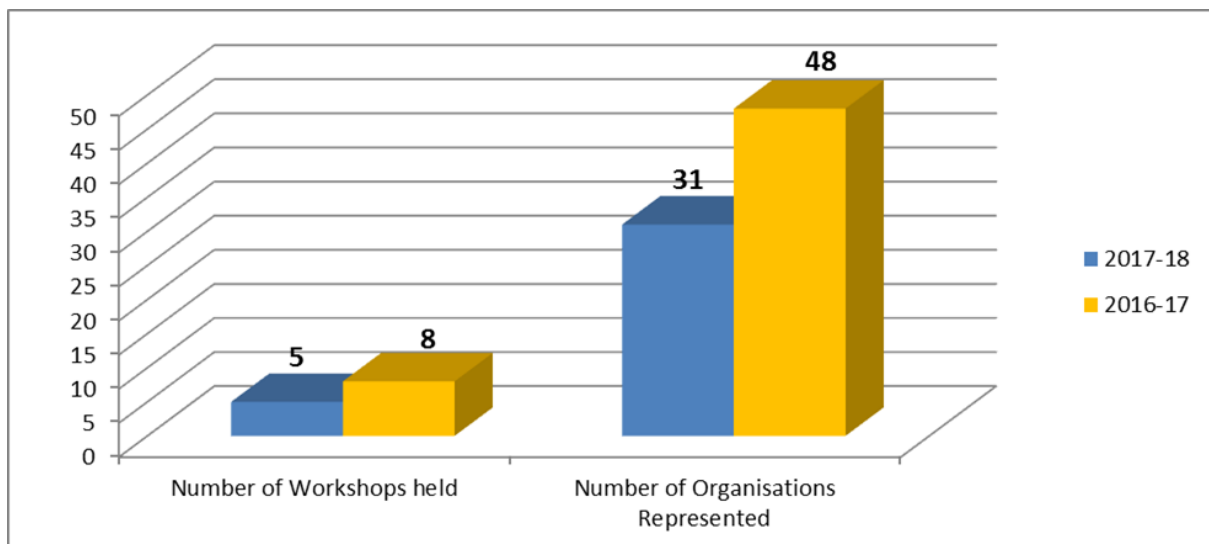
**Table 3: Advisory Cases Received**



**Table 4: No. of Good Practice Seminars on Employment Law & Practice Held**

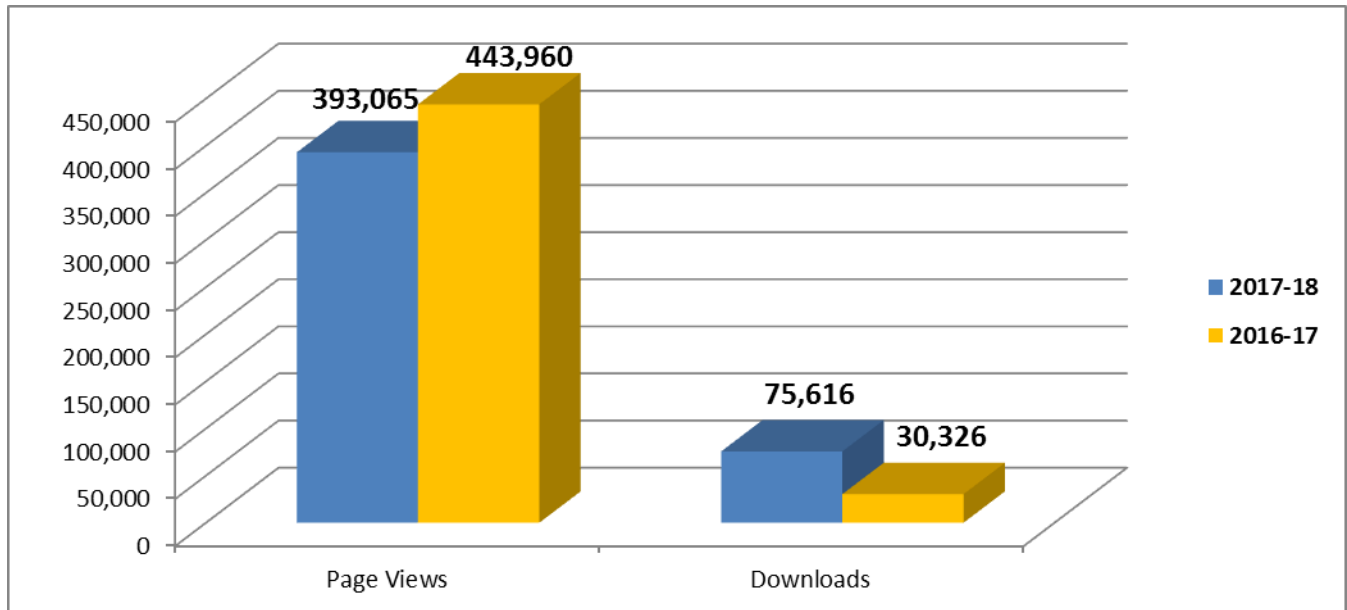


**Table 5: Advisory Workshops on Employment Documentation**



## ADVISORY FACTS AND FIGURES cont'd ...

**Table 6: Web Trends**



**Table 7: Top 10 Downloads**

Top 10 Downloads	2017-18	2016-17
1. Disciplinary and Grievance Procedures - 3 April 2011	27.16%	22.70%
2. Advice on Handling Discipline & Grievance at Work	12.48%	5.57%
3. Sample Letters – Discipline and Grievance and Flowcharts	8.23%	2.96%
4. Advice on Handling Redundancy	4.74%	2.52%
5. Advice on Managing Sickness Absence	4.39%	3.08%
6. Sample Letters – Redundancy & Flowcharts	3.62%	13.87%
7. Information Note 6: Transfer of Undertakings Protection of Employment	2.77%	-
8. Information Note 3: Holidays and Holiday Pay	2.70%	3.23%
9. Flexible Working: The Right to Request and Duty to Consider	2.20%	2.26%
10. Joint EC & LRA Publication: Bullying and Harassment in the Workplace	2.16%	-



## CONCILIATION AND ARBITRATION FACTS AND FIGURES

**Table 8: Individual Conciliation Claims Received and Dealt With Other than Fair Employment**

	Claims Received		Claims Dealt With	
	2017-18	2016-17	2017-18	2016-17
Unfair Dismissal	1,842	2,791	1,766	2,771
Wages Order	15,477 <sup>7</sup>	2,116	723	615
Breach of Contract	1,093	652	549	613
Other Employment Rights	19,040 <sup>8</sup>	3,470	1,273	1,426
Equal Pay	60	162	33	100
Age Discrimination	128	226	75	86
Sex Discrimination	258	390	243	280
Disability Discrimination	281	272	262	206
Race Discrimination	81	70	75	76
Sexual Orientation Discrimination	24	19	20	13
Flexible Working	10	12	8	9
<b>Total</b>	<b>38,294</b>	<b>10,180</b>	<b>5,027</b>	<b>6,195</b>

**Table 9: Individual Conciliation Claims Dealt With and Their Outcome Other than Fair Employment**

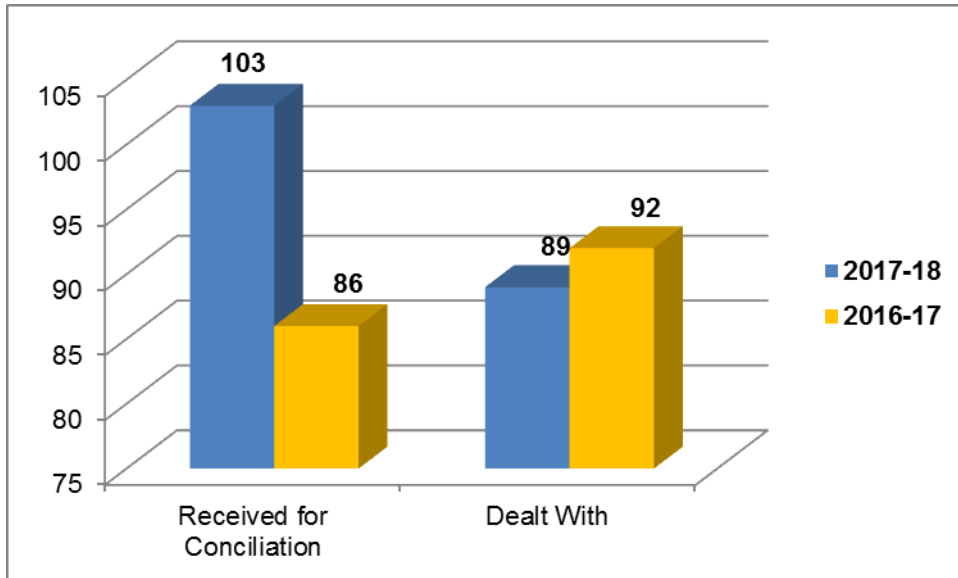
Jurisdiction	Settled by Conciliation		Withdrawn During Conciliation		Referred to a Tribunal		Total Claims Dealt With	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Unfair Dismissal	1,400	2,415	217	255	123	101	1,766	2,771
Wages Order	293	346	300	160	94	109	723	615
Breach of Contract	266	287	146	163	134	163	549	613
Other Employment Rights	384	690	692	489	172	247	1,273	1,426
Equal Pay	14	71	16	21	3	8	33	100
Age Discrimination	37	36	30	44	8	6	75	86
Sex Discrimination	126	155	95	94	21	31	243	280
Disability Discrimination	145	104	85	82	30	20	262	206
Race Discrimination	28	32	21	34	26	10	75	76
Sexual Orientation Discrimination	9	5	7	6	4	2	20	13
Flexible Working	4	4	3	3	1	2	8	9
<b>Total</b>	<b>2,706</b>	<b>4,145</b>	<b>1,612</b>	<b>1,351</b>	<b>616</b>	<b>699</b>	<b>5,027</b>	<b>6,195</b>

<sup>7</sup> Large number of bulk cases – see Performance Summary on page 16.

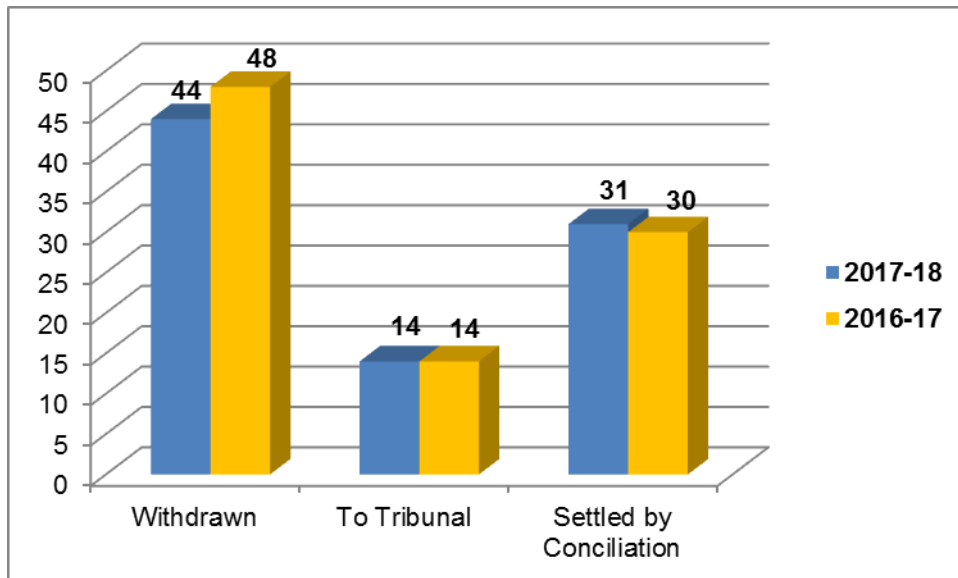
<sup>8</sup> As above.

