

Labour Relations agency

improving employment relations



Annual Report
& Accounts

2019-20

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Labour Relations Agency Annual Report and Accounts for the Year Ended 31 March 2020

Laid before the Northern Ireland Assembly under Schedule 4
to the Industrial Relations (Northern Ireland) Order 1992
by the Department for the Economy on 9 July 2020

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Foreword

For obvious reasons, this has been the most eventful and pressurised reporting period since I took up the role of Chair of the Labour Relations Agency in 2014. The preparation of this year's Annual Report and Accounts offered an important opportunity to reflect on the very positive collective achievements of our staff in what are unprecedented times.

I do understand that Covid-19 has consumed our lives but it would be remiss to focus exclusively on the Agency's response to a phenomenon that only emerged in the last 4-6 weeks of this reporting period. It is with great pride and satisfaction that I am able to report that the Agency has once again substantially delivered on its strategic vision:

'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.'

Each year our Board takes time out to reflect on the Agency's core purpose and our February planning workshop reaffirmed the Agency's commitment to be a positive force in promoting best practice within workplaces and seeking to resolve workplace disputes at the earliest opportunity, in partnership with our key delivery partners and many valued stakeholders.

Our operating context continued to be characterised by political uncertainty due to the absence of a functioning Executive until the restoration of devolved Government in January 2020. The reality of one-year budget settlements and the absence of an agreed Programme for Government has created additional challenges. Against that background, I am delighted to be able to report that the Agency has continued to meet the needs of individual employers and employees through the delivery of high quality and responsive advisory and dispute resolution services.

This year was always going to be pressurised as we planned for the introduction of Early Conciliation (EC) with no defined start date due to the absence of a Minister to introduce the necessary enabling legislation. I want to pay tribute to our staff who ensured that the service was up and running in line with the Minister's direction on 27 January 2020. The Agency has always cherished the positive relationship it has with its many stakeholders, exemplified in the wonderful turnout at our public meeting in October. There was such positivity at the event, which provided the opportunity to brief key stakeholders on the new EC service and to share the findings from the research conducted by Cardiff Business School into how Northern Ireland (NI) employers manage workplace conflict. The Agency has recently commissioned Warwick University to conduct research on the potential development of an Employment Relations Model for NI funded by Department for the Economy (DfE); and we look forward to sharing the findings from that critical piece of research in 2020-21.

Then, at the end of this reporting period, the Covid-19 pandemic changed all of our lives and sadly, many lost their life. On behalf of the Agency's Board and staff, I want to extend our deepest condolences to all of the families that have lost a loved one.

I am very proud of how the Agency has supported our staff during this crisis while responding to the multiplicity of queries about the labour market implications of Covid-19. The Agency accepted the Economy Minister's invite to chair and facilitate the work of the NI Engagement Forum, established by the Executive to provide advice on labour market issues impacted by Covid-19. The group is representative of all of the major employer and trade union organisations and I want to pay tribute to all of the Forum members for their commitment to a shared objective of protecting lives. There is no doubt that the Forum has been instrumental in minimising workplace conflict at a time of great uncertainty and nervousness right across the labour market.

All of the work and achievements captured in this report are the result of the collective efforts of so many people who deserve recognition. I want to thank our delivery partners and key stakeholders for their support and advocacy. I also want to thank our staff for their amazing commitment and adaptability; they have gone the extra mile to ensure that we have delivered on all of our key service delivery targets. We are also grateful to our sponsor, DfE, for the support provided during the reporting period, especially the role of the sponsor team.

I want to express my thanks to the Agency's Board and Senior Management Team (SMT) for their support and commitment over the totality of this reporting period. A special word of thanks to our two Directors, Don Leeson and Mark McAllister, who have provided great leadership to their teams and great support to the Board.

Finally, I want to thank our Chief Executive, Tom Evans, who will be retiring later this year. I want to pay tribute to Tom for his vision, leadership and commitment to the organisation and all it stands for. I know our stakeholders will have benefitted from all he has done and what he has achieved. He is finishing a long and distinguished career doing what he has always done and always has been, and that is an outstanding public servant who truly made a difference.



Marie Mallon
Chair

Chapter 1

Performance Report

Overview

The Year in Perspective

It is with a lot of pride and a tinge of sadness that I present the Agency's 2019-20 annual report, representing the third and penultimate reporting period of our current Corporate Plan. I will be retiring later in 2020 and this is the sixth annual report that I have prepared since my appointment in 2015. It feels like a very short space of time and yet so much has been achieved by our staff and Board.

2019-20 was always going to be a very significant year for the Agency, with implementation of Early Conciliation (EC) being our signature project. However, there have been other key challenges that could not be described as business as usual activities; planning for the UK's exit from the EU and dealing with the emergence of many bulk claims relating to holiday pay, affecting thousands of employees across all sectors, are notable examples.

However, all of this pales into insignificance with the emergence of Covid-19 at the very end of this reporting period and its impact on the global economy, our work and our extended families and communities.

I am very proud of how our staff have responded to all of these challenges.

As can be seen in this Annual Report, the Agency's response to Covid-19 typifies our values. From the outset, the primary focus has been the safety and well-being of our customers and staff, while ensuring the effective delivery of business-critical services during this public health crisis. We responded quickly and effectively to a very new way of working in providing all staff with the necessary technology to work remotely. We also developed a bespoke people programme with a very specific focus on health and well-being, which our staff have really appreciated.

The economic and labour market impact of Covid-19, particularly through the furloughing of many thousands of employees, created a surge in calls to the Agency's Workplace Information Service (WIS). We 'repurposed' staff from other work roles to meet this unprecedented increase in demand and I congratulate all of the staff involved in delivering this critical service. Behind each call, there is a story and our staff have had to deal with often-distressed callers, while at the same managing the impact of the Covid-19 restrictions on their own lives.

Many of the calls were from employers and employees seeking to understand the complexity of the UK Government's Coronavirus Job Retention Scheme. We moved quickly to develop and update our web content on a range of Covid-19 related topics, which has been very effective in increasing the reach of our Workplace Information Service.

The key focus throughout 2019-20 was the successful implementation of EC, which we launched on 27 January 2020. This was the culmination of very detailed work and close collaboration with all of our stakeholders. It marks an important development in Northern Ireland's employment relations landscape; anyone considering lodging a tribunal claim against their employer, must

first consider the Agency's offer of our dispute resolution services as an alternative to formal litigation.

Preparation for the launch of EC was a very significant undertaking; and I want to pay tribute to our internal project team and to all of our staff who worked tirelessly to be ready to deliver EC. The project was also an exemplar in collaborative working, involving colleagues from DfE and the Office of The Industrial Tribunals and The Fair Employment Tribunal (OITFET) as well as our valued stakeholders. It is too early to offer any meaningful assessment of the impact of EC; the governing legislation requires DfE to evaluate the service after one and three years and the Agency will play its part in providing quantitative and qualitative evidence.

The delivery of EC required many staff to acquire new skills and take on enhanced roles. We are grateful to Acas, our sister organisation in Great Britain, for sharing their learning and experience of delivering EC since 2014. Our Conciliation Teams have really excelled in delivering this new service, excellently supported by colleagues from other business areas. Our Business Support Team also saw their roles change significantly, moving away from traditional administrative duties. They have embraced a new way of working through the greater use of technology and in receiving EC telephone notifications. They all rose to the challenge magnificently.

During this reporting period, we have also enhanced our infrastructure; our new website went live in June 2019, closely followed by the launch of the Agency's social media platforms. These measures have been invaluable in helping to increase awareness of the Agency's services; and more latterly to advise on the handling of Covid-19 issues within the workplace. The recent development of an EC web portal is an important milestone in the Agency's journey towards more online services. Furthermore, we relocated our Regional Office to Richmond Chambers in Derry/Londonderry and the Board approved a proposal to relocate the Agency's Head Office to James House within Belfast's Gasworks complex in 2022.

In 2019, we welcomed Mark McAllister to our Senior Leadership Team (SLT) as the Agency's first substantive Director of Employment Relations Services. I want to thank Mark and Don Leeson, our Director of Corporate Services for the huge contribution they have made to the achievements set out in this report and for the wonderful support that they have provided to me and the Board during such an eventful year.

It would be remiss of me not to highlight the positive support and strategic direction provided by the Agency's Board, so ably led by our Chair, Marie Mallon. Their wise counsel, support and constructive challenge have been invaluable throughout the past year.

Towards the year-end, Marie took on the daunting task of chairing the Northern Ireland Engagement Forum, a unique collaboration of the main employer and trade union organisations, established by Northern Ireland Executive to advise on Covid-19 matters related to the economy and the wider labour market. Marie has demonstrated outstanding leadership in securing consensus from such a diverse group on a range of very sensitive issues.

I would also like to place on record my thanks to the staff in DfE, particularly Colin Lewis, Colin Jack and their teams for their support. We have forged an extremely positive working relationship; a true partnership, which is an example to others. I also want to thank our many

stakeholders and delivery partners for their support during the past year. It is important to remember that the Agency's core function is to deliver public services and therefore I would like to thank all our customers for using our services and for the superb feedback that we have received over the past year. Without the public, we have no purpose.

Finally, I want to thank personally every member of the Agency team for their endeavours and unstinting commitment to deliver high quality and responsive services.

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

Tom Evans
Chief Executive

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 1976,¹ and continued by the Industrial Relations Order (Northern Ireland) 1992.² The Agency is independent of Government, but accountable to and funded by the Department for the Economy (DfE).

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's Head Office is at 2-16 Gordon Street, Belfast, BT1 2LG. The Agency also operates out of a Regional Office, which is at Richmond Chambers, The Diamond, Derry/Londonderry, BT48 6HN.

Vision 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 our staff, adapting to ensure our services meet their needs.

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:

- **Workplace Information Service (WIS)** – this is a confidential information and 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; and,
- **Document reviews** – these provide commentary on an individual employer's employment documentation, including statements of written particulars and 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 could make a claim to an Employment Tribunal. There are three aspects to this:
 - Early Conciliation (EC)³ – from 27 January 2020, except for a number of exemptions,⁴ a potential claimant has had to notify the Agency of a dispute and consider conciliation before submitting a Tribunal claim;
 - Post-claim conciliation – once a Tribunal claim has been submitted, the Agency continues to be available to the parties to settle their dispute through conciliation; and,
 - Employer-led conciliation – the Agency provides a service to employers who wish to avoid the risk of a Tribunal claim by using conciliation to resolve an employment matter.
- **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; and,
- **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 to 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 very important area of work 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 2019-20

Covid-19 pandemic

The Agency responded quickly to the public health crisis that emerged in the early part of 2020, both at a strategic and operational level. The Agency was able to do this because of investment earlier in the year in enhanced business continuity arrangements (see below). This meant that the response to Covid-19 itself required little additional expenditure in 2019-20.

From the outset, our overriding objective was to ensure the safe delivery of those key employment relations services that would be required by the Agency's customers during the Covid-19 restrictions, given their impact on the economy. These were the WIS and conciliation services.

In line with public health guidelines, the Agency implemented a range of measures to protect staff and customers from early March 2020. These safety measures were gradually stepped-up until the decision was taken to close the Agency's offices with effect from 20 March 2020. All staff then worked remotely.

Face-to-face services were suspended because they could not be delivered safely. These included mediations, independent appeal hearings, and the programme of public seminars and workshops. Staff from these services were redeployed to respond to increasing customer demand for the Workplace Information Service and conciliation services.

In March 2020, the Minister for the Economy and the NI Executive invited the Agency to facilitate the Covid-19 NI Engagement Forum. The Forum's core purpose is to advise the NI Executive on how best to manage the challenge of Covid-19 as it applies to the economy/labour market; and to be the primary conduit for the Executive to consult on new approaches in response to emerging issues facing employers and employees. (see 'Performance Summary' below). The Agency is honoured to have been entrusted with this hugely important role; and there is no doubt that this work has strengthened immeasurably the relationships between the key stakeholders representing employees and employers in NI and provided a forum for meaningful social dialogue.

The Agency is now planning a 'recovery' phase, so that when the public health restrictions are eased, the full range of services can be restored when it is safe to do so. This includes the re-opening of offices, with appropriate safety measures in place, and the greater use of technology to deliver services e.g. the development of webinars to replace public seminars and workshops while 'social distancing' requirements remain. It is envisaged that these measures will be funded from the Agency's agreed resources for 2020-21.

