

# Labour Relations agency

improving employment relations

## Annual Report & Accounts 2021-22



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Labour Relations Agency Annual Report and Accounts  
For the year ended 31 March 2022

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by the Department for the Economy

on

5 July 2022



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# Foreword

It has been my privilege to be the Chair of the Labour Relations Agency since May 2021. My fellow new Board members – Geraldine Alexander, Clare Duffield, Kevin McCabe, and Lee Wilson – and I were delighted to be warmly welcomed to the Agency and Board by the pre-existing members and staff. In turn, we were pleased to welcome John Taylor to the Board in February 2022 when he replaced long-serving Board member, Louise Crilly. I am grateful to Louise for her service to the Agency.

While I had been very much aware of the important work that the Agency does prior to becoming Chair, I have a new insight into just how business-critical our work is. At the strategic level, through both the NI Engagement Forum on Covid-19 and NI Employment Relations Roundtable, we have a hugely important role in bringing together business leaders and senior trade unionists to advise Government on critical workplace issues. We are also trusted to speak with authority on important issues of the day, none more so than the impact of Covid-19 on the workplace. I was pleased to see how well received our guidance on key issues such as hybrid working and the menopause in the workplace by employers, employees and their representatives has been.

At business sector-level and within local government we have played a significant role, with key partners, in supporting economic recovery. Our expert staff have provided sound advice on good employment practice to help build competitive advantage.

At individual employer and employee level, the Agency's work is even more important. The journey out of the pandemic is, regrettably, being marked by economic turbulence. Surging prices are understandably being met by wage demands as employees seek to maintain living standards. Employers are also facing higher costs and, in some cases, are struggling to meet pay demands. This vicious spiral is resulting in levels of industrial action and demand for the Agency's collective conciliation services not known for many years. The Agency successfully helped resolve a number of disputes during the year. We also developed additional conciliators to meet increasing demand and we stand ready to help the parties resolve any dispute. It is a truism to state that all workplace disputes can, in the end, only be resolved by dialogue. My plea to employers and employees alike is to get into dialogue at the earliest possible stage and to maintain positive relationships and trust which are critical in avoiding the damage caused by disputes.

The Labour Relations Agency is here to help you.

I commend our Annual Report and Accounts for 2021-22 to you.



**Gordon Milligan**  
Chair





Chapter 1

# Performance Report

# Overview

## The Year in Perspective

This was the first year of the Labour Relations Agency's Corporate Plan for 2021-25. It was also a year where the Covid-19 pandemic continued to impact our work. In line with public health restrictions, staff worked primarily from home throughout the year. Nevertheless, they were able to continue to deliver services effectively; the Agency successfully retained – and indeed improved on – our Customer Service Excellence accreditation at the annual review in March 2022.

In May 2021, we welcomed a new Chair, Gordon Milligan, and four new Board members; a fifth new member joined the Board in February 2022. As set out in the Accountability Report, a key focus for our governance work in 2021-22 was ensuring that our new members received a thorough induction, so that they could be effective in their new roles as quickly as possible. I am pleased to report that Board members confirmed that the induction programme was successful.

In many respects, 2021-22 was very much about laying the foundations for delivery of the new four-year Corporate Plan. In our employment relations services, the focus was on building new delivery partnerships to support post-Covid economic recovery. With additional funding for this work, we recruited a number of new staff to work with a range of partners. This included support to the business sector and local government in the development of good employment practices.

We also developed successful partnerships with the Federation of Small Businesses, Hospitality Ulster and Manufacturing NI to support employers in sectors hard-hit by the pandemic. Again, these interventions focused on good employment practice to help build competitive advantage.

Service reviews were progressed in two areas: independent appeals and mediation. These will conclude in 2022-23 and seek to ensure that the Agency's resources are used to best effect and our core purpose to improve employment relations is fulfilled in the longer term in these areas.

Four new strategies were developed to underpin the new Corporate Plan. A new People Strategy sets out how the Agency will become an exemplar employer. The Agency was the first public sector organisation to achieve the new Investors in People Gold standard in October 2020 and we are progressing our objective to achieve the Investors in People Platinum standard. We also continue to support the health and wellbeing of our staff; and, in 2021-22, we were highly commended in the Inspire Wellbeing award category in 'Excellence in the Public Sector'.

The other strategies covered Business Intelligence, Communications and Information Systems. In respect of business intelligence, the Agency became recognised in 2021-22 as a provider of official statistics. The data we publish is on individual workplace disputes and is available on the Agency's website for use by policy makers and academics and anyone else interested in the nature of disputes and their prevalence in different industry sectors and locations.

A major transformation project began in 2021-22. This incorporates a number of aspects. New hybrid working arrangements aim to provide staff with greater flexibilities about where they work to better support their life/work balance and help reduce the Agency's carbon footprint. A process review is also underway to inform restructuring in 2022-23, which will see our employment relations services become even more customer-centric in how they are delivered.

Another key aspect of transformation is a commitment to equality, diversity and inclusion (EDI). In 2021-22, we appointed EDI Champions at Board and staff level. Externally, this commitment has led the Agency to engage with groups representing people who are potentially vulnerable in employment situations. Internally, EDI is helping ensure we create a work environment where all colleagues can flourish. I was delighted when the Agency committed to Diversity Mark and subsequently achieved the Bronze Award for our work to promote gender equality and inclusion. I am also proud that the Agency became a founder member of Neurodiversity in Business<sup>1</sup> in 2021-22.