## CONCILIATION AND ARBITRATION FACTS AND FIGURES cont'd ...

**Table 10: Fair Employment Claims Received and Dealt With**



**Table 11: Analysis of Fair Employment Claims Dealt With**



## CONCILIATION AND ARBITRATION FACTS AND FIGURES cont'd ...

**Table 12: All Individual Rights and Fair Employment Claims Received and Dealt With**

Category	Carried Over from 2016-17	Cases Received 2017-18	Cases Dealt With 2017-18	Carried Over to 2018-19
Employment Cases	9,389	14,198 <sup>9</sup>	2,240	21,347
Equality Cases	1,786	772	703	1,855

**Table 13: Pre-Claim Conciliation (PCC) Referrals**

	2017-18	2016-17
Total number of PCC referrals from the Helpline	82	60
Direct referrals	3	10
Un-progressed – employee unwilling	1	3
Un-progressed – employer unwilling	10	14
Un-progressed – referral inappropriate for conciliation or parties uncontactable	3	6

**Table 14: Independent Appeals/Arbitration Cases Received and Dealt With**

	2017-2018	2016-17
Cases brought forward from previous year	22	21
Cases received in year	15	37
Total cases in hand	37	58
Cases dealt with	9	20
Cases withdrawn	10	16
Abandoned	3	0
Cases carried forward into next year	15	22

<sup>9</sup> Large number of bulk cases – see Performance Summary on page 16.

## CONCILIATION AND ARBITRATION FACTS AND FIGURES cont'd ...

**Table 15: Source of Requests for Independent Appeals/Arbitration**

	No. Received 2017-18
Teaching Sector of Education Service	4
Non-Teaching Sector of Education Service	5
Board Officers of Education Service	1
Procedures agreed within local Government	0
Further Education Sector	5
Public Bodies/Voluntary	0
PSNI	0
<b>Total</b>	<b>15</b>

**Table 16: Subject of Requests for Independent Appeals/Arbitration**

	No. Received 2017-18
Grievance	5
Grading/Job Evaluation	0
Harassment	5
Interpretation of Agreement	0
Pay/Conditions of Employment	0
Redundancy	2
Discipline/Dismissal	3
RPA	0
<b>Total</b>	<b>15</b>

**Table 17: Cases received under the Statutory Arbitration Scheme**

	2017-18	2016-17
Cases brought forward from previous year	1	1
Arbitration Agreements received	0	1
Arbitration Agreements accepted	0	1
Number of Arbitration hearings held	0	0
Number of Arbitration Awards issued	0	0
Cases settled without a hearing	0	0
Cases withdrawn	0	1
Carried forward to following year	1	1

## CONCILIATION AND ARBITRATION FACTS AND FIGURES cont'd ...

**Table 18: Mediation Cases**

	2017-18	2016-17
Brought Forward from previous year	8	11
Received in period	59	75
<b>Total</b>	<b>67</b>	<b>86</b>
<b>Broken down as follows:</b>		
Mediation Referrals Withdrawn in period	24	30
Mediations Undertaken and Completed in period	35	48
Of these:		
• Issues resolved	29	38
• Issues unresolved	5	8
• Pre-Claim Conciliation Settlements	1	1
• Issues Narrowed	0	1
Carried forward to following period	8	8

**Table 19: Collective Conciliation Cases Received and Dealt With**

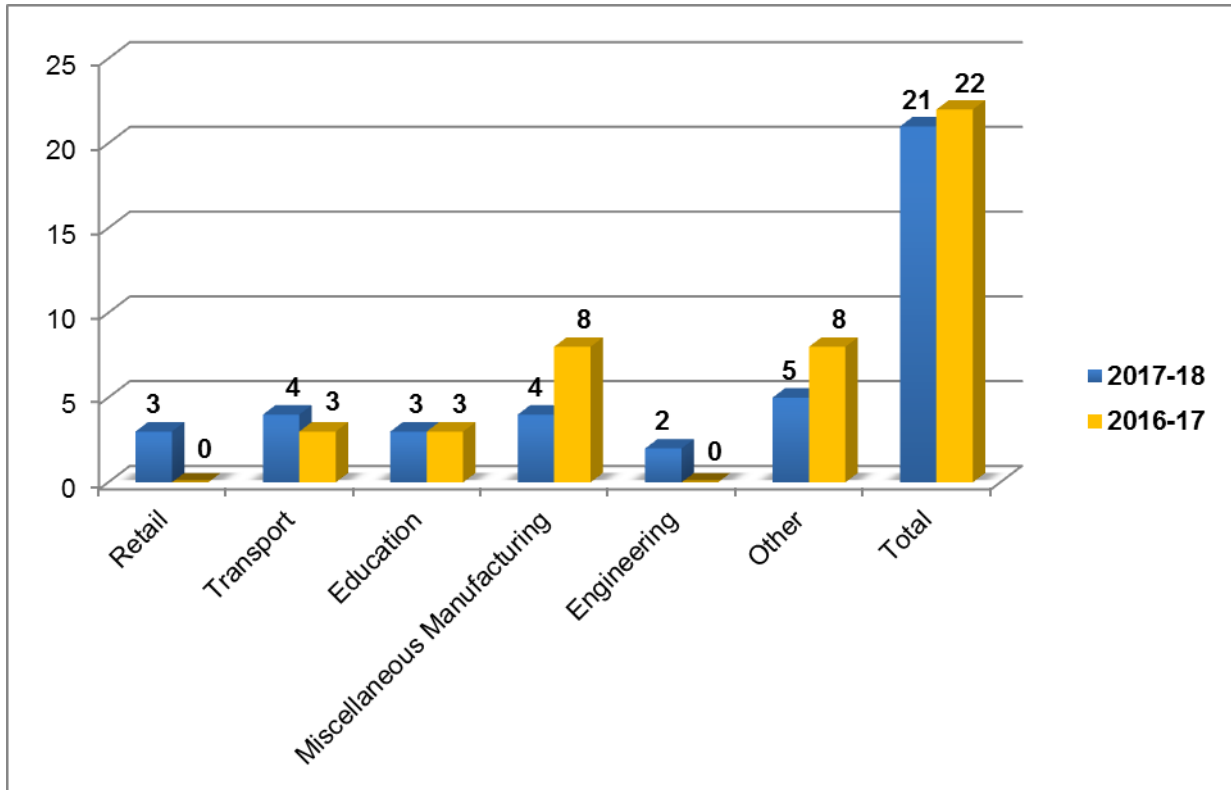
	2017-18	2016-17
Brought forward from previous year	2	4
Received for conciliation	21	22
<b>Total</b>	<b>23</b>	<b>26</b>
Dealt with during the year	21	24
Carried forward to following year	2	2

**Table 20: Sources of Requests for Collective Conciliation**

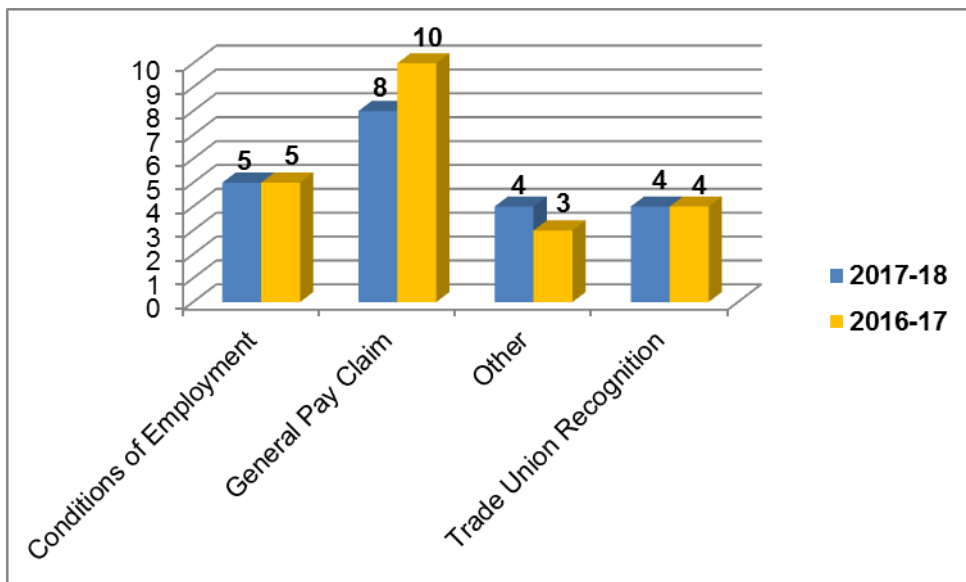
	2017-18	2016-17
Trade Union Approach	12	10
Employer Approach	9	10
Joint Approach	1	0
LRA	1	2
Industrial Court	0	0
<b>Total</b>	<b>23</b>	<b>22</b>

## CONCILIATION AND ARBITRATION FACTS AND FIGURES cont'd ...

**Table 21: Collective Conciliation Cases Received by Industry Classification**



**Table 22: Nature of Disputes**

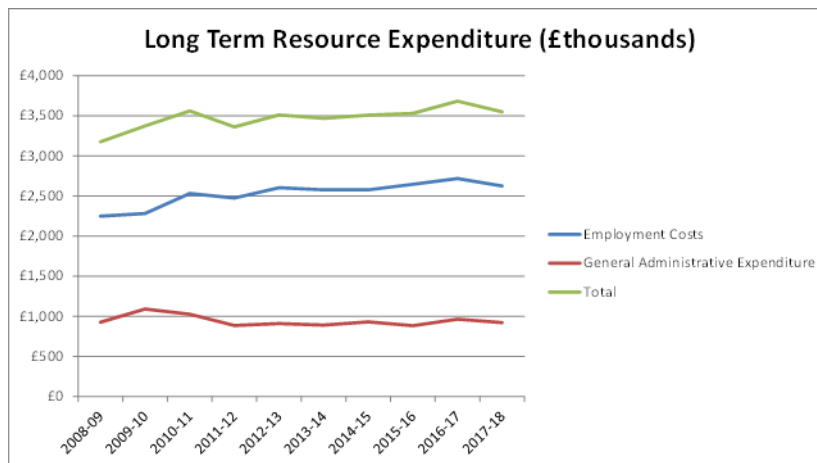


## FINANCIAL PERFORMANCE

The Agency achieved its key financial target of achieving an expenditure outturn of at least 98% of its non-ring-fenced resource and capital budget – the outturn was 99%.