Continued service delivery throughout the Covid-19 restrictions was only possible because of the resilience of the Agency's staff and its information and communications technology infrastructure.

As part of business continuity planning, the Agency had embarked on a programme of equipping all staff with laptops and installing internet-based telephony. This programme was completed in early 2020 with additional capital funding becoming available following January Monitoring.

More importantly, the Agency recognised that staff and their families would need additional support during the public health crisis. The HR Team responded by developing a comprehensive 'Together' People Programme,⁵ which has a particular focus on mental health and well-being, and learning and development. This programme has been shared with other organisations to help them respond to the challenges posed by Covid-19.

EU exit

The Agency has worked closely with DfE in preparing for the anticipated economic impact of the UK's exit from the European Union (EU). The Agency participated in a number of seminars arranged by DfE to explore the operational implications of exiting from the EU.

The Agency arranged for senior DfE officials to brief members of the Employment Relations Roundtable on EU exit issues, which provided a valuable opportunity for the Department to obtain feedback directly from employer and trade union representatives.

The Agency is an active member of DfE's EU Exit Stakeholder Forum.

The Agency received funding in October 2019 to recruit an additional 5.0 FTE staff to prepare for an anticipated increase in demand for conciliation and advisory services in the period following EU exit. By the year-end, these staff were close to completing their initial training; the Agency was then able to redirect this additional resource to respond to the increased demand for our services.

Early Conciliation (EC)

A primary focus for the Agency throughout 2019-20 was preparing for, and implementing EC from 27 January 2020.

A Project Board, comprising senior representatives from DfE, OITFET and the Agency provided detailed oversight of the project, which ensured effective co-ordination of legislation, service design and communications. This has been a very positive example of joined-up project management and the Agency is pleased that the EC project is to be showcased at the NICS Live event, which has been postponed until 2021 because of Covid-19.

Internally, the Agency established an organisational-wide project team, comprising senior managers from the key services impacted by EC, co-ordinated by a dedicated project manager. The project, structured around critical work streams dealing with Process Design, ICT, Workforce Development, Communications, and Evaluation, ensured that the Agency has been able to deliver this new service in line with the governing legislation. Customer journey mapping underpinned the design of the new EC service to ensure that it meets and is responsive to customer needs.

Contingency plans were put in place to mitigate any resource pressures arising from a higher than anticipated demand for this new service. This involved training Employment Relations Officers from other service areas to be able to deliver EC, if needed. These plans were activated due to a number of factors: volumes in the first few weeks were higher than forecast; a spike in demand for employer-led conciliation (see reference to 'holiday pay' below), and the very unique challenges associated with the Covid-19 crisis.

A key implementation issue was the development of a web portal to facilitate online submission of EC notifications and post-claim validation of EC Certificates. The portal also provides a link to the Agency's case management system, facilitating the automation of a number of critical processes such as the allocation of cases and the issue of EC Certificates. Unfortunately, resourcing constraints on the part of the contracted developer led to a short delay in operationalising the portal. However, the Agency put in place contingency measures to direct customers to the dedicated telephone EC notification service, which ensured that service continuity was in place on 27 January 2020 when it was first introduced.

In March 2020, the Agency commissioned our Internal Audit provider to conduct a review of the effectiveness of the totality of the EC project from initial planning right through to implementation. The report highlighted a number of areas of good practice and made recommendations for the management of future projects.

Holiday pay

The Agency's work continues to be impacted by what is happening across the wider labour market and emerging case law. In the reporting period, the Agency has processed tens of thousands of bulk claims relating to holiday pay. The vast majority of these cases are awaiting a legal determination on the PSNI's petition to seek leave to appeal the holiday pay judgement to the Supreme Court.

This has resulted in an unprecedented number of tribunal claims, and EC notifications, all of which have had to be processed, creating a very substantial administrative burden and associated costs for the Agency.

Accommodation matters

Accommodation issues were a key feature of 2019-20.

The Agency secured approval to extend the lease on our Head Office by three years to June 2022, to allow sufficient time for the Agency to relocate to suitable accommodation within the Government Estate. A Rent Review is a condition of the extension and the Agency has made provision for the liability that will fall due from June 2019, once the level of rent increase has been finalised.

In October 2019, the Board approved a proposal to relocate the Agency's Head Office to James House on the Government Estate when the current lease ends in 2022. The Agency agreed outline plans for the new accommodation within James House in January 2020.

The Agency's Regional Office relocated to new premises on the Government Estate within Derry/Londonderry city centre on 10 June 2019. Through careful management, this move had no adverse impact on our customers.

Pay award

The Northern Ireland Civil Service (NICS) announced on 7 May 2020 that the pay award for 2019-20 had been finalised.⁶ This award is also due to staff in bodies, like the Agency, covered by the NICS pay arrangements. An accrual for arrears, backdated to 1 August 2019, has 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 2019-20 were:

- **Reputation** – the Agency's reputation for the provision of high quality, independent and impartial employment relations services is undermined.
- **Relevance** – the Agency fails to adequately influence, or respond to, changes in the NI employment relations environment.
- **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/Board** – the Agency encounters significant skill deficits and/or decrease in capacity among its staff and Board members.
- **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

Covid-19 pandemic

The public health restrictions imposed in response to the Covid-19 pandemic had a number of impacts on the Agency's Business Plan for 2019-20.

In March 2020, the Minister for the Economy and the NI Executive invited the Agency to facilitate the Covid-19 NI Engagement Forum and to be chaired by the Agency's Chair, Marie Mallon. The Forum brings together organisations representing employers and employees, and appropriate statutory bodies, to provide advice on economic/labour market issues impacted by the Covid-19 crisis.⁷ This is the one of the most significant facilitation projects ever undertaken by the Agency and the Agency's SLT provided a key role in supporting all of the Forum's work.

For very obvious reasons, this important work did not feature in our Business Plan and is therefore not referenced in the 'Performance Analysis' section below. However, the Agency was able to draw on the very positive experiences of its facilitation of the NI Employment Relations Roundtable (Strategic Theme 2), whose membership overlapped with that of the Engagement Forum.

The impact of Covid-19 on workplaces created an unprecedented surge in calls to the Agency's Workplace Information Service. There was almost a 70% increase in calls in March 2020 compared to the corresponding period in the previous reporting year, as employers and employees sought information on a wide range of employment matters. There was also a significant increase in demand for the Agency's conciliation services, due to a spike in the number of redundancies.

The homepage of the Agency's website was adapted and regularly updated to provide information critical to employment issues raised by Covid-19, such as the Coronavirus Job Retention Scheme.

The Covid-19 restrictions also curtailed a number of activities scheduled for March 2020 and into the 2020-21 reporting period. All face-to-face services were understandably suspended. This resulted in the cancellation of a number of scheduled public seminars and workshops; with all mediations and independent appeal hearings postponed until further notice. As a result, activity levels for a number of core services are lower than expected.

Also, a number of year-end customer surveys planned to inform the Agency's Outcome-Based Accountability (OBA) scorecards were not conducted due to the Covid-19 pandemic. We will complete the qualitative aspects scorecards when it is more appropriate to do so, later in 2020-21.

Employment Relations Services

In retrospect, it is difficult to review many aspects of the Agency's performance through anything other than the lens of Covid-19. However, the pandemic only emerged in the final quarter of this reporting year; prior to this, the Agency was on target to meet and indeed exceed the majority of its operational targets.

Call volumes to our WIS Team were higher (20,993) in comparison to 2018-19 (17,207). Much of the increase is explained by the Covid-19 related calls in February and March 2020. The dedicated phone number (03300 555 300), which was introduced in 2019-20, has embedded well. This allows service users direct access to the WIS Team, while filtering other calls to their correct destinations (e.g. Acas).

The WIS Team has positively embraced agile working, it has allowed staff the flexibility to work remotely; this has been instrumental in maintaining service continuity during periods of disruption, such as inclement weather and latterly the Covid-19 restrictions.

Our programme of workshops and seminars continued to offer a wide and varied range of subject areas, ranging from 'Dealing with Difficult Conversations', 'Recruitment and Selection' through to 'Handling Redundancy'. The Annual Review of Employment Law, which provides a valuable retrospective summary of key employment law developments, continues to be very popular.

Promoting positive mental health and well-being is now recognised as a must do priority in every workplace, and one which has provided the impetus for the development of a new seminar on 'Supporting Mental Health in the Workplace'. This has been so well received by our customers.

One of our more recent developments, the Certificate in Effective Line Management Practice, goes from strength to strength. Three new groups completed this much sought after training programme in 2019-20; the feedback from the most recent cohort was so positive with participants being effusive in their evaluations. The Agency has also partnered with a number of key stakeholders during the year to deliver a range of employment law seminars and to develop joint guidance on 'hot topics' such as differences in employment law in NI compared to Great Britain (GB).

Our documentation review service completed work on 96 referrals in the current reporting year. This involves a staff member reviewing, for example, statements of main terms and conditions of employment, associated documents and company handbooks to ensure statutory compliance and good practice. The service is highly valued, but is very resource intensive; a review is now underway to streamline the service, with a view to being able to reach out to more employers.

In addition, our collaborative work with Invest Northern Ireland (INI) has seen in excess of 30 Guides reviewed throughout the year and these continue to be very popular in terms of views and downloads from the nibusinessinfo.co.uk website. We also continue to work collaboratively with local councils and other business partners, engaging with employers in supporting economic development and job creation through business growth programmes. This very effective programme means that the Agency's work is viewed as a key contributor to economic strengthening within local council areas.

There continues to be a high demand for all of our dispute resolution services; in terms of individual rights, more than 15,000 cases registered on our case management system during the reporting period giving rise to almost 30,000 different jurisdiction claims. Approximately 85% of the cases registered involved large bulk cases (similar cases with the same respondent) mostly derived from case law decisions on the calculation of holiday pay and unlawful deduction from wages; there were 2,368 individual cases registered.

The number of cases cleared in 2019-20 was 3,538. Of these, 1,590 (45%) were cases in which Tribunal proceedings had been lodged and 1,948 (55%) were cases that had the potential to

proceed to the Tribunal. A settlement was reached in 2,159 (61%) of the cases cleared, 709 (20%) of cases were withdrawn and 256 (7%) were determined by a Tribunal.

The remaining 12% related to EC or pre-claim cases where a party did not engage in conciliation and/or the case was not resolved within the timeframe for lodging Tribunal proceedings.

On 27 January 2020, the Agency introduced a new dispute resolution service, Early Conciliation, following the commencement of the Early Conciliation provisions of the Employment (Northern Ireland) Act 2016. As a result, anyone who wishes to lodge a claim with the Industrial Tribunals or the Fair Employment Tribunal must first notify the Agency and consider the Agency offer of our EC service as an alternative to formal litigation.

For the period 27 January-31 March 2020, the Agency received 532 EC notifications; 376 EC cases cleared with 19 settlements and 357 EC Certificates issued. It is too early to offer any commentary on the impact of the service, as no data is available on the numbers who subsequently lodged a Tribunal claim. There is a commitment in the governing legislation to review the service after one and three years of operation. The Agency has worked with the DfE and OITFET to agree an evaluation strategy that will inform that review.

Recent developments in case law and a more general increase in the number of bulk cases has created very significant additional work for the Agency in processing cases listed for consideration by OITFET. At the time of reporting, OITFET had over 45,000 claims, requiring registration by the Agency. This is a huge undertaking and the Agency has been actively exploring IT-based options to deal with such a substantial volume of claims.

Our Mediation service remains a very sought after means of resolving interpersonal workplace disputes and as such has become quite a mainstream form of dispute resolution in specific locations within the public sector service. The Agency conducted 30 mediations in 2019-20, achieving a positive resolution in over 93% of cases.

The Agency has facilitated several important and high profile projects with a range of client organisations across the private, public and third sectors to promote good employment practice and assist in the resolution of complex employment relations issues. These include matters relating to pay, terms and conditions of employment, policy reviews, consultation mechanisms, internal communications, joint working arrangements, industrial relations machinery and post-mediation discussions.

Of note, the Agency has been instrumental in encouraging a long-term sectoral-based approach within both the higher education and health sectors where collaborative 'facilitation projects' have now been established. The Agency is now a member of the Regional Health and Wellbeing Working Group, which has initially focused on the development of a campaign around workplace mental health.

As the Covid-19 crisis developed towards the end of 2019-20, the Agency maintained dialogue with key stakeholders in the Agri-food and other sectors as issues around social distancing in the workplace and changes to the employment law framework rapidly emerged.