Economic conditions have resulted in an increase in industrial action, mostly relating to pay disputes as the cost of living increases steeply and the labour market experiences shortages in key occupations. This resulted in increased demand for collective conciliation, so much so that we had to train a number of staff in this area during the year to boost resources available to deliver this important and valued service.

Early Conciliation, which was introduced into NI in early 2020, continues to bed-in. Evaluation by the Department for the Economy (DfE) of the first year of operation concluded that it is being delivered to a high standard and has had a positive impact on many Early Conciliation service users.

I am pleased to report that the Agency is growing in stature as a thought leader on employment matters. We developed and published a number of important guides during the year. These included guidance in new and emerging areas of particular importance to employers and employees: Covid-19 vaccination in the workplace, hybrid working, and menopause equality issues. These attracted a good deal of interest from customers, stakeholders and the media; the latter resulting in increased levels of radio and newspaper coverage. Thought leadership will continue in 2022-23 with guidance on such important workplace issues as sexual harassment and domestic abuse.

I would like to use this opportunity to publicly thank my colleagues who served the Agency and our customers so expertly and professionally throughout 2021-22. The personal and professional challenges thrown at us all throughout the pandemic, particularly during the dark days of the lockdowns, have been immense. Our work intruded into home lives through the necessity of public health restrictions – I am grateful for their forbearance and continued passion and commitment to the important work of the Agency.

I would also like to pay tribute to those colleagues who left the Agency during the year including Rosin Bell and Alison Wolfe who retired after almost 70 years' public service between them. Their service to the Agency and commitment to, and passion for, the promotion of good employment relations is very much appreciated.

Lastly, I am grateful to colleagues in the Department for the Economy (DfE) for the spirit of partnership in which they have supported the Agency in our work throughout 2021-22 – it is very much appreciated.



**Don Leeson**  
Chief Executive

<sup>1</sup> Further information is available at: <https://neurodiversityinbusiness.org/>.

# The Purpose and Activities of the Labour Relations Agency

## Purpose

The Labour Relations Agency is a non-departmental public body established under the Industrial Relations (Northern Ireland) Order 1976<sup>2</sup> and continued by the Industrial Relations (Northern Ireland) Order 1992.<sup>3</sup> The Agency is independent of Government, but accountable to and funded by 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 is overseen by a Board, appointed by the Minister for the Economy. Staff are structured into two Directorates – Employment Relations Services and Corporate Services – with the Directors reporting to the Chief Executive. The Agency also provides staff and support services to the Certification Officer for Northern Ireland.

The Agency normally operates out of its Head Office in Belfast and a Regional Office in Derry/Londonderry. However, these offices were closed because of the pandemic for much of 2021-22, in line with public health guidance, with Head Office re-opening on a limited basis towards the end of the business year.

Further information regarding how the Agency is organised and governed is set out in the Accountability Report.

## 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, harnessing all insights to find better ways to support the economy and society;

**Ethical** – always acting with integrity, impartiality, equity and utmost professionalism, and demonstrating openness and accountability;

**Exemplary** – challenging ourselves to be the best we can be and a role model in employment relations and equality, diversity and inclusion; and,

**Responsive** – listening to all our customers and colleagues and adapting to ensure our services meet their needs.

<sup>2</sup> Available at: [www.legislation.gov.uk/nisi/1976/1043/made](http://www.legislation.gov.uk/nisi/1976/1043/made).

<sup>3</sup> Available at: [www.legislation.gov.uk/nisi/1992/807/contents](http://www.legislation.gov.uk/nisi/1992/807/contents).

## 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 (telephone number: 03300 555 300) 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 Service** – this online service, which launched in 2021-22, allows employers to compile workplace documentation – from written statements of employment particulars through to employee handbooks – with guidance on compliance and good practice. It superseded the previous document vetting service, which involved staff reviewing and providing feedback on employer’s employment contracts and policies – this was highly labour intensive and consequently limited in reach.

The Agency also provides a range of confidential dispute resolution services designed to deal with problems that arise in the workplace, providing that the parties to a dispute are agreeable. 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** – potential tribunal claimants are required 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. Arbitration is also available to resolve collective disputes;
- **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 collective disputes.

### Influencing employment relations policy and agenda

As well as being a service provider, the Agency has a key role in working collaboratively with, and providing platforms for, representative bodies of employers and employees to facilitate discussion and seek to influence employment relations issues at a strategic level. 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 also work across all sectors, including the public, private, education and research, and voluntary and community sectors.

The Agency chairs and facilitates two key fora of stakeholders:

- **The NI Employment Relations Roundtable** – this promotes the strategic importance of strong and equitable employment relationships and industrial relations to economic competitiveness and social wellbeing; and,
- **The NI Engagement Forum on Covid-19** – established in March 2020 at the request of the NI Executive, the Forum has provided advice on Covid-19 matters as they apply to workplaces and the labour market.

# Key Issues and Risks in 2021-22

## 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 and the ongoing nature of that crisis has continued to influence the delivery of services throughout 2021-22.

Our overriding objective has been 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. These were the Workplace Information Service, advisory services, and conciliation services.

In line with public health guidelines, the Agency continued to apply a range of measures to protect staff and customers throughout the reporting period. The Agency's offices have remained closed to the public with staff continuing to work remotely for the greater part of 2021-22.

A gradual return to delivery of in-person services commenced towards the latter part of the reporting period. However, the Agency has for the most part continued to rely on arrangements developed to replicate service offerings via online platforms.