### Long Term Expenditure Trends

The chart below illustrates the Agency’s resource expenditure (employment and administrative costs) over the past 10 years. As can be seen, the Agency’s outturn in 2017-18 is close to that of 2012-13. The Agency has had to absorb a baseline cut of 2% from the previous year, and the effects of pay awards and price inflation over this five year period. This was achieved in 2017-18 through the operation of the Voluntary Exit Scheme and vacancy management, and efficiency measures and paring back on discretionary expenditure.



Employment costs exclude the cost of voluntary exits in 2017-18

### Variance Analysis (+/- £5k)

Resource expenditure in 2017-18 compared to 2016-17 increased significantly in the following areas:

- **Employment costs (+£93k):** this is mainly because of non-recurrent compensation payments of £185k made under the VES. Excluding this expenditure, employment costs fell by -£92k, which is mostly the salary savings from staff who took voluntary exit in December 2017 and January 2018.
- **Building maintenance and security (+£13k):** this is increased repair and maintenance costs, including storm damage to the roof of the Agency’s Headquarters building. Increased costs partly offset by savings in security arrangements.
- **IT Managed Services (+£5k):** additional days from the service contract to release the IT Manager to focus on the management of the CMRS Phase 2 project (see below).
- **Other Professional Fees (+£8k):** this is mainly due to increased DoF management charges incurred in relation to increased building maintenance.

## FINANCIAL PERFORMANCE cont'd ...

Resource expenditure in 2017-18 compared to 2016-17 reduced significantly in the following areas:

- **Postage and telephones (–£12k):** significant savings in postage costs achieved through greater use of email.
- **Office supplies, photocopying and printing (–£24k):** as with the decrease in postage costs, significant savings in printer cartridges, paper supplies and photocopying achieved through greater use of email.
- **Publications and advertising (–£8k):** instead of routinely posting hard copies of publications, web links to Agency publications are now sent by email, which has resulted in significant savings.
- **Travel and subsistence (–£11k):** budget constraints, and reduced staffing, resulted in less travel.

In addition, the Agency incurred expenditure on the following:

- **Capital** – the Agency had an initial capital allocation of £65k for expenditure on building related fixtures and fittings information and communications technology hardware and software. It was able to increase this allocation to just over £80k by using unspent resource. As well as routine ‘business as usual’ expenditure on the upkeep of the Agency’s buildings, the replacement of worn out furniture and equipment, and software licences, the capital funding was used to support the implementation of its new Information Systems Strategy. This included purchasing licences to allow the upgrade of the Agency’s main IT operating system to Microsoft 2016, and the purchase of laptops to replace ageing computers used by senior staff to support paperless and remote working and enhance business continuity.
- **CMRS Phase 2** – following the acceptance of a business case by DfE, the Agency invested £227k in enhancements to its case management and workflow system. This has extended case management functionality across all the Agency’s external services and functions and put in place the IT infrastructure needed to deliver EC when implemented.
- **Voluntary Exit Scheme** – the Agency spent £185k of an allocation of £280k from the Public Sector Transformation Fund. This enabled all staff who applied to take voluntary exit to do so.

The Agency’s accruals increased significantly in 2017-18 (+£407k). This was largely because:

- Invoices relating to delivery of the CMRS Phase 2 enhancements had not been processed before the year end;
- Settlement of the 2014 Rent Review was awaiting completion of legal documentation; and
- Arrears of pay due to staff, backdated to August 2017, were awaiting approval of the NICS pay award.



## FINANCIAL PERFORMANCE cont'd ...

### Corporate Social Responsibility

The Agency seeks to facilitate staff wishing to contribute to charitable causes on an individual or collective basis. The Agency participates in the Payroll Giving Scheme for which it received a Platinum Award. This generated over £1,500 for charities in 2017-18.

In addition, the Agency and its staff undertake a number of initiatives in respect of its Corporate Social Responsibility. In 2017-18, these included:

- The '£ for lb' 12-week challenge, which is a voluntary weight loss programme aimed at promoting well-being and a healthy lifestyle. This raised over £200 for Autism NI;
- Periodic collections of clothing and toiletries to support those in our society experiencing or at risk of homelessness;
- Donating unrequired stationery items, such as lever arch files, to 'TEAM 35'. TEAM 35 are pupils participating in a 12 week course at Belfast Metropolitan College who have teamed up with the Prince's Trust to organise a 'school bag drive' to help set up refugee students for school life in a new country;
- Raising over £300 at a staff social event for Belfast Cathedral's annual 'Black Santa' appeal; and
- Encouraging and supporting staff members' own charitable fund-raising work by, for example, allowing the premises to be used to host 'coffee mornings'. These activities raised almost £700 for charitable causes.

### Sustainability

The Agency takes very seriously its corporate commitment to comply with environmental best practice and to seek opportunities to reduce our carbon footprint. As a result, the Agency's waste management providers confirmed that, by the end of 2017-18:

- All (100%) of Dry Mixed Recycling (DMR) materials generated on the premises were fully recycled. DMR waste includes plastics, cardboard, paper and cans. All waste (dry and residual) collections are evidenced, weighed and traced from collection to final destination. Dry mixed office waste is processed for onward re-use in compliance with all waste and transport legislation including a duty of care that ensures that waste is taken to suitably authorised facilities minimising landfill; and
- Of the General/Residual Waste collected from our offices, 65% was recycled with just 35% diverted to landfill.



**Tom Evans**  
**Chief Executive/Accounting Officer**  
 27 June 2018





## **CHAPTER 2**

# **ACCOUNTABILITY REPORT**

## CORPORATE GOVERNANCE REPORT

The Agency has put in place a corporate governance structure that is consistent with best practice standards and fully compliant with the requirements of Managing Public Money (Northern Ireland). This section of the report provides a brief overview of the governance structures and practices that are described in more detail in the Accounting Officer's Governance Statement.

The Agency's Board comprises the Chair and nine other members appointed under the Commissioner for Public Appointments Regulations administered through the sponsor Department, the Department for the Economy (the Department for Employment and Learning until May 2016).

The sponsor Department reviews the Chair's performance on an annual basis; similarly, the Chair completes an annual performance appraisal on each Board member. The Board also conducts an annual self-assessment exercise to determine whether the Board is operating effectively and to identify areas for improvement.

The Chair appraises the Chief Executive on an annual basis in consultation with the Finance and Personnel sub-committee.

The Board is responsible for establishing the strategic direction of the Agency and for monitoring performance against agreed operational targets. The Board has established a number of sub-committees to ensure there is adequate oversight of the Agency's operations.

The Audit and Risk Assurance Committee (ARAC) provides the Board and the Accounting Officer with assurance about the effectiveness of the Agency's internal control framework. The Committee meets at least four times per year.

The Finance and Personnel (F&P) Committee fulfils a more detailed scrutiny function on corporate matters relating to Finance, HR, IS/IT, and Premises. Its role is not just to challenge the work of the Senior Management Team (SMT) but also to provide advice that will better inform the Board's decision-making.

Due to a lack of funding, the Research Committee did not meet in the reporting period.

The Chairs of the Board sub-committees provide written updates at Board meetings.

The Board implemented the agreed actions from a facilitated workshop held in March 2017 to review the effectiveness of its corporate governance arrangements. The Board has also reviewed its operations against the NIAO's recent guidance on Board Effectiveness.

The Agency is required by statute to provide the Certification Officer (CO) with the necessary staff and corporate support services to fulfil the requirements of the governing legislation.

## DIRECTORS REPORT

### Chair and Chief Executive

The Chair of the Labour Relations Agency during 2017-18 was Marie Mallon. The Chief Executive and Accounting Officer was Tom Evans.

### Board

The Agency's overall strategic direction and governance arrangements, and the delivery of its functions as set out in legislation, are established and overseen by a Board.

Board members are appointed by the Minister for the Economy (all appointments made prior to May 2016 were made by the Minister for Employment and Learning).

Schedule 4<sup>10</sup> of the Industrial Relations (Northern Ireland) Order 1992 specifies that the Board should comprise a Chair and nine members. Of the Board members:

- Three should be representative of employers;
- Three should be representative of employees; and
- Three should be "other persons as appear to the Minister to be appropriate."

In the absence of a Minister in 2017-18, the Department for the Economy (DfE) extended the appointments of the Chair and five Board members whose terms of office were due to end during the year. The Board members, who served the Agency in 2017-18, and their dates of appointment, are set out in the table below – biographical information is available on the Agency's website<sup>11</sup>.

Name	Date Appointed to Board	End of Present Term of Office
Marie Mallon (Chair)	01-08-14	31-12-18 (extension of 1 <sup>st</sup> term)
Louise Crilly	16-11-15	15-11-18
Deirdre Fitzpatrick	01-12-14	31-12-18 (extension of 1 <sup>st</sup> term)
Michelle McGinley	16-11-15	15-11-18
Gary McMichael	01-12-11	31-12-18 (extension of 2 <sup>nd</sup> term)
Alison Millar	01-09-11	31-12-18 (extension of 2 <sup>nd</sup> term)
Albert Mills	01-11-12	22-11-18 (end of 2 <sup>nd</sup> term)
Jill Minne	01-12-14	31-12-18 (extension of 1 <sup>st</sup> term)
Daire Murphy	01-12-14	31-12-18 (extension of 1 <sup>st</sup> term)
Pauline Shepherd	01-01-13	31-12-18 (end of 2 <sup>nd</sup> term)

<sup>10</sup> Available at: [www.legislation.gov.uk/nisi/1992/807/schedule/4](http://www.legislation.gov.uk/nisi/1992/807/schedule/4).

<sup>11</sup> Available at: [www.lra.org.uk/about-us/about-the-lra/lra-board](http://www.lra.org.uk/about-us/about-the-lra/lra-board).

## DIRECTORS REPORT cont'd ...

During 2017-18, the Agency participated in two programmes aimed at developing future board members. Joanne McGinnis joined the Board as an apprentice under the Strictly Boardroom initiative<sup>12</sup> and Sarah Lawrence joined as part of a mentoring programme organised by the Commissioner for Public Appointments Northern Ireland.

### Senior Management Team

The management of the Agency is undertaken by a Senior Management Team (SMT) comprising the Chief Executive and, until 31 December 2017, three Directors. With effect from 1 January 2018, following restructuring, the number of Directors reduced to two.

### Register of Interests

The Register of Interests of Board and SMT members is published on the Agency's website.<sup>13</sup>

### Data Security

The Agency incurred no personal data breaches in 2017-18 (2016-17: none).

### Creditor Payment, Policy and Performance

The Agency is committed to the Better Payments Practice Code, and is subject to the Late Payment of Commercial Debt Regulations 2002. Payment is regarded as late if it is made outside the agreed terms, or 30 calendar days after receipt of a valid invoice where no terms are agreed.

To provide greater support to business the Agency has supported a public sector-wide commitment to paying valid invoices within 10 working days. As part of this process, prompt payment performance for both 10 working days and 30 calendar days is monitored. In 2017-18, the Agency paid:

- 80% of invoices within 10 working days (2016-17: 54%); and
- 98% of invoices within 30 calendar days (2016-17: 97%).