The Agency recognises the significant impacts on organisations and their employees that can result from collective disputes. On that basis our collective conciliation service is consistently

relied upon to resolve potentially damaging disputes with 10 out of 11 cases (91%) conciliated by the Agency delivering a successful resolution.

Corporate Services

There were a number of important developments within the Agency's corporate services during 2019-20.

The key ones were in respect of ensuring organisational readiness for the implementation of EC. EC provided an opportunity to streamline the Agency's structures and processes, building on the successful organisational transformation programme in 2018. The main changes included:

- An even greater focus on the needs of our customers. The framework of the Customer Services Excellence (CSE) standard, and particularly customer journey mapping, was used to inform the EC delivery model. It also led to the development of the Agency's Customer Charter.⁸ Unfortunately, formal assessment against the standard was delayed because of the Covid-19 restrictions.
- Automation of a number of processes to create operational efficiencies. The development of the EC web portal allowed the digital transformation of administrative systems, including online submission of EC notifications, the automatic allocation of cases, and the upload and download of documents between the Agency and customers and OITFET.
- Greater flexibility in the utilisation of staff resources. A number of additional Employment Relations Officers trained in conciliation to provide a wider resource pool in case EC volumes were greater than forecasted, and Administrative Officers took on new responsibilities in delivering the EC telephone notification service.

In line with the Communications Strategy, we launched a new more accessible and customer-centric website in June 2019, which is performing well in terms of a lower 'bounce' rate,⁹ more visits, and longer stays.

Shortly after the launch of the website, the Agency's social media channels (Facebook, LinkedIn, Twitter, and YouTube) were activated. These channels have steadily increased the number of followers, and engagement rates are significantly higher than comparator organisations.

The Agency has also increased its media profile significantly, featuring regularly in newspaper articles and with staff appearing on television and radio to discuss topical employment relations issues more often than ever before.

Accommodation matters were a key feature of 2019-20. The Agency's Regional Office successfully relocated into new premises in Richmond Chambers in Derry/Londonderry city centre in June 2019. Furthermore, the Board approved a longer-term plan to relocate the Agency's Head Office to James House in the Gasworks in Belfast in June 2022.

Lastly, the Agency completed in January 2020 a programme of work to enhance its resilience to respond to business continuity threats. This included moving to an internet-based telephone system and rolling out laptops to all staff. The final rollout of laptops was completed in March 2020 to ensure that we were operationally prepared to deal with the Covid-19 pandemic.

Performance Analysis

Performance Monitoring

The Agency's Business Plan for 2019-20 implemented the third year of the Corporate Plan for 2017-21. The Corporate Plan is closely aligned to the broader societal outcomes promulgated in the Executive's draft Programme for Government (PfG)¹⁰ and the DfE's Economy 2030: The Industrial Strategy for Northern Ireland.¹¹ 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.

We have grouped delivery objectives under each strategic theme.

The Business Plan for 2019-20 contained 36 actions designed to deliver on the strategic objectives set out in the Corporate Plan. The SMT monitor progress at the monthly team meetings and report progress at each governance meeting of the Board; progress is also discussed at Oversight and Liaison meetings with DfE.

Monthly performance management reports highlight actions that are complete, on track, behind schedule, not yet started, or not delivered during the year.

Performance against Objectives

Overall, the Agency delivered, or delivered in large part, 33 of the 36 (92%) planned outcomes/ outputs contained in our Business Plan for 2019-20. All employment relations service delivery targets were met and in some instances exceeded. A number of actions have been only partially met or not delivered in 2019-20 and have been carried forward into 2020-21.

Six actions were progressed but not completed during the year and, subject to Covid-19 constraints, will be completed in 2020-21:

- *In partnership with the Equality Commission, develop, by March 2020, best practice guidance to support the promotion of the Joint Declaration for Protection (Dignity at Work/a Harmonious and Inclusive Working Environment) (Objective 2.1(a))* – the Agency has agreed with the Roundtable to run a number of lunchtime seminars to promote the Joint Declaration and share good practice.
- *Organise and host, by March 2020, a major employment/industrial relations conference (Objective 2.1(b))* – the Agency agreed to postpone the conference, so that it could feature as part of the annual meeting of international employment relations agencies, being hosted in 2020 on the island of Ireland. The conference was re-scheduled for 10 September 2020; it has since been put back to 2021 because of Covid-19.

- *Conduct, by March 2020, a feasibility study on the accreditation of the Agency's Certificate in Effective Line Management (Objective 2.1(c))* – a range of options have been mapped.
- *Publish, by September 2019, a report with recommendations on the extent and nature of workplace conflict management practice in NI (Objective 2.3(a))* – the researchers presented the main findings of the research at the Agency's annual public meeting in October 2019. The report is now being prepared for publication and dissemination.
- *Establish, by December 2019, data collection mechanisms to evaluate the Agency's impact in line with the performance measures (Objective 2.3(b))* – the Covid-19 restrictions meant that a number of key metrics linked to customer experience could not be established by the year end. This work will be progressed in 2020-21 when Covid-19 circumstances allow customers to engage in the measurement process.
- *Ensure the effective quality management of the Agency's resources (Objective 3.2(a))* – the Agency secured reaccreditation in October 2019 against the ISO 27001 standard for information security management, and continues to be recognised as an Investor in People (IiP) at the Gold standard. However, formal assessment against the Customer Service Excellence (CSE) was postponed because of the Covid-19 restrictions.
- *Become recognised, by March 2020, as a provider of official statistics (Objective 3.2(f))* – this is awaiting the necessary legislative vehicle. In the meantime, a new Employment Relations Statistics Hub is available on the Agency's website.¹²

The following actions were unable to be progressed in 2019-20:

- *Undertake a review of the effectiveness of the Statutory Arbitration Scheme, in line with a timetable agreed with the Department for the Economy (Objective 1.2(f))* – the review is awaiting initiation by DfE.
- *Develop, by March 2020, guidance on key elements of the Matthew Taylor report: Good Work Benchmarks; and, positive flexible working practices (Objective 2.1(d))* – with the return of the NI Assembly, this work has been paused to await the new Minister for the Economy's policy and legislative priorities.
- *Identify, by March 2020, the key components of an Employment Relations Model for Northern Ireland for discussion with the NI Employment Relations Roundtable (Objective 2.2(b))* – this is awaiting the completion of research undertaken by the University of Warwick on international approaches to inform the development of the model for NI.

All of the above actions will be taken forward under the Agency's 2020-21 Business Plan subject to any continuing constraints relating to the current Covid-19 crisis.

Strategic Theme 1: Improving organisational performance and responding to the needs of individuals through expert employment relations advice and support

1.1 To provide effective guidance on employment relations issues to individuals and organisations

<p>a. Respond effectively to callers to the Workplace Information Service.</p>	<p>Outcome delivered Number of calls handled: 20,993 (2018-19: 17,705) <ul style="list-style-type: none"> • Average waiting time: 58 seconds (2018-19: 63 seconds) • Lost call rate: 7.7% (2018-19: 8.0%) Call volumes increased substantially in the final quarter due to EC implementation and then the Covid-19 pandemic.</p>
<p>b. Deliver a range of good practice seminars and briefings to give employers, employees, and their representatives greater confidence in dealing with employment relations matters.</p>	<p>Outcome delivered 125 public seminars and workshops, and in-company advisory sessions delivered (2018-19: 140). These comprised: <ul style="list-style-type: none"> • 43 public seminars (2018-19: 48); • 3 employment documentation workshops (2018-19: 5); and, • 79 in-company advisory sessions (2018-19: 92). The programme of public workshops and seminars was suspended in March 2020 due to the Covid-19 restrictions. This service was also impacted by the need to divert staff to support EC implementation.</p>
<p>c. Deliver the LRA Certificate in Line Management Practice to encourage employers to adopt good practice in managing employment relations.</p>	<p>Outcome delivered Three LRA Certificate in Line Management Practice programmes were delivered. Two further programmes commenced in February 2020, but were suspended due to the Covid-19 restrictions.</p>
<p>d. Conduct a review of the Agency's existing document review service by December 2019.</p>	<p>Outcome delivered Review completed. Proposals to modernise the service will be piloted in 2020-21. A key objective of this review was to make greater use of technology to extend the reach of this important service.</p>
<p>e. Deliver an effective document review service to promote legislative compliance by employers and encourage good practice in employment relations matters.</p>	<p>Outcome delivered 96 document reviews were completed (2018-19: 130).</p>
<p>f. Deliver an effective good practice facilitation service.</p>	<p>Outcome delivered A number of longer-term facilitation projects are in progress across a range of sectors and organisations, including local government, health and social care, and the private sector. The Agency is now a member of the Regional Health and Wellbeing Working Group, which is developing a campaign around workplace mental health.</p>

<p>g. Work with key delivery partners on a range of events and signature projects.</p>	<p>Outcome delivered The Agency worked closely with Invest NI to review 30 guides on various aspects of employment law during the year. These are published on www.nibusinessinfo.co.uk.</p> <p>The Agency continued to work with NIC-ICTU in delivering an employment law seminar series.</p> <p>Work is underway on developing joint guidance 'Menopause and Work: It's Time to Talk' with the Equality Commission and NIC-ICTU.</p> <p>Support to local businesses was provided through various District Council economic growth programmes.</p>
<p>1.2 To help prevent and resolve individual and collective workplace employment disputes</p>	
<p>a. Deliver an effective individual conciliation service that reduces the number of claims heard by an employment tribunal.</p>	<p>Outcome delivered 3,538 cases were cleared during the period (2018-19: 3,746). These comprised:</p> <ul style="list-style-type: none"> • 1,590 Tribunal cases (2018-19: 2,679); and • 1,948 pre-Tribunal cases (combination of employer-led and Early Conciliation cases) (2018-19: 1,067). <p>Of the cases cleared:</p> <ul style="list-style-type: none"> • 61% were settled through conciliation (2018-19: 50%); • 20% were withdrawn (2018-19: 23%); and • 7% were determined by the Tribunal (2018-19: 15%). <p>The remaining 12% related to EC cases where a party did not engage in conciliation and the case was not resolved within the timeframe for lodging Tribunal proceedings.</p>
<p>b. Deliver an effective collective conciliation service to facilitate the settlement of collective disputes.</p>	<p>Outcome delivered 17 collective conciliation cases were received during the year (2018-19: 18). We processed 11 cases with most related to pay and changes to terms and conditions of employment.</p>
<p>c. Deliver an effective mediation service to facilitate the resolution of interpersonal workplace disputes.</p>	<p>Outcome delivered 59 referrals for mediation were received during the year (2018-19: 64). Of these, three mediations planned for March 2020 were postponed because of Covid-19 restrictions.</p> <p>Positive outcomes were achieved in 93% of the 30 mediations that took place.</p>
<p>d. Deliver an Arbitration and Independent Appeals Service that meets agreed performance standards.</p>	<p>Outcome delivered 38 requests for independent appeal hearings were received during the year (2018-19: 35). These were in the areas of grievance, redundancy, harassment, and rights under the Review of Public Administration.</p> <p>13 independent appeal hearings took place during the year. Two hearings scheduled for March 2020 were postponed because of Covid-19 restrictions.</p> <p>The Agency also facilitated an industrial arbitration to resolve a pay dispute.</p> <p>There were no applications under the Statutory Arbitration Scheme.</p>

<p>e. Implement Early Conciliation from January 2020.</p>	<p>Outcome delivered The EC service was launched on 27 January 2020.</p> <p>In the period to 31 March 2020:</p> <ul style="list-style-type: none"> • 532 notifications were received; and • 376 cases were cleared. <p>Of the cases cleared:</p> <ul style="list-style-type: none"> • 357 EC Certificates were issued; and • 19 were settled through conciliation.
<p>f. Undertake a review of the effectiveness of the Statutory Arbitration Scheme, in line with a timetable agreed with the Department for the Economy.</p>	<p>Outcome not delivered DfE initiation of the review is awaited.</p> <p>There were no developments in 2019-20.</p>
<p>g. Work with key delivery partners in line with agreed Memoranda of Understanding (MoUs).</p>	<p>Outcome delivered All work was carried out in line with agreed MoUs.</p> <p>Discussions are ongoing with OITFET to update the MoU in light of EC.</p>

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.