The Agency continued to facilitate the NI Engagement Forum on Covid-19 during 2021-22. The Forum was established to advise the NI Executive on how best to manage the challenge of Covid-19 as it applies to workplaces and the wider 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). There is no doubt that the operation of the Forum and the work it has been involved in has strengthened immeasurably the relationships between the key stakeholders representing employees and employers in NI and provided an environment for meaningful social dialogue. The Agency recognises the importance of this Forum and commissioned a review of the terms of reference of the NI Employment Relations Roundtable in 2021-22 to consider how it might continue to promote dialogue at this level.

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.

The ongoing application of the Agency's 'Together' People Programme,<sup>4</sup> tailored specifically for the unique set of circumstances resulting from the public health crisis, has assisted greatly in providing staff with the support needed over what has been a particularly challenging period for everyone.

## Post-Covid economic recovery

The Agency received additional funding in 2021-22 to support implementation of DfE's Economic Recovery Action Plan. Our work in this area is described in the Performance Summary and Performance Analysis below.

<sup>4</sup> Available at: <https://www.lra.org.uk/resources/labour-relations-agency-together-people-programme-may-2020>.

## EU exit

The Agency continues to work closely with DfE colleagues regarding the economic impact of the UK's exit from the European Union (EU) and is a member of DfE's EU Exit Stakeholder Forum.

In addition, the Agency works in partnership with the Equality Commission and NI Human Rights Commission's Dedicated Mechanism Unit (DMU) regarding employment matters impacted upon by EU exit. The DMU was established to monitor compliance with Article 2 of the NI Protocol. Article 2 safeguards current protections for the rights, safeguards and equality of opportunity provisions. The Agency's role is to provide information and expertise to the DMU on general employment law matters such as gender pay gap reporting and other areas covered and impinged upon by Article 2.

## Holiday pay

The Agency's work is impacted by what is happening across the wider labour market and emerging case law. The Agency continues to process thousands of grouped cases linked to a surge in tribunal claims regarding incorrectly calculated holiday pay. During the early part of 2021-22, the Agency established a dedicated team to respond effectively to this demand for services.

However, resolution of the case law position on this matter was subsequently put on hold as the case of Chief Constable of the Police Service of Northern Ireland (PSNI) v Agnew (Alexander) and Others was removed from the Supreme Court listings pending a mediated settlement. This led to a pause of organisation-wide settlement processes beyond the PSNI as speculation mounted that the legal case would settle and provide a benchmark for the resolution of other cases. However, the case is now expected to be re-listed for Supreme Court hearing later in 2022-23.

Whether the legal case is resolved by the Supreme Court, or through settlement, a substantial volume of work will follow for the Agency as we are called on by parties to settle their holiday disputes in due course.

## Accommodation matters

The Agency had previously extended the lease on our Head Office to June 2022 pending relocation to James House on the Government Estate, which was planned to commence in April 2022. These plans were revisited during 2021-22 as a result of delays in the readiness of the James House environment. The Agency is now scheduled to commence moving into James House later in 2022 and the lease on the existing Head Office premises is being continued until relocation takes place.

## Risks

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

The key corporate risks managed by the Agency in 2021-22 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 reporting period.

# Performance Summary

## Covid-19 pandemic

The public health restrictions maintained in response to the Covid-19 pandemic continued to impact on the Agency's Business Plan for 2021-22.

The Agency continued to facilitate the NI Engagement Forum on Covid-19 as chaired by the Agency's Chair, Gordon Milligan, during the reporting period. 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.<sup>5</sup> This represents one of the most significant facilitation projects ever undertaken by the Agency and the Agency's Senior Leadership Team have maintained a key role in supporting the Forum's work.

The impact of Covid-19 on workplaces resulted in significant peaks followed by troughs in the volume of calls to the Agency's Workplace Information Service (WIS) during the year (see call volume statistics below). During this period employers and employees sought information on a wide range of Covid-related employment matters, such as the ending of the furlough scheme, contract variation, redundancy, 'long Covid' and absence management.

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

The majority of in-person services remained suspended throughout much of 2021-22. As a result, activity levels for a number of core services are lower than would normally be expected. This was because some customers did not wish to use services on a virtual basis.

In line with other employers, the Agency's resources were stretched by Covid-related absences, particularly in the latter part of 2021-22 with the advent of the Omicron variant. The amount of days lost through sick absence is detailed in the Accountability Report. However, with the first two weeks of Covid-related absence covered by Special Leave, the volume of days lost is understated. Thanks to the dedication of staff and teamwork, the impact of Covid on service delivery was minimised.

## Employment Relations Services

A priority for the Agency during 2021-22 was work to support post-Covid economic recovery. With additional funding from DfE, provided as part of its Economic Recovery Action Plan,<sup>6</sup> a dedicated team was established to progress this work.

A key focus was to establish delivery partnerships. These included working closely with Invest NI and district councils to target new and growing employers, and foreign direct investment companies. We also worked closely with FSB to target smaller employers, and Manufacturing NI and Hospitality Ulster to work with sectors badly hit by the pandemic. Furthermore, a partnership was developed with Greater Shankill Partnership to pilot support to employers in an area of economic deprivation.

<sup>5</sup> Further information on the work of the NI Engagement Forum on Covid-19 is available at: <https://www.economy-ni.gov.uk/news/minister-publishes-engagement-forum-guidance-and-priority-sector-list>.

<sup>6</sup> Available at: <https://www.economy-ni.gov.uk/publications/economic-recovery-action-plan>.