### Charitable Donations

There were no charitable donations made during 2017-18 (2016-17: £nil).

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<sup>12</sup> Further details are available at: [www.trictlyboardroom.com/](http://www.trictlyboardroom.com/).

<sup>13</sup> Available at: [www.lra.org.uk/publications/agency-publications/corporate-matters/register-of-board-member-interests/](http://www.lra.org.uk/publications/agency-publications/corporate-matters/register-of-board-member-interests/).

## DIRECTORS REPORT cont'd ...

### Complaints Procedure<sup>14</sup>

No complaints about the Agency were received in 2017-18 (2016-17: none).

No matters about the Agency were referred to the Northern Ireland Public Services Ombudsman for investigation in 2017-18 (2016-17: none).

## ACCOUNTING OFFICER'S RESPONSIBILITIES

The Agency is an executive Non-Departmental Public Body (NDPB) otherwise classified as an Arm's Length Body (ALB).

The Board of the Agency has appointed a Chief Executive Officer (CEO) who is the most senior executive reporting to the Board and responsible for the performance of the organisation.

The CEO is appointed by the Principal Accounting Officer of the sponsor Department as Accounting Officer for the Agency. The CEO is responsible to the Board and is also accountable to the Assembly for the Agency's use of resources in carrying out its functions as set out in the governing legislation and the Management Statement and Financial Memorandum (MSFM).

The Agency's Accounting Officer takes personal responsibility for the following matters:

- Regularity and propriety, including seeking Department of Finance (DoF) approval for any expenditure outside the normal delegations;
- Selection and appraisal of programmes and projects: using the Green Book (supported by additional DoF guidance) to evaluate alternatives, and good quality project and programme management techniques;
- Value for money: ensuring that the Agency's procurement, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, good value and avoidance of error and other waste, judged for the public sector as a whole and not just for the Agency;
- Management of opportunity and risk to achieve the right balance commensurate with the Agency's business and risk appetite; learning from experience, both using internal feedback, and from right across the public sector; and
- Accounting accurately for the Agency's financial position and transactions: to ensure that published financial information is transparent and up to date, and that the Agency's efficiency in the use of resources is tracked and recorded.

<sup>14</sup> Available at: [www.lra.org.uk/images/publications/customer\\_complaints\\_policy\\_procedure\\_revised\\_october\\_24\\_2011.pdf](http://www.lra.org.uk/images/publications/customer_complaints_policy_procedure_revised_october_24_2011.pdf)

## GOVERNANCE STATEMENT

### Introduction

This Governance Statement sets out the governance structures, risk management, and internal control procedures that have operated within the Agency during the financial year 2017-18 and up to the date of approval of the Annual Report and Accounts. The Agency's governance structure provides clarity and accountability in managing the delivery of its strategic objectives. It ensures that the Agency has the capacity to make decisions, monitor performance and assess and manage resources and risk

### Responsibilities of the Accounting Officer

As Accounting Officer, I have responsibility for maintaining an effective system of governance and internal control that supports the achievement of the Agency's aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

In delivering this role I provide regular updates to the Agency's Board on performance against the targets specified in the annual business plan. I am supported by a Senior Management Team (SMT) who contribute to my mid and end-year assurance statements and the Audit and Risk Assurance Committee (ARAC) which regularly monitors risk management activities.

### The Agency's Board

As specified in Schedule 4 of the Industrial Relations (Northern Ireland) Order 1992, the Agency's Board comprises a Chair and nine members. All appointments to the Board are made in accordance with the Code of Practice published by the Commissioner for Public Appointments Northern Ireland.<sup>15</sup>

Department for the Economy is responsible for appointing the Board members with the final decision resting with the Minister.

The role of the Board is to:

- Set the Agency's overall strategic direction within the policy framework set out in statute and the resources framework agreed with the sponsor Department;
- Oversee the delivery of planned outcomes by monitoring performance against agreed strategic objectives and targets;
- Ensure that the Agency operates within the limits of its statutory and financial delegated authority, agreed with its sponsor Department and in accordance with any other conditions relating to the use of public funds. Members of the Board have a duty to ensure that public funds are properly safeguarded and that the Agency conducts its operations as economically, efficiently and effectively as possible, with full regard to relevant statutory provisions;

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<sup>15</sup> Available at: [www.publicappointmentsni.org/sites/cpani/files/media-files/CPANI-Code-of-Practice-version-JL2-June-2016.pdf](http://www.publicappointmentsni.org/sites/cpani/files/media-files/CPANI-Code-of-Practice-version-JL2-June-2016.pdf).



## GOVERNANCE STATEMENT cont'd ...

- Ensure that the Agency has policies and procedures in place to comply with Freedom of Information and Data Protection legislation, including prompt response to public requests for information and the appropriate treatment of personal data;
- Ensure that the Agency operates sound environmental policies and practices in accordance with relevant Government guidance; and
- Ensure that high standards of corporate governance are observed at all times.

The discharge of some of the Board's responsibilities is delegated to sub-committees. There are two standing committees: the Audit and Risk Assurance Committee (ARAC), and the Finance and Personnel (F&P) Committee. There is also a Research and Evaluation Committee – this is an ad hoc committee, which was not required to sit in 2017-18 given the nature of the Agency's business priorities for the year.

### The Audit and Risk Assurance Committee (ARAC)

The ARAC deals with a range of issues relating to governance, internal control, accountability, and risk management. It is an advisory committee with no executive powers other than those delegated by the Board. The Committee provides recommendations to the Board for approval.

The Committee advises the Accounting Officer and Board on:

- The strategic processes for risk, control and governance and the Governance Statement;
- The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the External Auditors;
- The planned activity and results of both Internal and External Audit;
- Adequacy of management response to issues identified by audit activity, including External Audit's management letter;
- Assurances relating to the management of risk and corporate governance requirements for the organisation;
- Proposals for tendering for Internal Audit services; and,
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

## GOVERNANCE STATEMENT cont'd ...

### Finance and Personnel Committee (F&P)

The F&P Committee deals with a range of corporate issues. It is an advisory committee with no executive powers other than those delegated by the Board. The Committee provides recommendations to the Board for approval.

The Committee advises the Accounting Officer and Board on:

- Planning for and the management of Agency resources, for example financial, staffing and accommodation;
- Policy and strategic matters relating to the Agency's finances and personnel;
- The financial performance of the Agency;
- Staffing, equality and organisational development matters; and,
- Evaluation of the Agency's services in respect of performance and quality.

The Committee also plays a role in some of the Agency's employment policies and procedures, for example Discipline and Grievance Procedures; and considers a report from the Agency's Chair on the annual performance appraisal of the Chief Executive.

### The Senior Management Team (SMT)

The SMT comprises the Chief Executive and the Directors. The SMT meets weekly to discuss ongoing operational issues, progress against business plan targets, and governance. It also meets formally each month to review financial and business performance, key resourcing issues, and risks.

The Directors, collectively and individually, provide advice and support to the Chief Executive in exercising responsibility for ensuring that effective systems of internal control are maintained and operated.

The Chief Executive attends individual team meetings as required to brief and consult staff on key strategic priorities and issues.

## GOVERNANCE STATEMENT cont'd ...

## Board Member Attendance in 2017-18

Name	Board Meetings (out of 10)	Audit and Risk Assurance Committee Meetings (out of 4)	Finance and Personnel Committee Meetings (out of 3)
<b>Marie Mallon (Chair of the Board)</b>	9	n/a	n/a
<b>Louise Crilly</b>	5	4	n/a
<b>Deirdre Fitzpatrick (Chair, Audit and Risk Assurance Committee)</b>	10	4	n/a
<b>Michelle McGinley</b>	8	n/a	3
<b>Gary McMichael</b>	8	3	n/a
<b>Alison Millar</b>	8	2	n/a
<b>Albert Mills (Chair, Finance and Personnel Committee)</b>	8	n/a	3
<b>Jill Minne</b>	7	n/a	3
<b>Daire Murphy</b>	8	3	n/a
<b>Pauline Shepherd</b>	5	1	n/a

The Board normally meets 10 times per year. The quorum requirements for Board and Committee meetings are five and three respectively. With one exception, all meetings were held in Belfast.

The August 2017 Board meeting was held in the Regional Office and was followed by a reception for local stakeholders. Following the October Board meeting the Agency hosted its annual public meeting at which the Chair presented an overview of the Annual Report and Accounts. These events provided opportunities for the Board to discuss the work of the Agency with stakeholders and hear about employment relations issues from across Northern Ireland.

In addition to the above, the Board held a workshop to develop the Agency's new Corporate Plan; and the ARAC held a joint workshop with the SMT to develop the Agency's new Risk Management Framework and review the key corporate risks.

The F&P Committee normally meets four times per year. However, its March 2018 meeting had to be rescheduled and took place in April 2018.

## GOVERNANCE STATEMENT cont'd ...

### Board Performance

Shortly before the start of the year, in March 2017, the Board held an externally facilitated workshop to benchmark its practice and effectiveness against the Northern Ireland Audit Office's (NIAO) Board Effectiveness Guide<sup>16</sup>. This concluded that, while the Board is operating effectively, the focus of its meeting agendas should change to allow more time for strategic discussions. An action plan for a range of improvements to the Board's operation, which were discussed at the workshop, was agreed in May 2017.

A key change was a Board decision to dedicate four of its meetings to strategy development, as well as governance issues.

The ARAC reviewed the Agency's key governance policies and procedures during 2017-18 and made recommendations for change to the Board, which were subsequently accepted. These included the Agency's:

- Board Practice and Standing Orders;
- Code of Conduct for Board Members;
- Code of Conduct for Staff;
- Conflicts of Interest Policy; and the
- Risk Management Framework.

Towards the end of the year, the Board agreed a process for conducting a training needs analysis of Board members, the outcome of which will be progressed later in 2018. The Board also undertook a further self-assessment, which confirmed Board member satisfaction with the changes made earlier in the year.

The key governance issues discussed by the Board in 2017-18 were the:

- Corporate Plan for 2017-21;
- Business Plan for 2017-18 and performance against this;
- Business Plan for 2018-19;
- Annual Report and Accounts for 2016-17, and the Report To Those Charged With Governance (RTTCWG) on the outcome of the audit of this, which is issued by the External Auditor;
- Budget for 2017-18 and regular management accounts;
- Strategic Internal Audit Plan for 2017-20;
- Risk Management Framework and approval of the Corporate Risk Register for 2017-18;
- New or updated corporate governance policies described above;

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<sup>16</sup> Available at: [www.niauditoffice.gov.uk/publication/board-effectiveness-good-practice-guide](http://www.niauditoffice.gov.uk/publication/board-effectiveness-good-practice-guide).

## GOVERNANCE STATEMENT cont'd ...

- Proposals for restructuring and transformation;
- Business cases for funding for an enhanced case management system, implementation of Early Conciliation, and the Voluntary Exit Scheme; and
- Strategies for the development and management of the Agency's people, information systems, and communications for 2017-21.