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

<p>a. In partnership with the Equality Commission, develop, by March 2020, best practice guidance to support the promotion of the Joint Declaration for Protection (Dignity at Work/a Harmonious and Inclusive Working Environment).</p>	<p>Outcome partially delivered The Agency has agreed with the Roundtable to run a number of lunchtime seminars to promote the Joint Declaration and share good practice. These will be progressed in 2020-21.</p>
<p>b. Organise and host, by March 2020, a major employment/industrial relations conference.</p>	<p>Outcome partially delivered The Agency agreed to postpone the conference until 2020-21. This was so that it could feature as part of the annual programme of events for international employment relations agencies, which is being hosted in 2020 on the island of Ireland.</p> <p>The conference was scheduled for 10 September 2020 at the Titanic Centre in Belfast. However, given the Covid-19 restrictions, it was decided in May 2020 to postpone this event until next year.</p>
<p>c. Conduct, by March 2020, a feasibility study on the accreditation of the Agency's Certificate in Effective Line Management.</p>	<p>Outcome partially delivered A range of options have been mapped. This will be concluded in 2020-21.</p>
<p>d. Develop, by March 2020, guidance on key elements of the Matthew Taylor report:¹³</p> <ul style="list-style-type: none"> • Good Work Benchmarks; and • Positive flexible working practices. 	<p>Outcome not delivered This agenda moved on significantly in Great Britain, with consultations on a range of elements of the 'Good Work' agenda. The Agency will respond to developments in Northern Ireland when the new Minister for the Economy outlines the Department's priorities.</p>

e. Provide opportunities for Government to have early engagement with key stakeholders on a range of policy proposals.	<p>Outcome delivered Discussions continue with DfE about progressing aspects of the 'Good Work' agenda.</p> <p>The Roundtable provided a forum for engagement between the DfE and social partners on EU Exit.</p> <p>At the end of the year, the Agency was asked by the Minister for the Economy to chair an Engagement Forum on Covid-19 matters.</p>
<p>2.2 To develop and promote an Employment Relations Model for Northern Ireland</p>	
a. Commission, by September 2019 , research into international employment relations models.	<p>Outcome delivered A contract for the research was awarded to the University of Warwick. At the year end, the desk research was completed. The report is due to be delivered in June 2020.</p>
b. Identify, by March 2020 , the key components of an Employment Relations Model for Northern Ireland for discussion with the NI Employment Relations Roundtable.	<p>Outcome not delivered This is awaiting the outcome of Objective 2.2(a). The work will be progressed in 2020-21.</p>
<p>2.3 To review the mechanisms for evidencing the economic and social return from good employment and industrial relations practice</p>	
a. Publish, by September 2019 , a report with recommendations on the extent and nature of workplace conflict management practice in NI.	<p>Outcome partially delivered The researchers presented the main findings of the research at the Agency's annual public meeting in October 2019.</p> <p>The report is being prepared for publication and dissemination in 2020-21.</p>
b. Establish, by December 2019 , data collection mechanisms to evaluate the Agency's impact in line with the performance measures.	<p>Outcome partially delivered The Agency's outcome-based accountability 'scorecards' were developed and defined during 2019-20. However, a number of key impact measures could not be collected from customers at the year end because of Covid-19.</p>
<p>Strategic Theme 3: Optimising the contribution of staff and resources to deliver our statutory functions through effective leadership and governance practices</p>	
<p>3.1 To ensure the effective development of Agency staff and systems to deliver our statutory functions</p>	
a. Establish, from June 2019 , a joint Management/TUS group to identify mechanisms for increasing employee engagement in line with the Agency's People Strategy.	<p>Outcome delivered Terms of Reference for an Employment Relations Group have been agreed with the Trade Union Side. Membership of the Group, which comprises staff from all functional areas and at all grades, has been established. The inaugural meeting was delayed by the Covid-19 restrictions – this took place on 16 April 2020 by videoconference.</p>
b. Develop, from June 2019 , a continuous improvement project to review operational guidelines to ensure lean service delivery.	<p>Outcome delivered This project focused on redesigning procedures to support the implementation of Early Conciliation. This optimised the use of technology to fully automate processes.</p>

c.	Launch, from June 2019 , the Agency's new accessible website.	<p>Outcome delivered The new website went live at the start of June 2019. It includes, among other features, Browsealoud and subtitled videos to ensure it meets the highest accessibility standards.</p>
d.	Develop and implement, from May 2019 , an active social media presence for the Agency.	<p>Outcome delivered Operational guidelines were approved at the May 2019 Board meeting. The Agency's Facebook, LinkedIn, Twitter and YouTube social media accounts went live in August 2019.</p> <p>Very positive results in terms of reach and engagement rates on all these channels are being achieved, with levels well above comparable organisations.</p>
e.	Increase the use of videos, podcasts and online guides to promote and explain the Agency's services to customers.	<p>Outcome delivered A range of videos promoting the Agency's services, including EC, have been produced and published on the website and social media channels.</p>
f.	Increase awareness of the Agency and its services, particularly among key target groups (younger people, social classes C2DE; and those outside Belfast).	<p>Outcome delivered The Agency's profile has increased through greater media and social media activities; and more of those that had previously heard of the Agency know more about our services. However, this is a gradual process and the changes in awareness levels reflect this.</p> <p>In terms of target audiences:</p> <ul style="list-style-type: none"> • There was a small increase in awareness among 18-24 year olds; • There was no overall change in awareness levels among those in socio-economic group C2DE, although those who had previously heard of the Agency now know more about our services; and • There was an increase in awareness levels in six district council areas, with the largest increase outside of Belfast being in Fermanagh and Omagh.
<p>3.2 <i>To deliver excellent governance in the management of the Agency's resources in line with the requirements placed on public bodies</i></p>		
a.	Ensure the effective quality management of the Agency's resources.	<p>Outcome partially delivered The Agency is working with three external quality standards: Investor in People (IIP); ISO 27001, which covers information security management; and Customer Service Excellence (CSE).</p> <p>The Agency holds the IIP Gold standard, and continued ISO 27001 compliance was confirmed at an annual audit in October 2019.</p> <p>Formal assessment against the CSE standard had been planned for March 2020. This was postponed because of the Covid-19 restrictions. It will be undertaken in 2020-21, once it is safe to do so.</p>

<p>b. Achieve a budget outturn of 99%.</p>	<p>Outcome delivered The Agency ended the financial year with a small underspend (-£3k) against its resource and capital budgets.</p> <p>However, after the year-end, the NICS pay award for 2019 was announced and further advice was received by Land and Property Services regarding the Head Office Rent Review. These resulted in a combined increase to the provisions made of £79k, which DfE agreed to provide additional budget cover for.</p> <p>The final outturn is £4,253k against an adjusted combined resource and capital budget of £4,256k.</p>
<p>c. Publish, by June 2019, a Disability Action Plan in line with the requirements of Section 49A of the Disability Discrimination Act 1995 (DDA 1995) (as amended by article 5 of the Disability Discrimination (Northern Ireland) Order 2006) and subsequently mainstream the actions in all that the Agency does.</p>	<p>Outcome delivered The new Disability Action Plan was developed in partnership with the North West Forum of People with Disabilities and is now being implemented.</p>
<p>d. Relocate, from June 2019, the Agency's Regional Office to new premises.</p>	<p>Outcome delivered Relocation took place on 10 June 2019.</p>
<p>e. Appraise, by June 2019, the longer term options for the effective delivery of the Agency's IS Managed Services.</p>	<p>Outcome delivered With the Agency due to relocate to James House in 2022, the Board has approved a proposal to seek to maintain the current arrangements until then. This is to allow time for technical and cost issues associated with IT Assist in the James House environment to be resolved.</p>
<p>f. Become recognised, by March 2020, as a provider of official statistics.</p>	<p>Outcome partially delivered A new Employment Relations Statistics Hub is available on the Agency's website. This is a precursor to formalising the provision of statistics through becoming an official provider when the enabling legislation is available.</p>
<p>g. Ensure Board effectiveness.</p>	<p>Outcome delivered The Agency continues to follow best practice regarding governance arrangements (see the Governance Report). In support of this, an updated learning and development plan for Board members was implemented. This included an externally-facilitated Board Governance workshop in November 2020.</p>

Financial Performance

Budget outturn

The Agency's resource budget baseline in April 2019 was £3,616k, unchanged since 2017-18. This baseline included £250k to fund EC implementation. Prior to 2017-18, the Agency's baseline had been reduced by over £170k and otherwise remained static since 2010-11.

The Department recognises the difficulties faced by an organisation, such as the Agency, whose costs are almost entirely staff-related, in dealing with a 'flat line' budget and having to absorb additional costs beyond their control. It was therefore sympathetic to such pressures faced by the Agency during 2019-20.

The baseline for 2019-20 excluded an estimated £150k in additional funding to cover the impact of an increase in employer pension contributions, which the NICS had decided would be provided in-year.

Further in-year resource funding of £49k was provided by DfE through Monitoring Rounds to offset financial pressures, including an inward secondment from another of its arm's length bodies. This resource funding was increased following the year end by a further £74k to adjust provisions made for the 2019 pay award, effective from 1 August 2019, and the Head Office Rent Review, which will be effective from 1 June 2019 when agreed. The NICS pay award, with a 2% revalorisation of pay scales, was confirmed on 7 May 2020; the initial provision was based on the quantum of the 2018 pay award (i.e. 1.25%). The initial provision for the 2019 Rent Review was based on the increase following the previous review in 2014 (i.e. 7.65%); Land and Property Services advised in April 2020 that the increase could be in excess of 50%.

The Agency received £113k in ring-fenced funding to create five posts from October 2019 to respond to an anticipated increase in demand for services from employers and employees following the UK's exit from the EU. Delays in some of these staff taking up post meant that £35k was returned to the Government.

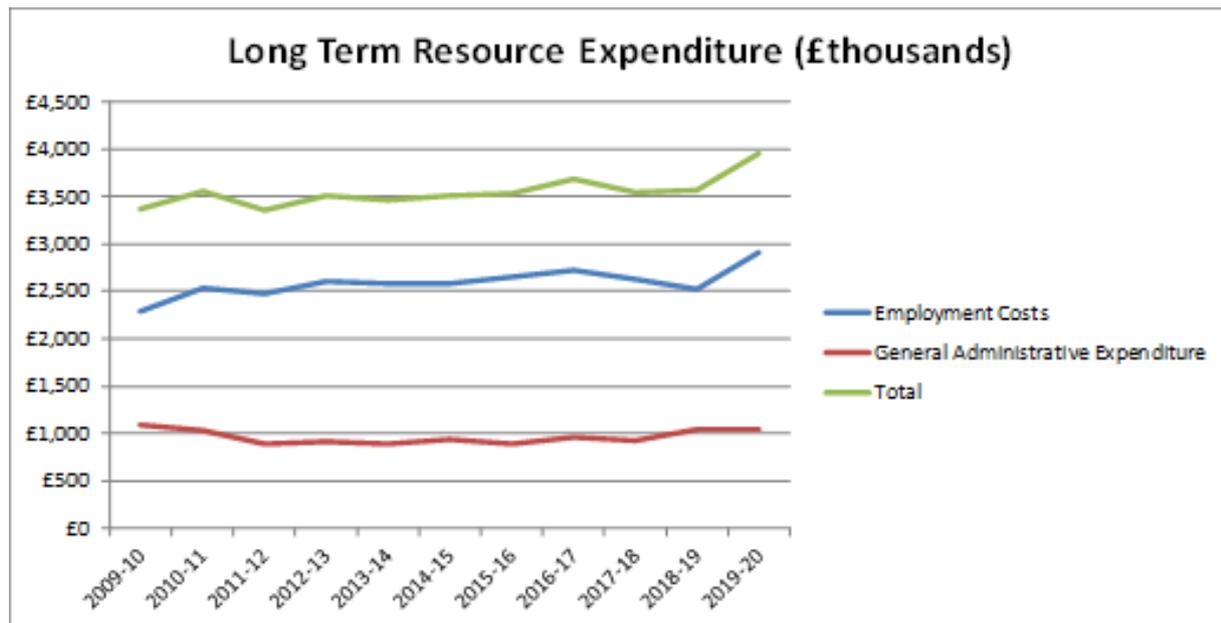
The Agency's capital budget in April 2019 was £145k. This was increased to £284k through in-year bids (see variance analysis below).

As a result of the above, the Agency's resource and capital expenditure was £4,253k against an adjusted resource and capital budget of £4,256k

Going forward, the additional employer pension contributions have been added to the Agency's baseline for 2020-21, as has a contribution to offset inflationary pressures.