The Agency's support included helping develop the Hospitality Employers Charter,<sup>7</sup> which aims to improve recruitment and retention in this hard-hit sector, and delivery of a bespoke version of the Agency's Certificate in Effective Line Management Practice to the manufacturing sector. We also carried out document reviews for employers in these sectors and those under the Greater Shankill Partnership's umbrella.

As a thought leader, the Agency published important guidance on Covid-related workplace issues, including 'A Practical Guide to the COVID-19 Vaccination and the Workplace'<sup>8</sup> and 'A Practical Guide to Hybrid Working'.<sup>9</sup> We also worked in partnership with the Equality Commission and ICTU to develop, publish and promote guidance on 'Promoting Equality in Employment for Women Affected by Menopause'.<sup>10</sup> Employment-related guidance developed by the Agency attracts the largest audience on [www.nibusinessinfo.co.uk](http://www.nibusinessinfo.co.uk), which is managed by Invest NI.

WIS received 14,363 calls compared to 22,654 in 2020-21; a decrease of 36%. The previous year was a record high caused by a surge in Covid-related enquiries. However, in line with the UK trend, call volumes are also below pre-pandemic. While the Agency does not have a particular insight into the reasons behind this reduction, we are aware that call volumes tend to vary in correlation with the economic climate.

Our staff continued to deliver a high quality service while working remotely and performed extremely well in 'mystery shopping' exercises as part of the Customer Service Excellence benchmarked standards requirements throughout the year.

During 2021-22, our programme of seminars were delivered as webinars. The Agency pre-recorded a number of our most popular topics and made these available on our website along with accompanying resources, so customers could watch at a time convenient to them. In addition to a wide range of subject areas already offered were, 'Handling Difficult Conversations', 'Supporting Mental Health in the Workplace' and 'Redundancy'.

Interest in the Agency's Certificate in Effective Line Management Practice continues to grow. We delivered four programmes during the reporting year; a total of twelve have been delivered to date with over 200 line managers completing the Certificate. The programme was delivered online through a combination of pre-recorded webinars and live, facilitated question and answer sessions. The popularity of the Certificate was striking with all places quickly taken-up and a reserve list in operation.

In October 2021, our employment document service moved to a new digital platform to allow employers to build their own documents, tailored around a range of templates designed by the Agency. The uptake has been positive with over 1,000 customers having already registered to use the service. In addition, the Agency's Economic Development Team offered a limited document review service to new employers who were part of a local government/Invest NI start-up scheme that the Agency has partnered with, as part of a sector wide project. In the reporting year, five document review referrals were received with work completed on a range of documents including, for example, statements of main terms and conditions of employment, associated policy documents and company handbooks to ensure statutory compliance and good practice.

<sup>7</sup> Available at: <https://hospitalityulster.org/Employers-Charter>.

<sup>8</sup> Available at: <https://www.lra.org.uk/resources/practical-guide-covid-19-vaccination-and-workplace>.

<sup>9</sup> Available at: <https://www.lra.org.uk/resources/practical-guide-hybrid-working-lra-october-2021>.

<sup>10</sup> Available at: <https://www.lra.org.uk/resources/promoting-equality-employment-women-affected-menopause>

During 2021-22 there continued to be a high demand for the Agency's individual conciliation service.

Over 10,000 cases were received during the reporting year. Of these, 47% were Early Conciliation (EC) cases (32% were employee-led and 15% employer-led referrals). The remaining 53% (approximately 5,500) are cases lodged with the tribunal service. The vast majority of these relate to multiple claims linked to wider litigation action (such as the ongoing holiday pay issue). There were approximately 900 individual cases; half of the number of individual cases that were lodged at tribunal during the previous year.

Almost 6,000 cases were cleared in 2021-22. A settlement was reached in over 2,400 (40%) of these clearances and 3,128 EC certificates (52%) were issued (a certificate is issued when a settlement has not been reached and is required for an individual to lodge tribunal proceedings).

Only 10% of cases dealt with were determined by an industrial or fair employment tribunal.

The operation of our Mediation Service has been significantly hampered by Covid working arrangements and some organisations wanting a face-to-face service instead of the virtual service being offered. As Covid restrictions eased, more mediations were taking place and consequently the Agency conducted five mediations in 2021-2022 compared to three in the previous year (12 cases were carried forward into 2022-23).

A similar problem was experienced in relation to the Agency's Independent Appeal Service, where only five hearings took place in 2021-22 (it was not possible to conduct any hearings in the previous year because of public health restrictions preventing in-person attendance and a reluctance by parties to use this service online). A backlog of over 60 appeals has been carried forward into 2021-22. A planned review of this service on matters such as governance framework and data protection is underway and expected to conclude in 2022-23.

In relation to longer-term engagement on Good Employment Practice Project (Facilitation) work, the Agency was still able to remotely facilitate important 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 included industrial relations audits, projects related to terms and conditions of employment, major policy reviews, consultation mechanisms, approaches to conflict management and post-collective conciliation discussions around industrial relations audit work.

The Agency recognises the significant impacts on organisations and their employees that can result from collective disputes. Global, national and regional economic pressures have meant that disputes regarding pay levels became particularly prevalent during the reporting year. This trend was across all sectors and, whilst pay was the primary focus, other terms and conditions formed component parts of the disputes. Our collective conciliation service was relied on throughout 2021-22 to resolve what were often intractable and potentially damaging disputes. However, in the context of surging cost of living increases, it is challenging to help parties resolve what can be significant differences regarding pay demands and offers.