The approved minutes of all Board meetings are published on the Agency's website.<sup>17</sup> These provide further details about the issues considered by the Board.

### Risk Management

In June 2017, the Agency developed and adopted a new Risk Management Framework, which was based on guidance provided by the sponsoring Department. This forms the basis for risk management in the Agency in terms of the control environment and individual roles and responsibilities to cover all key corporate and project risks. It also describes the process of risk assessment and assurance, both internally and to the Department, as well as stating how risk appetite is considered for each type of corporate risk.

As part of the Framework, each Director is required to submit an assurance statement to the Accounting Officer to confirm that risks are being managed effectively within their area of responsibility. This informs the Accounting Officer's own six-monthly assurance statement to the sponsoring Department's Accounting Officer.

The Corporate Risk Register is approved by the Board annually, and then reviewed and updated at monthly formal SMT meetings and at every ARAC meeting.

The key corporate risks relate to the Agency's relevance, reputation, funding, infrastructure, staffing and compliance. In managing these risks, the following key issues were addressed:

- Managing within a reduced budget allocation;
- The outcome of the Voluntary Exit Scheme; and
- Readiness for the implementation of GDPR.

A separate Risk Register was developed for the project to enhance the Agency's case management system to ensure that this was delivered within time and budget constraints.

None of the identified risks materialised in 2017-18.

### Internal Audit

Following a procurement exercise, Deloitte was appointed as the Agency's Internal Auditor for three years from 2017-18.

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<sup>17</sup> Available at: [www.lra.org.uk/publications/agency-publications/corporate-matters/board-minutes/](http://www.lra.org.uk/publications/agency-publications/corporate-matters/board-minutes/).

## GOVERNANCE STATEMENT cont'd ...

Deloitte's first task was to develop a Strategic Internal Audit Plan that will provide an informed opinion of the effectiveness of the Agency's governance and control systems over a three year period. The audit plan was based on an analysis of the risks to which the Agency is exposed.

The focus of Internal Audit activities in 2017-18, the first year of this plan, was:

- **The Risk Management Framework:** found to be working effectively and satisfactory assurance was provided – recommendations for further improvement were made, which were taken into account when the Framework was updated in May 2018.
- **Financial controls:** some weaknesses identified due to an over-reliance on manual processes and a limited assurance was provided. These issues have been addressed by automating the transfer of data from the accounting system into a spreadsheet used for budget monitoring and protections have been built into the spreadsheet to ensure formulae are protected and data is not overwritten. Training has also been provided to Finance staff on the effective operation of the accounting system.
- **GDPR readiness:** this was an advisory audit and the findings have been used to inform the Agency's action plan to ensure compliance with new data protection requirements from May 2018.

There was also a follow-up review of the implementation of Internal Audit recommendations made in 2016-17. This confirmed that most recommendations have been implemented, with a small number still being progressed or no longer relevant.

The internal audit programme operated to requirements defined in the Public Sector Internal Audit Standards (PSIAS).

### External Audit

External Audit is undertaken by the NIAO. Following the audit of this Annual Report and Accounts, the NIAO made one recommendation in the RTTCWG. This related to the correct application of indices, which are provided by the Office of National Statistics, to the Property, Plant and Equipment and the Intangible Assets schedules.

### Ministerial Direction

No Ministerial Directions were received in 2017-18.

## **GOVERNANCE STATEMENT cont'd ...**

### **Data Security**

The Agency continues to maintain an Information Security Management System certified to ISO 27001 to protect the confidentiality, integrity and availability of corporate and personal information.

An annual review of this was carried out by Intertek in August 2017 – no significant issues identified.

There were no data security incidents in 2017-18 (2016-17: none).

### **Governance issues identified between 2017-18**

No governance issues were identified in 2017-18 (2016-17: none).

### **Conclusion**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the Internal Audit and its comments and recommendations, and the opinion of the Comptroller and Auditor General as set out in the NIAO Report To Those Charged With Governance. It is also informed by the work of the Board, the ARAC and the F&P Committee, and assurances from the Agency's Directors who have responsibilities for the development and maintenance of the internal control framework.

I am aware of the importance of my ongoing review of the effectiveness of the systems of governance and internal controls within the Agency and I will continue to review these systems and processes to ensure continuous improvement.

## REMUNERATION AND STAFF REPORT FOR YEAR ENDED 31 MARCH 2018

### Remuneration Report

The Remuneration and Staff Report sets out the Agency's remuneration policy for Board and SMT members, and how that policy has been implemented. It also sets out the amounts awarded to Board and SMT members and, where relevant, the link between performance and remuneration. The Report also provides details on remuneration and staff that the Northern Ireland Assembly and others see as key to accountability.

### Chair and Board Members

The Chair and Board members are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. They are normally appointed for a fixed period of three years. Thereafter, they may be re-appointed in accordance with the Code of Practice.

The remuneration of the Chair and Board is set by DfE. Increases are calculated in line with the recommendations of the Senior Salaries Review Body. There are no arrangements in place for the payment of a bonus.

The Agency reimburses the Chair and Board members for any incidental expenses incurred for carrying out their duties relevant to the organisation. These expenses amounting to £389 (2016-17: £460) have been paid during the year and are reflected under Other Expenditure in Note 4 to the accounts.

Pension benefits are provided to the Chair through the Northern Ireland Civil Service pension schemes. Board members do not receive pension benefits from the Agency or DfE as a result of their appointments.

### Senior Management Team (SMT) and Other Staff

The SMT comprises the Chief Executive and Directors. There were three Directors until 31 December 2017; following restructuring the number of Directors reduced to two with effect from 1 January 2018.



## REMUNERATION AND STAFF REPORT FOR YEAR ENDED 31 MARCH 2018 cont'd...

### Remuneration Policy

While not civil servants, the Agency's staff are subject to levels of remuneration and terms and conditions of service (including superannuation) within the NICS pay structure as approved by DfE and DoF.

The Agency's Chief Executive post is equivalent to Assistant Secretary (Grade 5) within the Senior Civil Service (SCS). SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

Director posts are equivalent to Grade 7/Principal within the NICS.

The pay remit for the NICS, including the SCS, is normally approved by the Minister of Finance but in the absence of an Executive the DoF Permanent Secretary has set the 2017-18 NI public sector pay policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. The NICS pay award for 2017-18 was finalised in May 2018 and Departmental approval is being sought to increase staff salaries in line with this – a provision in the accounts has been made for the estimated arrears of pay.

### Service Contracts

Staff appointments are made in accordance with the Agency's Recruitment, Selection and Transfer Procedure, which requires appointments to be on merit on the basis of fair and open competition. Unless otherwise stated below, the staff 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.

## SALARY AND PENSION ENTITLEMENTS

The following section is subject to audit. It provides details of the remuneration and pension interests of the Agency's Chair and Board members and the SMT, and the Certification Officer.

Chair and Board members	2017-18				2016-17			
	Salary £'000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1,000)	Total £'000	Salary £'000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1,000)	Total £'000
Marie Mallon	20-25	–	10	30-35	20-25	–	10	30-35
Alison Millar	5-10	–	–	5-10	5-10	–	–	5-10
Gary McMichael	5-10	–	–	5-10	5-10	–	–	5-10
Albert Mills	5-10	–	–	5-10	5-10	–	–	5-10
Pauline Shepherd	5-10	–	–	5-10	5-10	–	–	5-10
Deirdre Fitzpatrick	5-10	–	–	5-10	5-10	–	–	5-10
Jill Minne	5-10	–	–	5-10	5-10	–	–	5-10
Daire Murphy	5-10	–	–	5-10	5-10	–	–	5-10
Louise Crilly	5-10	–	–	5-10	5-10	–	–	5-10
Michelle McGinley	5-10	–	–	5-10	5-10	–	–	5-10
<b>Senior Management Team</b>								
Tom Evans <i>Chief Executive</i>	65-70	–	-2	65-70	65-70	–	18	88-90
Don Leeson <sup>18</sup> <i>Director of Corporate Services</i>	50-55	–	20	70-75	0-5	–	1	0-5
David McGrath <sup>19</sup> <i>Interim Director of Employment Relations Services</i>	50-55	–	-8	40-45	50-55	–	12	62-65
Penny Holloway <sup>20</sup> <i>Director of Conciliation and Arbitration</i>	35-40	–	-49	-5 to -10	50-55	–	12	62-65
<b>Certification Officer</b>								
Sarah Havlin	20-25	–	8	25-30	20-25	–	5	20-25

<sup>18</sup> Appointed 1 March 2017. The full time equivalent salary in 2016-17 was £50-£55k per year.

<sup>19</sup> Director of Advisory Services until 31 December 2017.

<sup>20</sup> Until 31 December 2017. The full time equivalent salary in 2017-18 was £50-£55k per year.

## SALARY AND PENSION ENTITLEMENTS cont'd...

### Salary

'Salary' includes gross salary; performance pay and overtime and any other allowance to the extent that it is subject to UK taxation and any gratia payments. The Agency makes no other payments other than expenses, travel and subsistence.

### Bonuses

Bonus payments are not made to Board members or staff (2016-17: £nil).

### 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. No benefits in kind were paid to staff or Board members in 2017-18 (2016-17: £nil).

### Pension Entitlements

Name	Accrued pension at age as at 31/3/18 and Related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/18 £'000	CETV at 31/3/17 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account £'000
Marie Mallon <i>Agency Chair</i>	0-5	0-2.5	33	23	8	–
Tom Evans <i>Chief Executive</i>	35-40 + lump sum of 110-115	0-2.5 + lump sum of 0-2.5	821	809	-2	–
Don Leeson <i>Director of Corporate Services</i>	5-10	0-2.5	96	78	12	–
David McGrath <i>Interim Director of Employment Relations Services</i>	25-30 + lump sum of 80-85	0-2.5 + lump sum of 0-2.5	532	532	-7	–
Penny Holloway <sup>21</sup> <i>Director of Conciliation and Arbitration</i>	20-25 + lump sum of 145-150	-5 to -7.5 + lump sum of 65-67.5	531	564	-37	–
Sarah Havlin <i>Certification Officer</i>	0-5	0-25	28	23	3	–

<sup>21</sup> Until 31 December 2017.

## NORTHERN IRELAND CIVIL SERVICE PENSION ARRANGEMENTS

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

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

New entrants joining can choose between membership of alpha 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 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

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). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018.

Employee contribution rates for all members for the period covering 1 April 2018 – 31 March 2019 are as follows:

### Scheme Year 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates - Classic members or classic members who have moved to alpha	Contribution rates - All other members
From	To	From 01 April 2018 to 31 March 2019	From 01 April 2018 to 31 March 2019
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,636.99	4.6%	4.6%
£21,637.00	£51,515.99	5.45%	5.45%
£51,516.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

Benefits in classic accrue at the rate of 1/80<sup>th</sup> 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 1/60<sup>th</sup> 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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website [www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni](http://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni).

## 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 NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 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.

## Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

## Compensation for Loss of Office

Penny Holloway left under Voluntary Exit terms on 31 December 2017 receiving a compensation payment of £26k.