Long Term Expenditure Trends

The chart below illustrates the Agency's resource expenditure (employment and administrative costs) over the past 10 years.



Employment costs, which had reduced following a Voluntary Exit Scheme in 2017-18, rose by almost £360k (14%) in 2019-20. This increase in expenditure, which was funded by DfE, resulted from changes to employer pension contributions, the 2019 pay award, and additional staffing (see variance analysis below for further details).

General administrative expenditure (accommodation, office running costs, and staff travel and learning and development) is slightly less than 10 years' ago. This is because the Agency continues to focus on cost savings and efficiency measures in this area to ensure as much resource as possible can be devoted to service delivery by our staff.

Variance Analysis

Resource expenditure in 2019-20 compared to 2018-19 **increased** significantly (more than £5k) in the following areas:

- **Employment costs (+£358k):** this increase resulted from the following:
 - Increased employer pension contributions, which increased by approximately 8% from April 2019;
 - A pay award of 2%, effective from August 2019;
 - Increased use of agency workers to cover long term absences, vacant posts, and backfill temporary promotions;
 - An increase in the accrual for 'employee benefits' as a result of a greater carryover of staff leave;
 - Additional staff to implement EC; and,
 - Additional staff to respond to an anticipated increase in demand for services following the UK's exit from the European Union.
- **Rent (+£69k):** this increase resulted from a provision made for the outcome of the Head Office Rent Review, which is currently being negotiated and will be effective from 1 June 2019. The amount of increase is partially offset by savings achieved by the relocation of the Agency's Regional Office from 10 June 2019.

- **Research and development (+£21k):** this increase relates to expenditure on research into the Employment Relations Model. The research undertaken in 2018-19 was a smaller project looking at dispute resolution practices.
- **Postage and telephones (+6k):** this relates to an increase in telephone costs, mostly in connection with the EC telephone notification service and arrangements to support remote working by staff as a result of the Covid-19 restrictions.
- **External audit fees (+6k):** this is as a result of increased charges applicable for 2019-20.

Resource expenditure in 2019-20 compared to 2018-19 **decreased** significantly (more than £5k) in the following areas:

- **Service charges, maintenance, cleaning, etc (-£33k):** this is mainly a result of reduced maintenance charges for Head Office, which are mainly reactive, and by reduced costs for the Regional Office following relocation from 10 June 2019.
- **IT Managed Services (-£15k):** additional capacity was used from the Agency's managed service provider to support a number of changes in 2018-19. This requirement was less in 2019-20.
- **Other professional fees (-£8k):** the reduction relates to legal fees incurred in 2018-19 for the Head Office lease extension and preparation for relocation of the Regional Office in June 2020.

The Agency incurred capital costs of £250k in 2019-20, compared to £120k in 2018-19. Expenditure in 2019-20 covered development of the EC web portal, concluding a programme to replace desktop computers with laptops for all staff as part of the Agency's business continuity planning, refurbishment of the new Regional Office premises, and redecoration of Head Office. This expenditure was in addition to routine expenditure on building repairs and software licences.

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 £1,435 for charities in 2019-20.

In addition, the Agency and its staff undertake a number of initiatives in respect of its Corporate Social Responsibility. In 2019-20, these included:

- Fund raising for a staff nominated 'charity of the year' – this is a new initiative, which commenced in December 2019. The chosen charity for 2020 is the Cancer Fund for Children;
- Periodic collections of clothing and toiletries to support those in our society experiencing or at risk of homelessness;
- Food collections for a local Food Bank;

- Donating unrequired furniture to local charities; and,
- Encouraging and supporting staff members' own charitable fund-raising work by, for example, allowing the premises to be used to host 'coffee mornings'.

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:

- All (100%) of Dry Mixed Recycling (DMR) materials generated on the premises are 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% is recycled with just 35% diverted to landfill.



Tom Evans
Chief Executive/Accounting Officer
25 June 2020

Chapter 2

Accountability Report

Corporate Governance Report

The Agency has 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 Governance Statement.

The Agency's Board normally comprises the Chair and nine other members appointed under the Commissioner for Public Appointments Regulations administered through DfE, the sponsor Department.

The sponsor Department reviews the Chair's performance on an annual basis; similarly, the Chair completes an annual performance appraisal with 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 Board's Finance and Personnel Committee (F&P).

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 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 F&P Committee fulfils a more detailed scrutiny function on corporate matters relating to finance, HR, ICT, and premises. Its role is not just to challenge and support the work of the SLT and SMT, but also to provide advice to inform the Board's decision-making.

The Research Committee, which is ad hoc, did not meet in the reporting period.

The Committee Chairs provide written updates at Board meetings.

The Agency is required by statute to provide the Northern Ireland Certification Officer with the necessary staff and corporate support services to fulfil the requirements of its governing legislation.¹⁴

Directors' Report

Chair and Chief Executive

The Chair of the Labour Relations Agency during 2019-20 was Marie Mallon.

The Chief Executive and Accounting Officer was Tom Evans.

The Chief Executive plans to retire on 31 July 2020. A recruitment process to appoint a new Chief Executive is underway.

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 4¹⁵ to 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."

The Board members, who served the Agency in 2019-20, and their dates of appointment, are set out in the table below – biographical information is available on the Agency's website.¹⁶

Name	Date appointed to Board	End of present Term of Office
Marie Mallon (Chair)	01-08-14	31-03-21 ¹⁷
Louise Crilly	16-11-15	31-03-23
Deirdre Fitzpatrick	01-12-14	31-03-23
Michelle McGinley	16-11-15	31-03-23
Gary McMichael	01-12-11	31-01-21
Alison Millar	01-09-11	31-01-21
Albert Mills	01-11-12	31-01-21
Jill Minne	01-12-14	31-03-23
Daire Murphy	01-12-14	31-03-23
Pauline Shepherd	01-01-13	Appointment ended on 30 June 2019

In September 2019, Gráinne Ni Cheallaigh joined the Board as an apprentice under the Strictly Boardroom programme, which is aimed at developing future Board members.¹⁸

Senior Leadership Team and Senior Management Team

Decisions on resource allocations are taken separately by the SLT, which comprises the Chief Executive and two Directors. SLT members are Board level employees.

Operational management of the Agency (business plan and budget monitoring, risk management, etc) is undertaken by the wider SMT, which comprises the Chief Executive, Directors, and Employment Relations Managers.

Register of Interests

The Register of Interests of Board and SLT members is published on the Agency's website.¹⁹

Data security

The Agency incurred no serious personal data breaches in 2019-20 (2018-19: none).

The Agency's Data Protection Officer (DPO) investigated seven minor data breaches during 2019-20. The Information Commissioner's Office (ICO) were contacted on each occasion for advice. Based on this advice, the DPO concluded that each was a contained breach with no damage to the parties involved and therefore did not need to be formally reported to the ICO.

Of these, one involved the opening of post re-directed to the Agency's new Regional Office in Derry/Londonderry by staff from a different larger public body within the same building. Royal Mail were contacted about this and agreed to change the delivery arrangements to the building. Also, documents sent between the Agency's offices are now exchanged electronically.

The other incidents involved misdirected emails. The risk in this area has been reduced by turning off the auto-fill email address function.

Creditor payment, policy and performance

The Agency is committed to the Better Payments Practice Code, and is subject to the Late Payment of Commercial Debts 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 2019-20, the Agency paid:

- 71% of invoices within 10 working days (2018-19: 81%); and,
- 97% of invoices within 30 calendar days (2018-19: 99%).

The Agency's prompt payment performance was adversely affected by staffing constraints during the first half of the year and technical problems with a new Purchase Order system.

Charitable donations

There were no charitable donations made in 2019-20 (2018-19: £nil).

Complaints Procedure

The Agency updated and streamlined its Customer Complaints Procedure²⁰ as part of work to achieve CSE (as described in the Performance Report above).

Seven complaints were received in 2019-20 (2018-19: none).

Of these, one was referred to the Northern Ireland Public Services Ombudsman for investigation in 2019-20 (2018-19: none). However, this was dismissed by the Ombudsman.

Three of the complaints received were in respect of decisions reached by independent appeals panels, and not about the actions of the Agency.

In respect of the other complaints, two were resolved informally and two were withdrawn.

Statement of 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 who is the most senior executive reporting to the Board and responsible for the performance of the organisation.

The Chief Executive is appointed by the Principal Accounting Officer of the sponsor Department as Accounting Officer for the Agency. The Chief Executive 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).²¹

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

- Regularity and propriety, including seeking 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.

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 2019-20 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.²²

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 an SLT/SMT who contribute to my mid and end-year assurance statements and the ARAC, which regularly monitors risk management activities.

The Agency's Board

As specified in Schedule 4 to 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 for Northern Ireland.²³

DfE 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;
- 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 and the Finance and Personnel Committee. There is also a Research and Evaluation Committee – this is an ad hoc committee, which was not required to sit in 2019-20 given the nature of the Agency's business priorities for the year.

The Audit and Risk Assurance Committee

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.

Finance and Personnel Committee

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 Leadership Team

The SLT comprises the Chief Executive and the two Directors. The team meets weekly to discuss ongoing operational and resourcing issues.

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 members of the SLT are also part of the SMT with Employment Relations Managers. This wider team meets formally to review financial and business performance, key resourcing issues, and risks each month.

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

Board Member Attendance in 2019-20

Name	Board Meetings (out of 9)	Audit and Risk Assurance Committee Meetings (out of 4)	Finance and Personnel Committee Meetings (out of 3)
Marie Mallon (Chair of the Board)	9	n/a	1 ²⁴
Louise Crilly	6	4	n/a
Deirdre Fitzpatrick (Chair, Audit and Risk Assurance Committee)	5	2 ²⁵	n/a
Michelle McGinley	7	n/a	3
Gary McMichael	5	3	2 ²⁶
Alison Millar	8	2	n/a
Albert Mills (Chair, Finance and Personnel Committee)	8	n/a	3
Jill Minne	6	n/a	0 ²⁷
Daire Murphy	7	4	n/a
Pauline Shepherd ²⁸	0	0	n/a

The Board normally meets 10 times per year. However, in 2019-20, the Board met on nine occasions – the March 2020 Board meeting could not proceed because of Covid-19 restrictions. Nevertheless, papers intended for that meeting were distributed to Board members, with an opportunity for them to raise any issues. Board meetings are being held by videoconference during the Covid-19 restrictions.

All of the Board meetings were held in Belfast. Constraints on Board member availability meant that the Board was unable to continue its practice of holding one meeting per year in the Regional Office during 2019-20.

The Board held its annual public meeting in October 2019. This event, which was attended by approximately 120 stakeholders, included a presentation on EC and a presentation on the findings from research undertaken by Cardiff University on workplace conflict management practice in NI.

With one Board member declining an extension to their appointment beyond 30 June 2019, the Board agreed in September 2019 to reduce the quorum requirement from six to five.

The September 2019 Board meeting also agreed a change in membership of the F&P Committee: Jill Minne stepped down because of work commitments; Gary McMichael agreed to replace her (as well as continue his ARAC membership).

In addition to the above, the ARAC held a joint workshop with the SMT in May 2019 to review the Agency's Risk Management Framework and the key corporate risks.

The Board held a corporate governance workshop in November 2019 to review its effectiveness (see Board Performance below).

The Board held a planning workshop in February 2020 to agree business priorities for 2020-21 and a process to develop the Agency's new Corporate Plan, which will be in place from April 2021.

Board and SMT members met their counterparts from the Republic of Ireland's Workplace Relations Commission in June 2019 to share practice and identify opportunities for joint working on common issues.

Board Performance

The Board held an externally-facilitated workshop in November 2019. This reviewed the effectiveness of Board meetings and was informed by self-assessment by Board members using the Northern Ireland Audit Office's (NIAO) Board Effectiveness Guide.²⁹

Board members concluded that the Board is operating effectively. The Board also agreed to retain its practice of an annual cycle of six generic governance-type meetings with four meetings dedicated to strategy development, with only essential governance matters covered at the start of business.

An action plan from the workshop was agreed at the January 2020 Board meeting. These actions included piloting the use of 'in-camera' discussions, without staff present, at the start of each meeting; already a longstanding practice for ARAC meetings.

Board members also agreed to increase their involvement in meetings with stakeholders, particularly in respect of consultation to inform the development of the Agency's new Corporate Plan.