During 2021-22, the Agency completed 13 collective conciliations (this compares to five in the previous year). Of these, 11 cases settled.

## Corporate Services

2021-22 proved rewarding for our corporate services. This was recognised externally in being highly commended as part of the Inspire Workplace Wellbeing Awards, in the 'Excellence in the Public Sector' category; we were also shortlisted for a CIPD NI award in the category of 'Excellence in People Management in SMEs'. These along with our achievement of the Diversity Mark Bronze Standard, and successful retention of the Customer Service Excellence standard in March 2022, capped off a successful year.

We brought forward four new corporate strategies in 2021-22; around People, IT, Communications and Business Intelligence. These will run alongside and enable delivery of our Corporate Plan 2021-25.

Staff continued to work effectively from home throughout 2021-22 with limited re-opening of our offices made possible towards the latter part of the business year. The success of our remote working arrangements is testimony to the effectiveness of the Agency's information and communications technology infrastructure and the support arrangements in place for staff.

Supporting staff health and wellbeing in the context of the ongoing pandemic remained an important focus throughout the period. Continuing implementation of the Agency's 'Together' People Programme, tailored specifically as a response to the unique set of circumstances resulting from the public health crisis, has ensured that staff have been properly supported, their health and wellbeing has been prioritised and service delivery has been maintained. Within this, a comprehensive health and wellbeing strategy which comprised key themes of Connect, Be Active, Keep Learning, Take Notice and Give ensured that the welfare of our people was paramount.

Staff engagement persisted as an important theme in 2021-22. The staff Employment Relations Group, along with our own trade union partnership arrangements, continued to demonstrate their value in enhancing engagement levels between the Agency and its staff.

We continued to make best use of our digital platforms, particularly website and social media capabilities, in delivering a range of information and advisory services to customers. In line with the Communications Strategy, we have also grown our social media traffic and increased our media profile in 2021-22.

Accommodation issues featured large in 2021-22. We established an Accommodation Project in-year to develop and progress Head Office relocation plans and look at future options for our Regional Office. Accommodation plans and preparations have advanced considerably with the Head Office relocation scheduled for Autumn 2022.

With a shift in thinking towards post-pandemic working arrangements the Agency was able to draw on our own public guidance to begin formulating our approach to hybrid working. We progressed the development of a Hybrid Working Policy in-year and commenced engagement with staff. We recognise the importance of getting this right.

Over the course of the year a vision was also developed for a future staffing structure. This work, when completed, will form the basis of a transformed service delivery model for the Agency.

### Promoting equality of delivery of services to different groups

As a public authority, the Agency has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998<sup>11</sup> in carrying out its functions. Further information on the Agency's equality scheme is available on our website.<sup>12</sup>

In terms of service delivery, the Agency holds the Customer Service Excellence standard. This was first achieved in March 2021. The first annual reassessment took place in March 2022 and demonstrated that the Agency had improved its compliance level against the standard. This was principally because of the work carried out to improve the equality of delivery to, and better understand the needs of, different customers.

Annual surveys of levels of public awareness of the Agency's services and employment rights consistently show that younger people are least aware. We have sought to address this through more targeted social media, including developing new communications channels (Instagram and TikTok), and engagement with the Career's Service to identify ways to reach those about to start their first job.

Great care is taken to ensure that services are accessible, including use of fully accessible premises and website, offering a range of communication channels, translation services, and adopting the JAM (Just a Minute)<sup>13</sup> initiative for people with autism and other hidden disabilities.

We also undertake outreach with minority groups who may be particularly vulnerable in employment situations. In 2021-22, the Agency worked closely with ACSONI (African and Caribbean Support Organisation Northern Ireland)<sup>14</sup> to raise awareness of the Agency's services and employment rights among people of African descent, and with the Rainbow Project<sup>15</sup> to support the LGBT+ community.

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<sup>11</sup> Further information on the Section 75 statutory equality duties are available at: <https://www.equalityni.org/S75duties>.

<sup>12</sup> Available at: <https://www.lra.org.uk/resources/other/equality-scheme-2011>.

<sup>13</sup> Further information is available at: <https://www.jamcard.org/>.

<sup>14</sup> Further information is available at: <https://www.acsoni.org/>.

<sup>15</sup> Further information is available at: <https://www.rainbow-project.org/>.

# Performance Analysis

## Performance Monitoring

The Agency's Business Plan for 2021-22 implemented the first year of the Corporate Plan for 2021-25. The Corporate Plan is closely aligned to the broader societal outcomes promulgated in the NI Executive's Programme for Government (PfG) and developed along three high level 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 grouped delivery objectives under each strategic theme.

The Business Plan for 2021-22 contained 49 actions designed to deliver on the strategic objectives set out in the Corporate Plan. The Senior Leadership Team monitors progress against the objectives at monthly meetings and reports performance to the Board; progress against objectives 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, 40 of the 49 (82%) planned outcomes/ outputs contained in our Business Plan for 2021-22. Where appropriate a number of actions, which have been only partially met or not delivered in 2021-22, have been carried forward into 2022-23.