## Fair Pay Disclosure

	2017-18			2016-17		
	Salary £'000	Non-Consolidated Performance Pay £'000	Benefits in Kind Nearest £100	Salary £'000	Non-Consolidated Performance Pay £'000	Benefits in Kind Nearest £100
Chief Executive	65-70	–	–	65-70	–	–
Band of the highest paid director's total remuneration	65-70	–	–	65-70	–	–
Median Total Remuneration	29.3	–	–	30.4	–	–
Ratio	2.5	–	–	2.4	–	–

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

The banded remuneration of the highest-paid director in the Agency in the financial year 2017-18 was £65-70k (2016-17: £65-70k). This was 2.5 times (2016-17: 2.4) the median remuneration of the workforce, which was £29,300 (2016-17: £30,400). The slight increase in the ratio is a result of the loss of staff through the Voluntary Exit Scheme, all of whom were long serving and, therefore, paid at the top of the pay scale for their grade.

In 2017-18, one (2016-17: one) employee, the Chief Executive, was the highest-paid director with remuneration of 65-70k.

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

## STAFF REPORT

### Staff Costs

The following section is subject to audit.

<b>Staff costs comprise:</b>	<b>2017-18</b> £	2016-17 £
<b>Labour Relations Agency</b> (excluding Certification Office):		
<b>Permanently employed staff:</b>		
Wages and salaries (includes childcare vouchers)	2,077,121	1,924,328
Social security costs	159,046	170,832
Other pension costs – superannuation	397,430	413,044
	<b>2,633,597</b>	2,508,204
<b>Others:</b>		
Employment Agency Staff	13,639	69,736
Sub Total (excluding Certification Office)	2,647,236	2,577,940
Less recoveries in respect of outwards secondments	–	(20,693)
<b>Total</b>	<b>2,647,236</b>	<b>2,557,247</b>
<b>The Certification Officer and Staff</b>		
Wages and salaries	123,635	121,711
Social Security Costs	11,483	11,410
Other pension costs – superannuation	28,199	27,177
<b>Total</b>	<b>163,317</b>	160,298
<b>TOTAL STAFF COSTS</b>	<b>2,810,553</b>	2,717,545

The above staff costs are analysed as follows:	2017-18	2016-17
	£	£
<b>Board members</b>		
Chair's salary and Board member fees	72,886	72,077
Social security costs	2,301	2,259
Other pension costs – superannuation re Chair	6,532	6,425
	<b>81,719</b>	80,761
<b>SMT</b>		
Salaries	169,030	201,326
Social security costs	19,964	23,793
Other pension costs – superannuation	41,886	47,093
	<b>230,880</b>	272,212
<b>Employment Relations Services</b>		
Salaries	1,212,047	1,267,582
Social security costs	103,343	110,539
Other pension costs – superannuation	267,297	269,752
	<b>1,582,687</b>	1,647,873
<b>Corporate Services</b>		
Salaries	623,158	367,801
Social security costs	33,439	32,634
Other pension costs – superannuation	81,714	86,230
Employment agency staff	13,639	69,736
	<b>751,950</b>	556,401
<b>Certification Office</b>		
<b>Certification Officer: Salary</b>	20,726	20,933
Social security costs	1,735	1,771
Other pension costs – superannuation	4,725	4,776
	<b>27,186</b>	27,480
<b>Certification Office Staff</b>		
Salaries	102,909	100,778
Social Security costs	9,748	9,639
Other pension costs – superannuation	23,474	22,401
	<b>136,131</b>	132,818
<b>TOTAL EMPLOYMENT COSTS</b>	<b>2,810,553</b>	2,717,545



## Pension Costs

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the 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 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2018.

For 2017-18, employers' contributions of £423,653 were payable to the NICS pension arrangements (2016-17: £454,938) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2018-19, the rates will also range from 20.8% to 26.3% however the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners. The employer's contributions for the accounting period ending 31 March 2019 are estimated to be £404,000.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2016-17: £623) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2016-17: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil, 0.5% (2016-17: £18, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

No persons (2016-17: none) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2016-17: £nil).

## Average Number of Persons Employed

The following section is subject to audit.

The average number of whole-time equivalent persons employed during the year was as follows (figures rounded up):

	2017-18	2017-18	2017-18	2016-17
	Male	Female	Total	Total
Chair and Board Members	3	7	10	10
Senior Management Team	3	1	4	4
Employment Relations Services	16	23	39	39
Corporate Services	4	9	13	12
The Certification Officer	0	1	1	1
Certification Office Staff	2	2	4	4
<b>Total</b>	<b>28</b>	<b>43</b>	<b>71</b>	70
Employment Agency staff	2	2	4	4
Inward secondment	1	0	1	0
<b>TOTAL</b>	<b>31</b>	<b>45</b>	<b>76</b>	74

## Off Payroll Disclosures

There were no off payroll payments made during 2017-18 (2016-17: none).

## Sick Absence

The number of days lost per member of staff through sick absence in 2017-18 was 16.8 days (2016-17: 9.2 days). This was 7.7% of available working days (2016-17: 4.1%).

Of the days lost, 4.8% (2016-17: 2.1%) were due to the long term sick absence (absences of over 20 working days) of a small number of staff. Short term absences accounted for 2.9% of the days lost (2016-17: 2.0%).

As part of the Agency's absence management policy, all staff who take sick leave receive a return to work interview with their line manager to understand the cause of their absence and what action can be taken to help prevent recurrence. An absence management plan is put in place for staff who experience long term sick absence, which includes regular contact from line management and the HR Team, and referrals to the Occupational Health Service and the NICS Welfare Support Service.

All staff have access to an Employee Assistance Programme, operated by Inspire Workplaces. As part of this, staff have access to a confidential helpline and counselling, and guidance on a range of health and well-being matters.

In addition, the Agency provides a range of health and well-being initiatives. In 2017-18 these included health checks provided by Chest, Heart and Stroke, and flu vaccinations.

In response to the absence levels experienced in 2017-18, a revised Health and Well-Being Strategy is being developed, and a new absence management policy has been agreed with the Trade Union Side for implementation in 2018-19.

## Staff Policies Regarding Disabled People

The Agency is an equal opportunities employer, dedicated to the promotion of equality in all aspects of working life. The Agency makes a number of reasonable adjustments to enable disabled staff members to perform their duties effectively and participate fully in meetings and events.

Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Reasonable adjustments for disabled job applicants are made on request.

The Occupational Health Service and Welfare Support Service are used to advise on arrangements to support staff returning to work following long term sick absence, with particular regard to reasonable adjustments, to ensure that they are able to continue to perform effectively.

The Agency signed up to the Mental Health Charter<sup>22</sup> as part of World Mental Health Day on 10 October 2017. The Charter has been developed by the Equality Commission and mental health organisations to provide a framework for working towards mentally healthy workplaces. As part of this, a Mental Health at Work Champion was appointed at Board level.

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<sup>22</sup> Further information is available at: [www.equalityni.org/MentalHealthCharter](http://www.equalityni.org/MentalHealthCharter).

## Learning and Development

The Agency has achieved Investors in People Gold, which recognises the effective investment made in, and management of, learning and development and staff participation in business planning and decision-making.

Reassessment against the Investors in People Standard is due in Autumn 2018. In January 2018, in preparation for reassessment, the Agency engaged its designated Investors in People assessor to conduct an online survey of staff to establish how the organisation is currently performing against the Standard's indicators. The assessor presented the outcome of this to a staff conference in April 2018; the results of the survey will inform an action plan to ensure the Agency retains its accreditation.

A Learning and Development Plan is agreed each year, which determines organisation-wide priorities for the investment of the Learning and Development budget. Unfortunately, the loss of staff through the Voluntary Exit Scheme constrained the release of remaining staff for learning and development activities. As a result, the average number of training days per member of staff, 3.0 (2016-17: 5.7), fell short of the target of 6.0 days. The Agency intends to recover this lost ground in 2018-19, as the transformation programme is concluded.

## Other Employee Matters

The Agency is committed to engaging effectively with its staff. Formal Management and Trade Union Side (TUS) consultation is facilitated through the Agency's Joint Negotiating and Consultative Committee (JNCC). The TUS also attends a Board meeting each year to discuss employment relations and was able to confirm that the Agency continues to enjoy a very positive employment/industrial relations culture.

The ongoing Transformation Programme, which commenced in 2017, is being taken forward as a joint project with the TUS through a working group of the JNCC. Care is also taken to involve staff who are not union members.

A regular employee engagement survey is conducted as part of the Transformation Programme. This seeks staff views on issues affecting engagement and morale as the Agency goes through a sustained period of change, so that action can be taken to address concerns.

A joint Health and Safety Committee, with management and TUS representation, oversees and coordinates activities to help ensure the Agency provides a healthy and safe working environment for its staff and customers. Furthermore, health and safety is a standing agenda item at formal JNCC meetings.

Health and safety inspections of the Agency's Headquarters building and Regional Office are carried out each year, and risk assessments are carried out whenever any significant change occurs to the physical infrastructure of either building or to the working conditions for individual staff members (e.g. remote working, maternity).

Given the nature of the Agency's work, the effective management of stress is the key workplace health and safety issue. The Agency commissioned the Health and Safety Executive (HSENI) to conduct a survey on implementation of the Management Standards to manage work-related stress in the Agency. HSENI's report was received in September 2017 and presented to the Health and Safety Committee – a key focus of this were concerns about increasing workloads as a result of the Voluntary Exit Scheme and measures were put in place to reassure staff about these.

## Expenditure on Consultancy

There was no expenditure on consultancy during 2017-18 (2016-17: none).

## Reporting of Civil Service and Other Compensation Schemes – Exit Packages

The following section is subject to audit.

The Agency operated a Voluntary Exit Scheme in 2017-18, with nine staff (7.8 whole time equivalents) leaving their posts. There were no exit packages in 2016-17.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0
£10,000 – £25,000	0	6	6
£25,000 – £50,000	0	3	3
£50,000 – £100,000	0	0	0
£100,000 – £150,000	0	0	0
£150,000 – £200,000	0	0	0
<b>Total number of exit packages</b>	<b>0</b>	<b>9</b>	<b>9</b>
<b>Total Resource Costs</b>	<b>0</b>	<b>£185k</b>	<b>£185k</b>

Voluntary exit costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the Agency has agreed early retirements, the additional costs are met by it and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

### Assembly Accountability Disclosures

#### Losses and Special Payments

This section is subject to audit.

There was loss of £852, settled in 2017-18, related to an overpayment of salary following a miscalculation in applying the 2016 pay award (2016-17: £nil).

No special payments were made during 2017-18 (2016-17: none).

#### Fees and Charges

This section is subject to audit.

No fees are chargeable by the Agency (2016-17: none).

#### Remote Contingent Liabilities

This section is subject to audit.

There were no remote contingent liabilities as at 31 March 2018 (2016-17: none).

A handwritten signature in black ink, appearing to read 'Tom Evans', with a stylized flourish above the name.