In October 2018, following a training needs analysis, led by the Agency's Chair and conducted by the HR Team, the Board agreed a Learning and Development Plan aligned to the period covered by the Corporate Plan (i.e. to March 2021). This plan was reviewed and updated in August 2019.

The Learning and Development Plan seeks to ensure that Board members' knowledge of both best practice in governance matters and strategic issues regarding employment relations is maintained and enhanced. It also provides a focus on team development and meeting individual Board member development needs.

As part of the Plan, new induction arrangements were agreed for new Board members when appointed. These were piloted with the incoming Boardroom Apprentice in September 2019 and found to be effective.

Each year, the ARAC reviews the Agency's registers of policies, and contracts, respectively to ensure these are current. The Committee reviewed the Risk Management Framework in May 2019 – it concluded that, while it was working effectively, a number of improvements were identified (see Risk Management below).

The key governance issues discussed by the Board in 2019-20 were:

- Business Plan for 2019-20 and performance against this;
- Annual Report and Accounts for 2018-19, and the Report to Those Charged With Governance (RTTCWG) on the outcome of the audit of this, which is issued by the NIAO;
- Budget for 2019-20 and regular management accounts, which report against a monthly expenditure profile;
- Corporate Risk Register for 2019-20;
- Chief Executive's Mid and End-Year Assurance Statements to DfE;
- Preparations for the implementation of EC;
- Proposed changes to Board Practice and Standing Orders document;
- Proposed changes to the MSFM in respect of the Agency's delegated authorities and the format of the new Partnership Agreement, which will replace the MSFM in 2020-21;
- Proposal to relocate the Agency's Head Office to James House in Belfast in 2022;
- Guidelines for the management of the Agency's social media accounts, which were launched in August 2019;
- Proposal to become an official provider of statistics;

- Proposals regarding the longer term delivery of the Agency's computing support;
- Status in respect of the liP Gold Standard; and,
- Arrangements to appoint a new Chief Executive.

Board members were briefed on a range of issues by a senior DfE official in January 2020. These included the implications of the NI Executive's New Decade New Approach agreement³⁰ and the UK's exit from the EU.

Risk Management

The Agency has in place a Risk Management Framework, which is based on the approach taken 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 Framework is reviewed at an annual Risk Workshop attended by ARAC and SMT members. A number of changes were proposed and agreed at the May 2019 Board meeting, including reference to current issues that might result in the risk materialising and inclusion of a more comprehensive list of controls in place.

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 identified:

- A range of accommodation-related matters, including the outcome of the 2019 Rent Review for Head Office and relocation of the Regional Office;
- The need for in-year funding bids to offset new financial pressures (e.g. increased employer pension contributions) and how these would be managed if additional funding was not provided;
- The potential impact on services of the UK's exit from the EU; and,
- Failure to implement EC.

None of the identified risks materialised in 2019-20. However, after the year end the Agency received details of the proposed outcome of the 2019 Rent Review. While this is being challenged, the Agency had to increase the provision made for this in the Financial Statements for 2019-20.

The Covid-19 pandemic and actions to mitigate its impact were included in the updated Risk Register for March 2020.

Internal Audit

Deloitte provides internal audit services to the Agency.

A risk-based three-year Strategic Internal Audit Plan, which was agreed in 2017, provides the basis for annual audit planning. This ensures that an informed and comprehensive opinion of the effectiveness of the Agency's governance and control systems is provided over a three year period.

The focus of Internal Audit activities in 2019-20 were:

- **Financial controls** – this annual audit focused in 2019-20 on the Agency's procurement arrangements;
- **Human Resource management systems and processes;**
- **EC planning and implementation** – this was an advisory audit to review how well the project was managed through to the handover to 'go live' on 27 January 2020.

Overall, Internal Audit concluded that the Agency has satisfactory controls in place.

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

In January 2020, the Agency concluded a procurement exercise to appoint internal auditors for the three-year period from June 2020.

External Audit

External Audit is undertaken by the NIAO. Following the audit of this Annual Report and Accounts, the NIAO made one minor recommendation in the RTTCWG. This related to ensuring that control sheets are completed for all relevant procurements.

Ministerial Direction

No Ministerial Directions were received in 2019-20.

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. The three-year reaccreditation audit, which was conducted in October 2019, confirmed the Agency's ongoing compliance with the standard.

There were seven minor data security incidents in 2019-20 (2018-19: none). These are described in the Directors' Report above.

Governance issues identified in 2018-19

There were no governance issues identified in 2019-20 (2018-19: none).

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems 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's 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

Remuneration Report

The Remuneration and Staff Report sets out the Agency's remuneration policy for Board and SLT members, and how that policy has been implemented. It also sets out the amounts awarded to Board and SLT 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 reappointed 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 £170 (2018-19: £816) 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 (NICS) pension schemes. Board members do not receive pension benefits from the Agency or DfE as a result of their appointments.

Senior Leadership Team

The SLT comprises the Chief Executive and two Directors with responsibility for Corporate Services and Employment Relations Services respectively.

Remuneration Policy

While not civil servants, the Agency's staff are subject to levels of remuneration and terms and conditions of service (including superannuation) of the NICS. The Agency's Chief Executive post is equivalent to Assistant Secretary (Grade 5) within the Senior Civil Service (SCS). Director posts are equivalent to Grade 7/Principal within the NICS.

The pay policy for the Northern Ireland public sector, including senior civil servants (SCS), is normally approved by the Minister of Finance. In the absence of an Executive, the Department of Finance's Permanent Secretary set the 2019-20 NI public sector pay policy (October 2019) in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS staff, for 2019-20 was announced on 7 May 2020.

The pay of SCS is 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.

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.

Remuneration and Pension Entitlements

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

Chair and Board members	Salary £'000		Benefits in Kind (to nearest £100)		Pension Benefits ³¹ (to nearest £1,000)		Total £'000	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Marie Mallon	20-25	20-25	-	-	10	11	30-35	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 ³²	0-5	0-5	-	-	-	-	0-5	0-5
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
Senior Leadership Team								
Tom Evans <i>Chief Executive</i>	70-75	70-75	-	-	14	15	85-90	85-90
Don Leeson <i>Director of Corporate Services</i>	50-55	50-55	-	-	21	25	70-75	75-80
Mark McAllister ³³ <i>Director of Employment Relations Services</i>	40-45	40-45	-	-	52	-	100-105	-
David McGrath ³⁴ <i>Director of Employment Relations Services</i>	-	0-55	-	-	-	-43	-	5-10
Certification Officer								
Sarah Havlin	20-25	20-25	-	-	9	11	30-35	30-35

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.

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 2019-20 (2018-19: £nil).

Bonuses

Bonus payments are not made to Board members or staff (2018-19: £nil).

Pay Multiples

This section is subject to audit.

	2019-20	2018-19
Band of the highest paid director's total remuneration (Chief Executive) ³⁵ £'000	70-75	70-75
Median Total Remuneration (£)	30.5	30.1
Ratio	2.5	2.5

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 2019-20 was £70-75k (2018-19: £70-75k). This was 2.5 times (2018-19: 2.5) the median remuneration of the workforce, which was £30,500 (2018-19: £30,100).

In 2019-20, one employee (2018-19: one), the Chief Executive, was the highest-paid director with remuneration of £70-75k.

Pension Entitlements

This section is subject to audit.

Name	Accrued pension at pension age as at 31/3/20 and Related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/20 £'000	CETV at 31/3/19 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Marie Mallon <i>Agency Chair</i>	0-5	0-2.5	57	45	8	-
Tom Evans <i>Chief Executive</i>	40-45 plus lump sum of 120-125	0-2.5 plus lump sum of 0-2.5	870	864	13	-
Don Leeson <i>Director of Corporate Services</i>	5-10	0-2.5	145	122	14	-
Mark McAllister <i>Director of Employment Relations Services</i>	15-20 plus lump sum of 30-35	2.5-5 plus lump sum of 2.5-5	276	227	37	-
Sarah Havlin <i>Certification Officer</i>	0-5	0-2.5	45	38	4	-

Northern Ireland Civil Service Pension Arrangements

Pension benefits are provided through the NICS 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 2019 was 1.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2020.

Employee contribution rates for all members for the period covering 1 April 2020 – 31 March 2021 are as follows:

Scheme Year: 1 April 2020 to 31 March 2021

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2020 to 31 March 2021
£0	£23,999.99	4.6%
£24,000.00	£55,499.99	5.45%
£55,500.00	£152,499.99	7.35%
£152,500.00 and above		8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 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 <https://www.finance-ni.gov.uk/landing-pages/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.

Staff Report

Staff Costs

This section is subject to audit.

Staff costs comprise:	2019-20 £	2018-19 £
Labour Relations Agency (excluding Certification Office):		
Permanently employed staff:		
Wages and salaries (includes childcare vouchers)	1,945,752	1,828,612
Social security costs	169,544	154,117
Other pension costs – superannuation	550,534	385,721
	2,665,830	2,368,450
Others:		
Employment Agency Staff	83,712	21,609
Sub Total (excluding Certification Office)	2,749,542	2,390,059
Less recoveries in respect of outwards secondments	-	-
Total	2,749,542	2,390,059
The Certification Officer and Staff		
Wages and salaries	99,559	123,705
Social Security Costs	11,136	10,937
Other pension costs – superannuation	37,781	27,012
Employment Agency Staff	11,947	-
Total	160,423	161,654
TOTAL STAFF COSTS	<u>2,909,965</u>	2,551,713

The above staff costs are analysed as follows:	2019-20 £	2018-19 £
Board members		
Chair's salary and Board member fees	67,675	73,661
Social security costs	2,244	2,307
Other pension costs – superannuation re Chair	8,505	6,616
	78,424	82,584
Senior Leadership Team		
Salaries	163,511	208,522
Social security costs	20,086	21,286
Other pension costs – superannuation	55,516	43,533
	239,113	273,341
Employment Relations Services		
Salaries	1,314,270	1,150,094
Social security costs	112,813	99,601
Other pension costs – superannuation	373,546	253,868
	1,800,629	1,503,563
Corporate Services		
Salaries	400,296	396,335
Social security costs	34,401	30,923
Other pension costs – superannuation	112,967	81,704
Employment agency staff	83,712	21,609
	631,376	530,571
Certification Office		
Certification Officer: Salary	21,143	21,632
Social security costs	1,727	1,824
Other pension costs – superannuation	6,491	4,932
	29,361	28,388
Salaries	78,416	102,072
Social Security costs	9,409	9,113
Other pension costs – superannuation	31,290	22,081
Employment Agency Staff	11,947	
	131,062	133,266
TOTAL EMPLOYMENT COSTS	2,909,965	2,551,713

Pension Costs

The NICS 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 Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in February 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2021.

For 2019-20, employers' contributions of £574,330 were payable to the NICS pension arrangements (2018-19: £412,733) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% per annum above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2018-19: £nil) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2018-2019, 8% to 14.75%) of pensionable pay.

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

Employer contributions of £nil, 0.5% (2018-19: £nil, 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.

Average Number of Persons Employed

This section is subject to audit.

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

	2019-20 Male	2019-20 Female	2019-20 Total	2018-19 Total
Chair and Board Members	3	6	9	10
Senior Leadership Team	3	0	3	3
Employment Relations Services	14	23	37	34
Corporate Services	4	10	14	16
The Certification Officer	0	1	1	1
Certification Office Staff	1	3	4	4
Total	25	43	68	68
Employment Agency staff	2	2	4	2
Inward secondment	2	1	3	2
TOTAL	29	46	75	72

Off Payroll Disclosures

There were no off payroll payments made during 2019-20 (2018-19: none).

Sick Absence

The number of days lost per member of staff through sick absence in 2019-20 was 13.7 days (2018-19: 15.9 days). This was 6.1% of available working days (2018-19: 7.2%).

Of the days lost, 3.6% (2018-19: 5.0%) 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 2.4% of the days lost (2018-19: 2.2%).

A new absence management policy was agreed with the Trade Union Side (TUS) and implemented with effect from January 2019. 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 (OHS) and the NICS Welfare Support Service. Under the new policy, attendance is formally reviewed after four occasions of absence, or when a staff member has been absent for 10 working days, in a rolling 12-month period. Following such a review, a staff member may be issued with a formal notice of concern that their absences are at risk of becoming unsustainable and may ultimately be dismissed.