The actions not delivered are:

- *Develop and pilot, by March 2022, a programme for employee representatives to provide them with the practical skills and confidence to support the creation of positive and productive working environments by encouraging employers to adopt good practice in managing employment relations.*
- *Achieve, by March 2022, academic recognition of the Agency's Certificate in Effective Line Management.*
- *Secure secretariat resources for, and facilitate the work, of the NI Employment Relations Roundtable.*
- *Host, by March 2022, a major employment relations conference in partnership with the Department for the Economy and the Employment Relations Roundtable.*

- *Develop, by September 2021, an action plan to deliver the University of Warwick research recommendations regarding the Agency.*
- *Develop, by December 2021, best practice advisory projects to build on the University of Warwick research recommendations and the findings from the University of Cardiff research on dispute resolution practices in NI.*
- *Secure funding for, and commission, research to establish the extent to which good employment relations supports improved productivity by March 2022.*
- *Evaluate, by August 2021, the case management and records system (CMRS).*
- *Implement, by May 2021, planned enhancements to the web portal.*

Explanations for the delay in delivering these actions are set out in the table below.

Most of the actions will be progressed under the Agency's Business Plan for 2022-23.

<b>Strategic Theme 1: Improving organisational performance and responding to the needs of individuals through expert employment relations advice and support.</b>	
<b>1.1 To provide effective guidance on employment relations issues to individuals and organisations.</b>	
a. Respond effectively to callers to the Workplace Information Service.	<p><b>Outcome delivered</b> Number of calls handled: 14,363 (2020-21: 22,654)</p> <ul style="list-style-type: none"> <li>• Average waiting time: 36 seconds (2020-21: 35 seconds)</li> <li>• Lost call rate: 3.4% (2020-21: 5%)</li> </ul> <p>Call volume levels have fallen by 36% compared to the record high in 2020-21 caused by a surge in Covid-related enquiries. However, in line with the UK trend, call volumes are also below pre-pandemic levels.</p>
b. Focus advisory services to support post-Covid economic recovery and growth through the development of delivery partnerships with statutory bodies, employer and industry bodies, and trade unions.	<p><b>Outcome delivered</b> The Agency successfully partnered with organisations such as Hospitality Ulster, Manufacturing NI, Invest NI, a range of local Government bodies, the Equality Commission, and community organisations such as The Greater Shankill Partnership. The assistance offered ranged from employment start-up, compliance with employment law, line management skills and policy reviews.</p>
c. Develop and deliver a programme of good practice webinars and briefings to give employers, employees, and their representatives, greater confidence in dealing with employment relations matters.	<p><b>Outcome delivered</b> The Agency embraced webinars as a customer friendly method of relaying core employment-related information, which meant the majority of our normal suite of seminars were made available digitally to download. In addition, the Agency produced topical webinars on issues such as supporting mental health in the workplace and parental bereavement leave in order to be ready for new legislation being introduced in April 2022.</p>



d. Provide managers with practical skills and confidence to create positive and productive working environments through the LRA Certificate in Line Management Practice to encourage employers to adopt good practice in managing employment relations.	<p><b>Outcome delivered</b></p> <p>The Certificate in Line Management Practice moved to online delivery during the reporting year in order to comply with the requirements of Covid-19 restrictions. This was a labour-intensive task requiring staff to amend and augment content, for which customer feedback was very positive.</p>
e. Develop and pilot, by March 2022, a programme for employee representatives to provide them with the practical skills and confidence to support the creation of positive and productive working environments by encouraging employers to adopt good practice in managing employment relations.	<p><b>Outcome not delivered</b></p> <p>This objective was not met during the reporting year as resources were prioritised for inescapable operational pressures. This will be progressed through the Business Plan for 2022-23.</p>
f. Achieve, by March 2022, academic recognition of the Agency's Certificate in Effective Line Management.	<p><b>Outcome not delivered</b></p> <p>Following discussion with the Open College Network regarding accreditation, it was decided that – in light of ongoing inescapable operational pressures – prioritising the significant resources required for this action cannot be justified. Given high levels of customer satisfaction with the current service offering, accreditation will not now be pursued.</p>
g. Develop and deliver an updated online document review service to promote legislative compliance by employers and encourage good practice in employment relations matters from September 2021.	<p><b>Outcome delivered</b></p> <p>The Agency successfully developed and delivered its new online employment document toolkit. Uptake has been positive with over 1,000 customers having already registered to use the service since going live in December 2021.</p>
h. Deliver sectoral-based good practice facilitation services.	<p><b>Outcome delivered</b></p> <p>A notable outcome in 2021-22 from these long-term projects was the adoption of alternative dispute resolution processes in the construction sector. Other projects are ongoing and carry forward into 2022-23.</p>
i. In partnership with the Department for the Economy raise awareness of new Parental Bereavement Leave and Pay arrangements in line with a timetable agreed with the Department.	<p><b>Outcome delivered</b></p> <p>The Agency played a central role in supporting DfE to develop an awareness raising campaign on parental bereavement leave and pay, in advance of the legislation being implemented in April 2022. The support materials include a webinar and list of frequently asked questions, which are available on the Agency's website and have been heavily promoted via social media channels.</p>
j. Provide thought-leadership through the development and promotion of best practice employment policies.	<p><b>Outcome delivered</b></p> <p>The Agency published important guidance on Covid-related workplace issues, including practical guides to 'Covid-19 Vaccination and the Workplace' and 'Hybrid Working'. We also worked in partnership with the Equality Commission and ICTU to develop, publish and promote guidance on 'Promoting Equality in Employment for Women Affected by Menopause'. Other topics worked on during the year for publication in 2022-23 include workplace violence and harassment against women and support for forthcoming legislation on Domestic Abuse (Safe Leave).</p>