**Tom Evans**  
**Chief Executive/Accounting Officer**  
**Date: 27 June 2018**

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

### Opinion on financial statements

I certify that I have audited the financial statements of the Labour Relations Agency for the year ended 31 March 2018 under the Industrial Relations (Northern Ireland) Order 1992. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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 Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Labour Relations Agency's affairs as at 31 March 2018 and of the Labour Relations Agency's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial Relations (Northern Ireland) Order 1992 and Department for the Economy directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis of opinions

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

### Other Information

The Labour Relations Agency and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department for the Economy directions made under the Industrial Relations (Northern Ireland) Order 1992; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Responsibilities of the Labour Relations Agency and Accounting Officer for the financial statements

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

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Industrial Relations (Northern Ireland) Order 1992.

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

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

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

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

### 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 parts of the Accountability 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 Governance Statement does not reflect compliance with the Department of Finance's guidance.

### Report

I have no observations to make on these financial statements.



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

29 June 2018









# **CHAPTER 3**

# **FINANCIAL STATEMENTS**





Financial Statements  
of  
The Labour Relations Agency  
and  
The Certification Officer  
for Northern Ireland  
31 March 2018



## STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Agency £	Certification Officer £	2017-18 Total £	2016-17 Total £
<b>Expenditure</b>					
Staff costs	See Remuneration & Staff Report	2,647,236	163,317	<b>2,810,553</b>	2,717,545
Depreciation	4	139,755	–	<b>139,755</b>	136,549
Other expenditure	4	882,612	39,095	<b>921,707</b>	964,519
<b>Total expenditure</b>		<b>3,669,603</b>	<b>202,412</b>	<b>3,872,015</b>	<b>3,818,613</b>
<b>Income</b>	3	–	–	–	–
<b>Net operating expenditure</b>		<u>3,669,603</u>	<u>202,412</u>	<u>3,872,015</u>	<u>3,818,613</u>

## OTHER COMPREHENSIVE EXPENDITURE

	Notes	2017-18 £	2016-17 £
<b>Net Operating Expenditure</b>		<b>3,872,015</b>	3,818,613
<b>Items that will not be reclassified to net Operating Expenditure:</b>			
Net gain on revaluation of Property, Plant and Equipment	5	<b>(4,254)</b>	(15,252)
Net gain on revaluation of Intangibles	6	<b>(1,960)</b>	(22,557)
Net Effect of Historical Adjustments	5 & 6	<b>47,056</b>	–
<b>Total Comprehensive Net Expenditure for the year ended 31 MARCH 2018</b>		<u><b>3,912,857</b></u>	<u>3,780,804</u>

All amounts above relate to continuing activities.

The notes on pages 81 to 93 form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018 £	2017 £
<b>Non-current assets:</b>			
Property, plant and equipment	5	262,881	263,499
Intangible assets	6	<u>264,840</u>	<u>131,008</u>
<b>Total non-current assets</b>		<b>527,721</b>	<b>394,507</b>
<b>Current assets:</b>			
Trade and other receivables	7	54,002	195,630
Cash and cash equivalents	8	<u>522,731</u>	<u>2,198</u>
<b>Total current assets</b>		<b><u>576,733</u></b>	<b><u>197,828</u></b>
<b>Total assets</b>		<b>1,104,454</b>	<b>592,335</b>
<b>Current Liabilities</b>			
Bank Overdraft	8	–	(7,537)
Trade and other payables	9	(512,638)	(148,125)
Provisions	11	<u>–</u>	<u>(25,000)</u>
		<b><u>(512,638)</u></b>	<b><u>(180,662)</u></b>
<b>Total assets less liabilities</b>		<b><u>591,816</u></b>	<b><u>411,673</u></b>
<b>Taxpayers' equity</b>			
Revaluation reserve		46,770	87,612
General reserve		<u>545,046</u>	<u>324,061</u>
<b>Total taxpayers' equity</b>		<b><u>591,816</u></b>	<b><u>411,673</u></b>

The notes on pages 81 to 93 form part of these financial statements.

The financial statements on pages 77 to 93 were approved by the Board on 21 June 2018 and were signed on its behalf by:



**Tom Evans**

Chief Executive and Accounting Officer



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2017-18 £	2016-17 £
<b>Cash flows from operating activities</b>			
Net operating expenditure		(3,872,015)	(3,818,613)
Adjustments for non-cash transactions	4	139,755	136,549
Decrease/(increase) in trade and other receivables		141,628	(155,535)
Increase/(decrease) in trade payables exc. capital creditors		<u>339,527</u>	<u>(12,181)</u>
<b>Net cash outflow from operating activities</b>		<b><u>(3,251,105)</u></b>	<b><u>(3,849,780)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of plant, property and equipment	5	(65,311)	(44,181)
Purchase of intangible assets	6	<u>(248,514)</u>	<u>(38,132)</u>
<b>Net cash outflow from investing activities</b>		<b>(313,825)</b>	<b>(82,313)</b>
<b>Cash flows from financing activities</b>			
Financing – grant drawn down from Department for the Economy			
- Agency		3,861,000	3,564,000
- Certification Officer		<u>232,000</u>	<u>190,000</u>
<b>Net financing</b>		<b><u>4,093,000</u></b>	<b><u>3,754,000</u></b>
<b>Net Increase in cash and cash equivalents in the period</b>	8	<b>528,070</b>	<b>(178,093)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b><u>(5,339)</u></b>	<b><u>172,754</u></b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b><u>522,731</u></b>	<b><u>(5,339)</u></b>

### Notes:

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 3, 4, 5 & 6 to the accounts respectively.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Capital Reserve £	Revaluation Reserve £	SoCNE Reserve £	Total Reserves £
<b>Balance at 31 March 2016</b>	25,464,644	49,803	(25,075,970)	<b>438,477</b>
<b>Changes in Taxpayers' Equity 2016-17</b>				
Grant from Department for the Economy – drawn down	3,754,000	–	–	<b>3,754,000</b>
Comprehensive Expenditure for the year	–	–	(3,818,613)	<b>(3,818,613)</b>
<b>Movements in Reserves</b>				
Net gain (loss) on revaluation of property, plant & equipment	–	91,799	–	<b>91,799</b>
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost	–	(53,990)	–	<b>(53,990)</b>
<b>Balance at 31 March 2017</b>	29,218,644	87,612	(28,894,583)	<b>411,673</b>
<b>Changes in Taxpayers' Equity 2017-18</b>				
Grant from Department for the Economy - drawn down	4,093,000	–	–	<b>4,093,000</b>
Comprehensive expenditure for the year	–	–	(3,872,015)	<b>(3,872,015)</b>
<b>Movements in Reserves</b>				
Net gain on revaluation of property, plant & equipment and intangible assets (Notes 5&6)	–	25,657	–	<b>25,657</b>
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost	–	(19,443)	–	<b>(19,443)</b>
Net Effect of Historical Adjustments (Note 5&6)	–	(47,056)	–	<b>(47,056)</b>
<b>Balance as at 31 March 2018</b>	33,311,644	46,770	(32,766,598)	<b>591,816</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 31 MARCH 2018

## 1. Accounting Policies

### Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where 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.

### Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Management continually evaluate their estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. Key accounting estimates include accrued expenses and provisions.

#### 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 she may require for the carrying out of her 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 the Economy are credited direct to the General Fund reserve on a cash draw-down basis. The annual recurrent allocations from the Department for the Economy 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 31 MARCH 2018 cont'd ...

### 1.3 Property, Plant and Equipment

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

Following a change in estimation technique for 2017-18, a capitalisation threshold of £1,000 (excluding VAT) for all assets (previously £250 for IT assets and building adaptations, and £1,000 for all other assets) 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" produced by the Office for National Statistics. 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. Following a change in accounting policy for 2017-18, the minimum level for capitalisation of an intangible asset is £1,000 (excluding VAT) (2016-17: £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 it employs 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 31 MARCH 2018 cont'd ...

### 1.7 Operating Leases

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

### 1.8 Operating Income

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

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

The Agency has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. The Agency considers that these are unlikely to have a significant impact on the accounts in the period of initial application.

### 1.10 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.

### 1.11 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 31 MARCH 2018 cont'd ...

### 2. Statement of Operating Costs by Operating Segment

The two main segments operating in the Labour Relations Agency are the Agency and the Certification Office. The principal activities of the Agency are to assist employers, employees and their representatives to improve the conduct of their employment relations. The Agency provides a range of services to those engaged in industry, commerce and the public services. These services include advice and assistance on all aspects of employment relations and employment practices and also comprehensive conciliation and arbitration services for resolving both individual and collective matters. The Certification Office is responsible for ensuring that trade unions and employer's associations comply with statutory provisions relating to the regulation of trade unions and employer's associations. The non-current assets of the Agency are all located in Northern Ireland.

	2017-18		2016-17	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Gross Expenditure	3,669,603	202,412	3,614,861	203,752
Income	–	–	–	–
Net Expenditure	3,669,603	202,412	3,614,861	203,752

#### 2.1 Reconciliation between Operating Segments and SoCNE/SoFP

	2017-18		2016-17	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Total net expenditure reported for operating segments	3,669,603	202,412	3,614,861	203,752
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	3,669,603	202,412	3,614,861	203,752

### 3. Income

The monies received in the prior year related to recoveries in respect of an outward secondment. This amount was netted off total salaries.

	2017-18 £	2016-17 £
Recoveries in respect of outward secondment	–	20,693
Total	–	20,693

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 cont'd ...

### 4. Other Expenditure

	Agency £	Certification Officer £	2017-18 Total £	Agency £	Certification Officer £	2016-17 Total £
<b>Cash items</b>						
<b>Premises Costs:</b>						
Rent, under operating leases, including car parks	232,199	12,247	244,446	229,872	15,497	245,369
Rates, including car parks	95,128	4,349	99,477	90,386	4,349	94,735
Service charges maintenance, cleaning, security, heating, lighting and insurance	150,970	3,453	154,423	137,605	3,765	141,370
<b>Other Office Running Costs:</b>						
Staff training	9,914	5,188	15,102	15,552	4,154	19,706
IT Managed Services, maintenance, licences, & development	180,489	3,432	183,921	175,805	3,000	178,805
Postage and telephones	54,135	324	54,459	66,351	438	66,789
Library services	22,767	–	22,767	22,418	–	22,418
Office, supplies, photocopying, printing and stationery	25,732	–	25,732	49,463	22	49,485
Publications and advertising	4,584	–	4,584	9,293	3,002	12,295
Conference & Seminars	1,602	–	1,602	4,334	412	4,746
Travel and subsistence	19,028	1,321	20,349	29,022	2,696	31,718
Hospitality	3,561	–	3,561	5,080	–	5,080
Miscellaneous expenditure	6,447	7,363	13,810	5,235	4,828	10,063
Interpreter fees and venue hire	2,575	–	2,575	4,110	–	4,110
Professional subscriptions	7,874	–	7,874	8,698	–	8,698
Advertising (staff vacancies)	–	–	–	4,898	–	4,898
Bank charges	866	112	978	714	160	874

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 cont'd ...