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 2019-20 these included health checks provided by Chest, Heart and Stroke, flu vaccinations, and massages at work to relieve stress.

A Health and WellBeing Strategy was developed and agreed with TUS in 2018-19 to help promote healthy lifestyles. This has a particular focus on mental health.

Staff Policies Regarding Disabled People

The Agency is an equal opportunities employer, dedicated to the promotion of equality in all aspects of working life.

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 Agency makes reasonable adjustments to enable disabled staff members to perform their duties effectively and participate fully in meetings and events. OHS and the Welfare Support Service, and Access Centre NI where appropriate, are used to advise on the provision of reasonable adjustments. Reasonable adjustments are in place for a number of staff.

The Agency has signed up to the Mental Health Charter.³⁶ 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.

A new Disability Action Plan has been developed for the period 2020-23, in line with the Agency's statutory duty under Section 49B of the Disability Discrimination Act 1995. This was developed with expert advice from North West Forum of People with Disabilities, to whom we are very grateful, and in consultation with disabled staff members.

Learning and Development

The Agency has achieved liP 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 new and more challenging sixth generation liP Standards took place in November 2018. An action plan to address identified improvement is in place.

A Learning and Development Plan is agreed each year, which determines organisation wide priorities for the investment of the Learning and Development budget.

This included a Leadership Development Programme, developed and delivered by Queen's University Belfast, in which a cohort of 12 staff participated from a wide range of grades (Employment Relations Manager to Administrative Officer). The first programme concluded in May 2019. A subsequent evaluation found the programme to be highly effective. A second cohort of staff was due to undertake the programme in March 2020, but this had to be suspended because of Covid-19 restrictions.

The Agency also continues to support the Post Graduate Certificate in NI Employment Law, which is delivered in partnership with Ulster University and Legal Island. To date, five staff have successfully completed the course.

The Agency's staff spent a total of 325 days on learning and development activities (of which, 36 were on health and well-being activities). This represents an average number of training days per member of staff of 5.6 (2018-19: 4.7), excluding Board Members.

Other Employee Matters

The Agency is committed to engaging effectively with its staff. Formal Management and 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.

A successful staff conference took place in October 2019. A key focus of the conference was how the Agency could provide even greater support to staff health and well-being. This led to the creation of an Employment Relations Group. The terms of reference were agreed with the TUS and focus on promoting health and well-being and greater staff participation in decision-making.

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 biannually and 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).

Expenditure on Consultancy

There was no expenditure on consultancy during 2019-20 (2018-19: none).

Reporting of Civil Service and Other Compensation Schemes – Exit Packages

This section is subject to audit.

The Agency did not operate a Voluntary Exit Scheme in 2019-20.

Assembly Accountability and Audit Report

Assembly Accountability Disclosures

Losses and Special Payments

This section is subject to audit.

There were no losses in 2019-20 (2018-19: £nil).

No special payments were made during 2019-20 (2018-19: none).

Fees and Charges

This section is subject to audit.

No fees are chargeable by the Agency (2018-19: none).

Remote Contingent Liabilities

This section is subject to audit.

There were no remote contingent liabilities as at 31 March 2020 (2018-19: none).



Tom Evans

Chief Executive/Accounting Officer

Date: 25 June 2020

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 2020 under the Industrial Relations (Northern Ireland) Order 1992. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. 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 2020 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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Labour Relations Agency's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Labour Relations Agency has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Labour Relations Agency's ability to continue to adopt the going concern basis.

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.

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's 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 examine, certify and report on the financial statements in accordance with the Industrial Relations (Northern Ireland) Order 1992.

My objectives are 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the 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.

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.



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

8 July 2020

Chapter 3

Financial Statements

Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2020

	Notes	Agency £	Certification Officer £	2019-20 Total £	2018-19 Total £
Income	3	-	-	-	-
Expenditure					
Staff costs	See Remuneration & Staff Report	2,749,542	160,423	2,909,965	2,551,713
Depreciation	4	239,090	-	239,090	176,579
Other expenditure	4	1,054,293	38,823	1,093,116	1,041,750
Total expenditure		4,042,925	199,246	4,242,171	3,770,042
Net operating expenditure				<u>4,242,171</u>	<u>3,770,042</u>

Other Comprehensive Expenditure

	Notes	2019-20 £	2018-19 £
Net Operating Expenditure		4,242,171	3,770,042
Items that will not be reclassified to net Operating Expenditure:			
Net gain on revaluation of Property, Plant and Equipment	5	(4,082)	(3,141)
Net gain on revaluation of Intangibles	6	(3,639)	(1,486)
Total Comprehensive Net Expenditure for the year ended 31 MARCH 2020		<u>4,234,450</u>	<u>3,765,415</u>

All amounts above relate to continuing activities.

The notes on pages 66 to 79 form part of these financial statements.

Statement of Financial Position as at 31 March 2020

	Notes	2020 £	2019 £
Non-current assets:			
Property, plant and equipment	5	291,051	258,207
Intangible assets	6	<u>202,664</u>	<u>217,312</u>
Total non-current assets		493,715	475,519
Current assets:			
Trade and other receivables	7	142,891	53,103
Cash and cash equivalents	8	<u>310,248</u>	<u>461,251</u>
Total current assets		<u>453,139</u>	<u>514,354</u>
Total assets		946,854	989,873
Current Liabilities			
Trade and other payables	9	(244,153)	(395,472)
Provisions	11	(86,750)	-
Total current liabilities		<u>(330,903)</u>	<u>(395,472)</u>
Total assets less liabilities		<u>615,951</u>	<u>594,401</u>
Taxpayers' equity			
Revaluation reserve		59,118	51,397
General reserve		<u>556,833</u>	<u>543,004</u>
Total taxpayers' equity		<u>615,951</u>	<u>594,401</u>

The notes on pages 66 to 79 form part of these financial statements.

The financial statements on pages 62 to 79 were approved by the Board on 25 June 2020 and were signed on its behalf by:



Tom Evans
Chief Executive and Accounting Officer

Statement of Cash Flows for the Year Ended 31 March 2020

	Notes	2019-20 £	2018-19 £
Cash flows from operating activities			
Net operating expenditure		(4,242,171)	(3,770,042)
Adjustments for non-cash transactions	4	239,090	176,579
Increase/(decrease) in trade and other receivables		(89,788)	899
Increase/(decrease) in trade payables exc. capital creditors		(64,569)	(117,166)
Net cash outflow from operating activities		(4,157,438)	(3,709,730)
Cash flows from investing activities			
Purchase of plant, property and equipment	5	(149,850)	(74,551)
Purchase of intangible assets	6	(99,715)	(45,199)
Net cash outflow from investing activities		(249,565)	(119,750)
Cash flows from financing activities			
Financing – grant from Department for the Economy			
– Agency		4,057,000	3,570,000
– Certification Officer		199,000	198,000
Net financing		4,256,000	3,768,000
Cash and cash equivalents at the beginning of the period	8	461,251	522,731
Net (decrease) in cash and cash equivalents in the period	8	(151,003)	(61,480)
Cash and cash equivalents at the end of the period	8	310,248	461,251

Note:

The grant is intended to finance both revenue and capital expenditure, details of which are summarised in the Statement of Comprehensive Net Expenditure (SoCNE) and Notes 3, 4, 5 and 6 to the accounts respectively.

Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2020

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

	Notes	General Fund Reserve £	Revaluation Reserve £	Total Reserves £
Balance at 31 March 2018		545,046	46,770	591,816
Changes in Taxpayers' Equity 2018-19				
Grant from Department for the Economy		3,768,000		3,768,000
Comprehensive Expenditure for the year		(3,761,942)		(3,761,942)
Auditors Remuneration	4	(8,100)		(8,100)
Movements in Reserves				
Net gain on revaluation of property, plant & equipment			18,232	18,232
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost			(13,605)	(13,605)
Balance at 31 March 2019		543,004	51,397	594,401
Changes in Taxpayers' Equity 2019-20				
Grant from Department for the Economy		4,256,000		4,256,000
Comprehensive expenditure for the year		(4,228,171)		(4,228,171)
Auditors' Remuneration	4	(14,000)		(14,000)
Movements in Reserves				
Net gain on revaluation of property, plant & equipment and intangible assets (Notes 5&6)			7,721	7,721
Balance as at 31 MARCH 2020		556,833	59,118	615,951

In previous years, the General Reserve had been split into a Capital Reserve and a SoCNE reserve. These have now been combined into a single General Reserve. This presentational change has not changed the amounts in the overall combined General Reserve.

Notes to the Financial Statements for the Year Ended 31 March 2020

1. Accounting Policies

Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2019-20 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 accounts have been prepared on a going concern basis. With funding confirmed for the 2020-21, and the minimal financial impact of the Covid-19 pandemic, the Agency has a clear view of how it will continue to operate for at least 12 months from the date of approval of these financial statements.

The Agency has 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 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 DfE are credited direct to the General Fund reserve on an accruals basis. The annual recurrent allocations from DfE are intended to meet recurrent costs. Income from services rendered is included to the extent of the completion of the contract or service concerned.

1.3 Property, plant and equipment

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

A capitalisation threshold of £1,000 (excluding VAT) for all 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. The minimum level for capitalisation of an intangible asset is £1,000 (excluding VAT). 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.

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 de-recognition. 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 financial instruments 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.

1.12 Impending application of newly issued accounting standards not yet effective

The Agency has not yet applied a new accounting standard IFRS 16 Leases, which has been issued, but will not be effective in the public sector until 1 April 2021.

Under IFRS 16 Leases, a lessee will no longer make a distinction between finance leases and operating leases; all leases will be treated as finance leases with the exception of short term and low value leases.

In the Statement of Financial Position, the Agency will recognise the asset and liability for the lease; while in the statement of the profit and loss, the Agency will recognise the interest cost and depreciation of the leased asset instead of the operating lease expenses.

At 31 March 2020, the Agency holds two operating leases that will be affected by the implementation of IFRS 16 Leases. Had IFRS 16 Leases been applied the estimable effects would have been an increase in right-of-use assets of £649,480 and a corresponding lease liability of £649,480.

1.13 Provisions

The Agency recognises a provision where the following criteria are fulfilled:

- The Agency has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and,
- A reliable estimate can be made of the amount of the obligation.

2. Statement of Operating Costs by Operating Segment

The two main segments operating in the Labour Relations Agency are the Agency itself and the Certification Officer. 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 Officer is responsible for ensuring that trade unions and employer's associations comply with statutory provisions relating to the regulation of trade unions and employers' associations. The non-current assets of the Agency are all located in Northern Ireland.

	2019-20		2018-19	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Gross Expenditure	4,042,925	199,246	3,572,497	197,545
Income	-	-	-	-
Net Expenditure	4,042,925	199,246	3,572,497	197,545

2.1 Reconciliation between Operating Segments and SoCNE/SoFP

	2019-20		2018-19	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Total net expenditure reported for operating segments	4,042,925	199,246	3,572,497	197,545
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	4,042,925	199,246	3,572,497	197,545

3. Income

No income was received in 2019-20 (2018-19: none).