<b>1.2 To help prevent and resolve individual and collective workplace employment disputes.</b>	
a. Deliver an Early Conciliation service that reduces the number of claims heard by an employment tribunal.	<b>Outcome delivered</b> Early Conciliation was introduced shortly before the pandemic, which impacted on the ability of the tribunal service to process claims and conduct hearings. The backlog of cases makes it difficult at this stage to quantify the reduction in hearings resulting from the new service. DfE is satisfied that, despite the impact of these issues, the first 12 months of the Early Conciliation service has been delivered to a high standard and has had a positive impact on many Early Conciliation service users (see Objective 1.2(b) below).
b. Submit available evaluation data to a review of the first year of operation of Early Conciliation in line with a timetable agreed with the Department for the Economy.	<b>Outcome delivered</b> The Agency contributed substantially to DfE's evaluation of the first year of Early Conciliation. DfE estimates that tribunal costs for the 230 cases settled by the Agency during this period resulted in savings that could amount to approximately £363,000 for claimants and £1,012,000 for employers.
c. Respond effectively to demand for conciliation to resolve holiday pay disputes.	<b>Outcome delivered</b> The Agency put staff and systems in place to address large scale organisational processes to resolve holiday pay claims in light of the 'Agnew' case. The conciliation process for many public sector employers stalled during 2021 when this case was withdrawn from the Supreme Court to allow settlement discussions to take place. We have continued to liaise with parties during this hiatus and await further developments in respect of the legal case.
d. Deliver an effective collective conciliation service to facilitate the resolution of collective workplace disputes.	<b>Outcome delivered</b> There was a marked increase in the demand for the Agency's collective conciliation service: 13 compared to five in the previous year. Of these, 11 disputes have been settled. In particular, the service was required for pay disputes that had either resulted in a breakdown of internal collective bargaining processes, consultative ballots regarding industrial action or actual industrial action ballots resulting in strike action.
e. Deliver an effective mediation service to facilitate the resolution of interpersonal workplace disputes within the greater context of devising a future mediation strategy for the Agency based on available resources.	<b>Outcome delivered</b> This service continues to be delivered successfully where it is taken up. However, it has been heavily impacted by public health restrictions in terms of numbers of cases progressed. While available as an online service, most parties are unwilling to engage using this format. Five mediations were successfully completed in 2021-22. A backlog of 12 cases has been carried forward into 2022-23.
f. Review, by December 2021, the Mediation Service and make proposals to ensure the most effective use of resources, in line with customer needs.	<b>Outcome partially delivered</b> Initial discussions have been held with the Board on the future of the Mediation Service. An option appraisal will be concluded in 2022-23.
g. Deliver an Arbitration and Independent Appeals Service that meets agreed performance standards.	<b>Outcome delivered</b> As with mediation, this service has also been heavily impacted by public health restrictions in terms of numbers of cases progressed. While available as an online service, most parties are unwilling to engage using this format. Five hearings were successfully completed in 2021-22. A backlog of over 60 appeals have been carried forward into 2021-22.

h. Review, <b>by September 2021</b> , the Independent Appeals Service and make proposals to ensure the most effective use of resources, in line with customer needs.	<b>Outcome partially delivered</b> Extensive stakeholder discussions regarding the future of the service took place throughout 2021-22. Detailed option appraisal work is underway and will be concluded in 2022-23.
i. Work with key delivery partners in line with agreed Memoranda of Understanding (MoUs).	<b>Outcome delivered</b> The Agency continues to work with partner organisations in line with MoUs. A review of the MoU with the Office of the Industrial Tribunals and Fair Employment Tribunal is underway.
<b>Strategic Theme 2: Working with stakeholders and delivery partners to evidence and promote the economic and social return from good employment relations and shape public policy.</b>	
<b>2.1 To facilitate the work of the NI Employment Relations Roundtable to stimulate discussion and collaboration by key stakeholders on matters of public policy, skills and research.</b>	
a. Secure secretariat resources for, and facilitate the work, of the NI Employment Relations Roundtable.	<b>Outcome not delivered</b> A job description was agreed at the November 2021 Roundtable meeting. A recruitment process is ready to proceed, now that confirmation of funding for 2022-23 has been received.
b. Continue to facilitate any engagement forum as established by the NI Executive, if asked to do so.	<b>Outcome delivered</b> The Forum continued to meet on a regular basis throughout 2021-22. The most recent meetings were convened in January 2022 at the request of the Head of the Civil Service to discuss the impact of the Omicron variant of Covid-19.
c. Further develop partnership arrangements to progress collaborative projects with Acas and the Workplace Relations Commission (WRC).	<b>Outcome delivered</b> A meeting between the Chairs and Chief Executives of our respective organisations took place in September 2021. A number of joint working opportunities were identified, which were further explored by the respective Chief Executives when they met again in February 2022. Together with WRC, the Agency hosted online the annual conference of international employment relations agencies in December 2021.
d. Further develop partnership arrangements to progress work with the Equality Commission, including the Dedicated Monitoring Unit for Article 2 of the Northern Ireland Protocol.	<b>Outcome delivered</b> The Agency and Equality Commission continue to work closely in partnership on issues of joint interest. In 2021-22, these included: <ul style="list-style-type: none"><li>• With the DMU on employment matters impacted upon by EU exit;</li><li>• With NIC-ICTU to develop, publish and promote guidance on 'Promoting Equality in Employment for Women Affected by Menopause'; and,</li><li>• Guidance on 'Harassment and Bullying at Work', which was launched in May 2022.</li></ul> The respective Chief Executives meet regularly; Board members and Equality Commissioners also meet at least once per year to discuss issues of mutual interest – the most recent meeting took place in March 2022.
e. Host, by March 2022, a major employment relations conference in partnership with the Department for the Economy and the Employment Relations Roundtable.	<b>Outcome not delivered</b> The conference, planned for February 2022, had to be postponed because of public health restrictions. It has been rescheduled for February 2023.