### 4. Other Expenditure cont'd ...

	Agency £	Certification Officer £	2017-18 Total £	Agency £	Certification Officer £	2016-17 Total £
<b>Fees and Expenses:</b>						
Other professional fees	42,458	319	42,777	34,213	296	34,509
Arbitration fees and expenses	9,144	–	9,144	12,543	–	12,543
Internal auditor's remuneration	5,523	503	6,026	7,757	451	8,208
External auditor's remuneration	7,616	484	8,100	7,716	384	8,100
<b>Total cash expenditure</b>	<b>882,612</b>	<b>39,095</b>	<b>921,707</b>	<b>921,065</b>	<b>43,454</b>	<b>964,519</b>
<b>Non-cash items</b>						
<b>Depreciation</b>						
Depreciation of property, plant and equipment	45,771	–	45,771	34,093	–	34,093
Amortisation of intangible assets	93,984	–	93,984	102,456	–	102,456
Sub Total Depreciation	139,755	–	139,755	136,549	–	136,549
Impairment	–	–	–	–	–	–
<b>Total net non-cash expenses</b>	<b>139,755</b>	<b>-</b>	<b>139,755</b>	<b>136,549</b>	<b>-</b>	<b>136,549</b>
<b>Total</b>	<b>1,022,367</b>	<b>39,095</b>	<b>1,061,462</b>	<b>1,057,614</b>	<b>43,454</b>	<b>1,101,068</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 cont'd ...

### 5. Property, Plant and Equipment 2017-18

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2017	655,649	254,995	310,787	6,436	5,433	<b>1,233,300</b>
Additions	7,267	13,531	44,513	–	–	<b>65,311</b>
Disposals	–	–	–	–	–	<b>–</b>
Adjustment ref historic calculations*	320	(349)	200	–	–	<b>171</b>
Adjustment / (Impairment) arising on revaluation	7,917	2,526	5,736	53	98	<b>16,330</b>
<b>At 31 MARCH 2018</b>	<b>671,153</b>	<b>270,703</b>	<b>361,236</b>	<b>6,489</b>	<b>5,531</b>	<b>1,315,112</b>
<b>Depreciation</b>						
At 1 April 2017	447,297	240,745	269,890	6,436	5,433	<b>969,801</b>
Provision for year	30,082	1,134	14,555	–	–	<b>45,771</b>
On disposals	–	–	–	–	–	<b>–</b>
Adjustment ref historic calculations*	2,638	3,200	18,745	–	–	<b>24,583</b>
Adjustment / (Impairment) arising on revaluation	5,430	1,285	5,210	53	98	<b>12,076</b>
<b>At 31 MARCH 2018</b>	<b>485,447</b>	<b>246,364</b>	<b>308,400</b>	<b>6,489</b>	<b>5,531</b>	<b>1,052,231</b>
<b>Carrying amount at 31 March 2017</b>	<b>208,352</b>	<b>14,250</b>	<b>40,897</b>	<b>–</b>	<b>–</b>	<b>263,499</b>
<b>Carrying amount at 31 MARCH 2018</b>	<b>185,706</b>	<b>24,339</b>	<b>52,836</b>	<b>–</b>	<b>–</b>	<b>262,881</b>

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2018 statistics. NB: The depreciation charge per Note 5 of £45,771 (2017: £34,093) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2018 (2017: £nil).

\*The adjustment for historic calculations relates to the amendment of the end of life dates incorporated in the fixed asset register spreadsheet which was used for the calculation of revaluation and depreciation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 cont'd ...

### 5. Property, Plant and Equipment (cont'd ...)

#### Leased Assets

The adaptations to Agency buildings on short leasehold land carried a Net Book Value at 31 MARCH 2018 of £185,706 and represent the Agency's only leased assets.

#### 2016-17

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2016	613,788	246,619	280,296	6,331	5,019	<b>1,152,053</b>
Additions	16,234	1,680	7,574	–	–	<b>25,488</b>
Disposals	–	–	–	–	–	<b>–</b>
Adjustment / (Impairment) arising on revaluation	25,627	6,696	22,917	105	414	<b>55,759</b>
<b>At 31 March 2017</b>	<b>655,649</b>	<b>254,995</b>	<b>310,787</b>	<b>6,436</b>	<b>5,433</b>	<b>1,233,300</b>
<b>Depreciation</b>						
At 1 April 2016	406,987	230,982	245,882	6,331	5,019	<b>895,201</b>
Provision for year	24,992	3,370	5,731	–	–	<b>34,093</b>
On disposals	–	–	–	–	–	<b>–</b>
Adjustment / (Impairment) arising on revaluation	15,318	6,393	18,277	105	414	<b>40,507</b>
<b>At 31 March 2017</b>	<b>447,297</b>	<b>240,745</b>	<b>269,890</b>	<b>6,436</b>	<b>5,433</b>	<b>969,801</b>
<b>Carrying amount at 31 March 2016</b>	<b>206,801</b>	<b>15,637</b>	<b>34,414</b>	<b>–</b>	<b>–</b>	<b>256,852</b>
<b>Carrying amount at 31 March 2017</b>	<b>208,352</b>	<b>14,250</b>	<b>40,897</b>	<b>–</b>	<b>–</b>	<b>263,499</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 cont'd ...

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2017 statistics.

NB: The depreciation charge per Note 5 of £34,093 (2016: £62,044) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2017 (2016: £nil).

### 6. Intangible Assets

Intangible assets comprise computer software, development costs and licences.

#### 2017-18

Cost or Valuation	Agency £	Certification Officer £	Total £
At 1 April 2017	505,912	9,682	515,594
Additions	248,513	–	248,513
Adjustment ref historic calculations*	(117)	–	(117)
Adjustment / (Impairment) arising on revaluation	9,152	175	9,327
<b>At 31 MARCH 2018</b>	<b>763,460</b>	<b>9,857</b>	<b>773,317</b>
<b>Amortisation</b>			
At 1 April 2017	374,904	9,682	384,586
Charged in year	93,984	–	93,984
Adjustment ref historic calculations*	22,540	–	22,540
Adjustment / (Impairment) arising on revaluation	7,192	175	7,367
<b>At 31 MARCH 2018</b>	<b>498,620</b>	<b>9,857</b>	<b>508,477</b>
<b>Carrying value at 31 March 2017</b>	<b>131,008</b>	<b>–</b>	<b>131,008</b>
<b>Carrying value at 31 MARCH 2018</b>	<b>264,840</b>	<b>–</b>	<b>264,840</b>

All Assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2018 statistics.

NB: The amortisation charge per Note 6 of £93,984 (2017: £102,456) for the year reflects the amortisation provision for intangible assets. No impairment adjustment was required to the SoCNE in 2018 (2017: £nil downwards adjustment).

\*The adjustment for historic calculations relates to the amendment of the end of life dates incorporated in the fixed asset register spreadsheet which was used for the calculation of revaluation and depreciation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 cont'd ...

### 6. Intangible Assets cont'd ...

Intangible assets comprise computer software, development costs and licences.

#### 2016-17

Cost or Valuation	Agency £	Certification Officer £	Total £
At 1 April 2016	432,478	8,944	441,422
Additions	38,132	–	38,132
Adjustment / (Impairment) arising on revaluation	35,302	738	36,040
<b>At 31 March 2017</b>	<b>505,912</b>	<b>9,682</b>	<b>515,594</b>
<b>Amortisation</b>			
At 1 April 2016	259,703	8,944	268,647
Charged in year	102,456	–	102,456
Adjustment / (Impairment) arising on revaluation	12,745	738	13,483
<b>At 31 March 2017</b>	<b>374,904</b>	<b>9,682</b>	<b>384,586</b>
<b>Carrying value at 31 March 2016</b>	<b>172,775</b>	<b>–</b>	<b>172,775</b>
<b>Carrying value at 31 March 2017</b>	<b>131,008</b>	<b>–</b>	<b>131,008</b>

### 7. Trade Receivables and Other Current Assets

	2017-18 £	2016-17 £
<b>Amounts falling due within one year:</b>		
Other receivables	2,143	29,764
Prepayments	51,859	41,866
Grant due from The Department for the Economy	–	124,000
	<b>54,002</b>	195,630

The above includes £nil (2017: £28,048) due to the Agency from the Certification Office.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 cont'd ...

### 8. Cash and Cash Equivalents

	Agency £	Certification Officer £	2017-18 Total £	2016-17 Total £
Balance at 1 April 2017	(7,537)	2,198	(5,339)	172,754
Net change in cash and cash equivalent balances	529,240	(1,170)	528,070	(178,093)
<b>Balance at 31 March 2018</b>	521,703	1,028	<b>522,731</b>	(5,339)
The following balances at 31 March 2018 were held at:				
Commercial banks and cash in hand	521,703	1,028	522,731	(5,339)
<b>Balance at 31 March 2018</b>	521,703	1,028	<b>522,731</b>	(5,339)

### 9. Trade Payables and Other Current Liabilities

	2017-18 £	2016-17 £
<b>Amounts falling due within one year:</b>		
Trade payables	483	42,626
Accruals	<u>512,155</u>	<u>105,499</u>
Total	<u>512,638</u>	<u>148,125</u>

### 10. Capital Commitments

There are no capital commitments at the year-end 31 March 2018 (year ended 31 March 2017: £nil).

### 11. Provisions for Liabilities and Charges

	2017-18 £	2016-17 £
<b>Provision – not later than one year:</b>		
Opening balance	25,000	–
Provided in the year	–	25,000
Provision released during the year	(25,000)	–
Closing balance	–	25,000

An obligation arose at 31 March 2017 from a contractual dispute regarding a past event. The obligation was finalised in 2017-18 and the agreement (in the form of Heads of Term) is being prepared by the parties' legal representatives for signature.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 cont'd ...

### 12. 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:

Buildings:	2017-18 £	2016-17 £
Not later than one year	215,400	215,400
Later than one year and not later than five years	–	215,400
Later than five years	–	–
	<b>215,400</b>	<b>430,800</b>

The Agency is currently in negotiations to renew their current lease from April 2019, for an additional three years, as it has been informed there will be no space for it on the Government estate in that time period. As no lease has yet been signed no future commitment has been recognised.

### 13. Other Financial Commitments

The Labour Relations Agency has no other financial commitments and has not entered into non-cancellable contracts.

### 14. Related Party Transactions

The Labour Relations Agency is a Non-Departmental Public Body sponsored by DfE. DfE is regarded as a related party. During the year the only transactions which the Agency has had with DfE is the receipt of £4,093,000 (2016-17: £3,754,000) 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.

### 15. Financial Instruments

As the cash requirements of the Labour Relations Agency and The Certification Officer for Northern Ireland are met through Grant-In Aid provided by the Department for the Economy, 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 Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 cont'd ...

### 16. Impairments

The total impairment charge for the year is £nil (2016-17: £nil).

### 17. Events after the Reporting Date

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

### 18. Contingent Liability Under IAS 37

There were no contingent liabilities as at 31 MARCH 2018 (31 March 2017: none).

### Date of authorisation for issue

The Accounting Officer authorised these financial statements on 27 June 2018.





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