4. Other Expenditure

	Agency £	Certification Officer £	2019-20 Total £	Agency £	Certification Officer £	2018-19 Total £
Cash items						
Premises Costs:						
Rent, under operating leases, including car parks	286,699	14,933	301,632	218,883	13,872	232,755
Rates, including car parks	96,522	4,349	100,871	93,981	4,349	98,330
Service charges maintenance, cleaning, security, heating, lighting and insurance	120,466	4,733	125,199	153,800	4,076	157,876
Other Office Running Costs:						
Staff training	33,698	-	33,698	34,492	(367)	34,125
IT Managed Services, maintenance, licences, & development	198,925	3,160	202,085	213,725	3,000	216,725
Postage and telephones	70,630	444	71,074	64,820	339	65,159
Library services	16,286	-	16,286	19,673	-	19,673
Office, supplies, photocopying, printing and stationery	26,971	710	27,681	22,183	-	22,183
Publications and advertising	18,380	-	18,380	22,973	810	23,783
Conference & Seminars	3,009	1,050	4,059	3,759	-	3,759
Travel and subsistence	25,259	1,332	26,591	23,396	2,862	26,258
Hospitality	6,871	-	6,871	1,966	-	1,966
Miscellaneous expenditure	13,806	6,330	20,136	13,654	5,676	19,330
Interpreter fees and venue hire	1,581	-	1,581	6,396	-	6,396
Professional subscriptions	11,908	-	11,908	7,972	-	7,972
Advertising (staff vacancies)	6,140	-	6,140	6,170	-	6,170
Bank charges	6	-	6	(100)	(18)	(118)

4. Other Expenditure (continued)

	Agency £	Certification Officer £	2019-20 Total £	Agency £	Certification Officer £	2018-19 Total £
Fees and Expenses:						
Other professional fees	45,711	778	46,489	54,255	288	54,543
Arbitration fees and expenses	14,673	-	14,673	9,621	-	9,621
Internal auditor's remuneration	6,292	512	6,804	11,152	512	11,664
External auditor's remuneration	13,508	492	14,000	7,608	492	8,100
Research and Development	36,952	-	36,952	15,480	-	15,480
Total cash expenditure	1,054,293	38,823	1,093,116	1,005,859	35,891	1,041,750
Non-cash items						
Depreciation						
Depreciation of property, plant and equipment	121,088	-	121,088	82,366	-	82,366
Amortisation of intangible assets	118,002	-	118,002	94,213	-	94,213
Sub Total Depreciation	239,090	-	239,090	176,579	-	176,579
Impairment	-	-	-	-	-	-
Total net non-cash expenses	239,090	-	239,090	176,579	-	176,579
Total	1,293,383	38,823	1,332,206	1,182,438	35,891	1,218,329

5. Property, Plant and Equipment 2019-20

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
Cost or valuation						
At 1 April 2019	700,081	278,161	406,759	6,501	5,562	1,397,064
Additions	42,960	13,567	93,323	-	-	149,850
Disposals	-	-	-	-	-	-
Adjustment / (Impairment) arising on revaluation	10,581	4,579	6,811	114	93	22,178
At 31 MARCH 2020	753,622	296,307	506,893	6,615	5,655	1,569,092
Depreciation						
At 1 April 2019	540,310	248,724	337,760	6,501	5,562	1,138,857
Provision for year	63,442	11,116	46,530	-	-	121,088
On disposals	-	-	-	-	-	-
Adjustment / (Impairment) arising on revaluation	8,166	4,067	5,656	114	93	18,096
At 31 MARCH 2020	611,918	263,907	389,946	6,615	5,655	1,278,041
Carrying amount at 31 March 2019	159,771	29,437	68,999	-	-	258,207
Carrying amount at 31 MARCH 2020	141,704	32,400	116,947	-	-	291,051

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2020 statistics.

Note:

The depreciation charge per Note 5 of £121,088 (2019: £82,366) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2020 (2019: £nil).

5. Property, Plant and Equipment (continued)

Leased Assets

The adaptations to Agency buildings on short leasehold land carried a Net Book Value at 31 March 2020 of £141,704 (2019: £159,771) and represent the Agency's only leased assets.

2018-19

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
Cost or valuation						
At 1 April 2018	671,153	270,703	361,236	6,489	5,531	1,315,112
Additions	19,209	11,847	43,495	-	-	74,551
Disposals	-	(6,491)	-	-	-	(6,491)
Adjustment / (Impairment) arising on revaluation	9,719	2,102	2,028	12	31	13,892
At 31 March 2019	700,081	278,161	406,759	6,501	5,562	1,397,064
Depreciation						
At 1 April 2018	485,447	246,364	308,400	6,489	5,531	1,052,231
Provision for year	47,834	6,903	27,629	-	-	82,366
On disposals	-	(6,491)	-	-	-	(6,491)
Adjustment / (Impairment) arising on revaluation	7,029	1,948	1,731	12	31	10,751
At 31 March 2019	540,310	248,724	337,760	6,501	5,562	1,138,857
Carrying amount at 31 March 2018	185,706	24,339	52,836	-	-	262,881
Carrying amount at 31 March 2019	159,771	29,437	68,999	-	-	258,207

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2020 statistics.

5. Property, Plant and Equipment (continued)

Note:

The depreciation charge per Note 5 of £82,366 (2018: £45,771) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2019 (2018: £nil).

6. Intangible Assets

Intangible assets comprise computer software, development costs and licences.

2019-20

Cost or Valuation	Agency £	Certification Officer £	Total £
At 1 April 2019	812,944	9,912	822,856
Additions	99,715	-	99,715
Adjustment / (Impairment) arising on revaluation	13,612	166	13,778
At 31 MARCH 2020	926,271	10,078	936,349
Amortisation			
At 1 April 2019	595,632	9,912	605,544
Charged in year	118,002	-	118,002
Adjustment / (Impairment) arising on revaluation	9,973	166	10,139
At 31 MARCH 2020	723,607	10,078	733,685
Carrying value at 31 March 2019	217,312	-	217,312
Carrying value at 31 MARCH 2020	202,664	-	202,664

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2020 statistics.

Note:

The amortisation charge per Note 6 of £118,002 (2019: £94,213) for the year reflects the amortisation provision for intangible assets. No impairment adjustment was required to the SoCNE in 2020 (2019: £nil).

6. Intangible Assets (continued)

Intangible assets comprise computer software, development costs and licences.

2018-19

Cost or Valuation	Agency £	Certification Officer £	Total £
At 1 April 2018	763,460	9,857	773,317
Additions	45,199	-	45,199
Adjustment / (Impairment) arising on revaluation	4,285	55	4,340
At 31 March 2019	812,944	9,912	822,856
Amortisation			
At 1 April 2018	498,620	9,857	508,477
Charged in year	94,213	-	94,213
Adjustment / (Impairment) arising on revaluation	2,799	55	2,854
At 31 March 2019	595,632	9,912	605,544
Carrying value at 31 March 2018	264,840	-	264,840
Carrying value at 31 March 2019	217,312	-	217,312

7. Trade Receivables and Other Current Assets

	2019-20 £	2018-19 £
Amounts falling due within one year:		
Other receivables	80,634	1,538
Prepayments	62,257	51,565
	142,891	53,103

The above includes £nil (2019: £nil) due to the Agency from the Certification Officer.

8. Cash and Cash Equivalents

	Agency £	Certification Officer £	2019-20 Total £	2018-19 Total £
Balance at 1 April 2019	457,952	3,299	461,251	522,731
Net change in cash and cash equivalent balances	(155,099)	4,096	(151,003)	(61,480)
Balance at 31 MARCH 2020	302,853	7,395	310,248	461,251
The following balances at 31 March 2020 were held at:				
Commercial banks and cash in hand	302,853	7,395	310,248	461,251
Balance at 31 MARCH 2020	302,853	7,395	310,248	461,251

9. Trade Payables and Other Current Liabilities

	2019-20 £	2018-19 £
Amounts falling due within one year:		
Trade payables	13,181	98,377
Accruals	230,972	297,095
Total	<u>244,153</u>	<u>395,472</u>

10. Capital Commitments

There are no capital commitments at the year-end 31 March 2020 (year ended 31 March 2019: £nil).

11. Provisions for Liabilities and Charges

	2019-20 £	2018-19 £
Provision – not later than one year:		
Opening balance	-	-
Provided in the year	86,750	-
Provision released during the year	-	-
Closing balance	86,750	-

An obligation arose at 31 March 2020 regarding the rent review to the Agency's Head Office accommodation. The obligation has not been finalised at the date of signing the report.

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:	2019-20 £	2018-19 £
Not later than one year	316,320	212,220
Later than one year and not later than five years	352,320	424,440
Later than five years	-	-
	668,640	636,660

A three-year extension to the current lease for the Agency's Head Office was concluded in the financial year. The original lease was due to expire on 31 May 2019; it now runs until 31 May 2022.

The Regional Office relocated into new premises with effect on 10 June 2019. An interim licence is in place pending formal agreement of a five-year lease.

13. Other Financial Commitments

The Labour Relations Agency has no other financial commitments and has not entered into any 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 £4,256,000 (2018-19: £3,768,000) grant, as disclosed in the statement of cash flows.

None of the Board members, members of the Senior Leadership Team, or other related parties has undertaken any material transactions with the Agency during the year, other than the reimbursement of expenses necessarily incurred in the course of their employment.

The Agency's Chair, Marie Mallon, has been a non-executive member of the NIAO's Advisory Board since April 2019.³⁷ She is also Chair of the NIAO's Remuneration Committee. These are remunerated positions (£500 per day).

15. Financial Instruments

As the cash requirements of the Agency and the Certification Officer are met through grant-in-aid provided by DfE, 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.

16. Impairments

The total impairment charge for the year is £nil (2018-19: £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

As at 31 March 2020 (31 March 2019: none), the Agency has a contingent liability for dilapidations arising from the lease extension entered into in June 2019 on its Head Office premises. The liability, which is due to arise in 2022, will be subject to negotiation and a reliable estimate of the amount cannot be made at the balance sheet date.

Date of authorisation for issue

The Accounting Officer authorised these financial statements on 25 June 2020.

References

- 1 Available at: www.legislation.gov.uk/nisi/1976/1043/made.
- 2 Available at: www.legislation.gov.uk/nisi/1992/807/contents.
- 3 Early Conciliation is mandated by the Employment Act (Northern Ireland) 2016, which is available at: <http://www.legislation.gov.uk/niu/2016/15/contents>.
- 4 The exemptions are set out in The Industrial Tribunals and Fair Employment Tribunal (Early Conciliation: Exemptions and Rules of Procedure) Regulations (Northern Ireland) 2020, which are available here: <http://www.legislation.gov.uk/nisr/2020/2/made>.
- 5 Available at: <https://www.lra.org.uk/resources/labour-relations-agency-together-people-programme-may-2020>.
- 6 Available at: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Non-Industrial%20Pay%20Bulletin%202019.pdf>.
- 7 Further information on the work of the Covid-19 NI Engagement Forum is available at: <https://www.economy-ni.gov.uk/news/minister-publishes-engagement-forum-guidance-and-priority-sector-list>.
- 8 Available at: <https://www.lra.org.uk/publications/labour-relations-agency-customer-charter>.
- 9 This is percentage of single page visits (or web sessions) in which a user leaves a website from the landing page without browsing any further.
- 10 Available at: www.northernireland.gov.uk/programme-government.
- 11 Available at: www.economy-ni.gov.uk/consultations/industrial-strategy.
- 12 Available at: <https://www.lra.org.uk/about/statistics-hub>.
- 13 Available at: <https://www.gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices>.
- 14 The Industrial Relations (Northern Ireland) Order 1992 (available at: <http://www.legislation.gov.uk/nisi/1992/807/contents/made>).
- 15 Available at: www.legislation.gov.uk/nisi/1992/807/schedule/4.
- 16 Available at: <https://www.lra.org.uk/about/agency-structure>.
- 17 With the option of a further two years up to 31 March 2023.
- 18 Further information about the programme is available at: <https://strictlyboardroom.com/>.
- 19 Available at: <https://www.lra.org.uk/resources/register/boardslt-register-interests>.

- 20 Available at: <https://www.lra.org.uk/resources/policy/customer-complaints-policy-and-procedure>.
- 21 Available at: <https://www.lra.org.uk/publications/management-statement-financial-memorandum-msfm-october-2019>.
- 22 Available at: <https://www.finance-ni.gov.uk/articles/managing-public-money-ni-mpmni>.
- 23 Available at: <https://www.publicappointmentsni.org/sites/cpani/files/media-files/CPA%20NI%20Code%20of%20Practice%20JL2%20-%20December%202016.pdf>.
- 24 Not a member of the F&P Committee – attended meeting for review of Chief Executive’s performance.
- 25 Unable to chair two meetings due to personal circumstances.
- 26 Joined the F&P Committee when Jill Minne stepped down from it.
- 27 Stepped down from the F&P Committee due to work constraints.
- 28 Unable to attend meetings due to personal circumstances and was not remunerated during 2019-20; stepped down from the Board when appointment ended on 30 June 2019.
- 29 Available at: <https://www.niauditoffice.gov.uk/publication/board-effectiveness-good-practice-guide>.
- 30 Available at: <https://www.gov.uk/government/news/deal-to-see-restored-government-in-northern-ireland-tomorrow>.
- 31 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.
- 32 Appointment ended on 30 June 2019.
- 33 Appointed with effect from 1 May 2020. The annual equivalent salary was £45k-£50k.
- 34 Retired on 31 March 2019.
- 35 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.
- 36 Further information is available at: www.equalityni.org/MentalHealthCharter.
- 37 Further information about this role is available here: <https://www.niauditoffice.gov.uk/advisory-group>.

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ISBN: 978-1-5272-6457-1