<b>2.2 To develop and promote an Employment Relations Model for Northern Ireland.</b>	
a. Consult key stakeholders, <b>by June 2021</b> , on the University of Warwick research recommendations on an Employment Relations Model for NI.	<b>Outcome delivered</b> The Employment Relations Roundtable endorsed the recommendations in June 2021.
b. Develop, <b>by September 2021</b> , an action plan to deliver the University of Warwick research recommendations regarding the Agency.	<b>Outcome not delivered</b> This exercise is pending resources being identified (see Objective 2.1(a) above). In the meantime, the Agency has joined the Renewing Work Advisory Group of Experts (ReWAGE ) Advisory Group <sup>16</sup> and proposed possible research projects to be undertaken by ReWAGE to identify the links between good employment practices and productivity – these are under consideration by the Expert Group.
c. Develop, <b>by December 2021</b> , best practice advisory projects to build on the University of Warwick research recommendations and the findings from the University of Cardiff research on dispute resolution practices in NI.	<b>Outcome not delivered</b> Work with partners on conflict management in the workplace has stalled due to resource constraints.
<b>2.3 To review the mechanisms for evidencing the economic and social return from good employment and industrial relations practice.</b>	
a. Secure funding for, and commission, research to establish the extent to which good employment relations supports improved productivity by March 2022.	<b>Outcome not delivered</b> Proposals for two research projects are under consideration and, subject to funding, will be progressed through the Business Plan for 2022-23.
<b>Strategic Theme 3: Optimising the contribution of staff and resources to deliver our statutory functions through effective leadership and governance practices.</b>	
<b>3.1 To ensure the effective development of Agency staff and systems to deliver our statutory functions.</b>	
a. Continue to facilitate effective remote working for all staff during the Covid-19 pandemic.	<b>Outcome delivered</b> Effective arrangements were maintained throughout the year to facilitate remote working for staff.
b. Continue to implement a programme to support the health and wellbeing of staff during the Covid-19 pandemic.	<b>Outcome delivered</b> A comprehensive programme of health and wellbeing support was delivered throughout 2021-22. This included a Health and Wellbeing Week in March 2022 during which staff were encouraged to attend a wide range of health assessment and wellbeing activities.
c. Implement physical and behavioural safety measures to ensure a Covid-19 secure working environment to enable the phased re-opening of the Agency's offices when the public health advice and NI Executive guidance allow this.	<b>Outcome delivered</b> Covid-19 safety risk assessments (including recommended safety measures) were conducted regularly throughout the year, in line with public health advice. Plans for the reopening of offices were developed in the latter part of 2021-22.
d. Develop, <b>by September 2021</b> , a People Strategy setting out how the Agency will ensure the effective development of staff to enhance capability to underpin delivery of the Corporate Plan for 2021-25.	<b>Outcome delivered</b> The People Strategy for 2021-25 was approved by the Board and is being implemented through annual work plans.

<sup>16</sup> Further information on ReWAGE is available at: <https://warwick.ac.uk/fac/soc/ier/rewage/advisorygroup/>.

e. Develop, <b>by September 2021</b> , a Digital Strategy setting out how the Agency will leverage digital technology to enhance capability to underpin delivery of the Corporate Plan for 2021-25.	<b>Outcome delivered</b> The IS (Digital) Strategy 2021-25 was approved by the Board and is being implemented through annual work plans.
f. Develop, <b>by September 2021</b> , a Communications Strategy to promote the value of good employment relations and our core services, and deliver information and assistance to our customers and stakeholders, to underpin delivery of the Corporate Plan for 2021-25.	<b>Outcome delivered</b> The Communications Strategy 2021-25 was approved by the Board and is being implemented through annual work plans.
g. Develop, <b>by September 2021</b> , a Data Strategy to exploit the insights generated by the Agency's data to better target service delivery and communications regarding best employment practices, optimising the impact of the Agency's resources on economic recovery in NI and underpinning delivery of the Corporate Plan for 2021-25.	<b>Outcome delivered</b> The Business Intelligence (Data) Strategy 2021-25 was approved by the Board and is being implemented through annual work plans.
h. In light of the Corporate Plan for 2021-25, and underpinning strategies, review, <b>by March 2022</b> , the organisational structure to ensure it is effectively aligned to enable delivery of objectives and, where appropriate, make recommendations for change.	<b>Outcome delivered</b> A detailed briefing on the transformation programme was made to the Board in March 2022, including a new organisational structure. Further detailed work is being progressed and final recommendations will be made for Board approval in 2022-23.
i. Develop, <b>by September 2021</b> , an action plan to achieve Investors in People Platinum during the life of the Corporate Plan for 2021-25.	<b>Outcome delivered</b> The action plan has been subsumed within the People Strategy for 2021-25, which is being implemented through annual work plans.
j. Establish, <b>by June 2021</b> , a project to ensure the effective relocation of the Agency's Head Office in April 2022.	<b>Outcome delivered</b> An Accommodation Project has been established and a Project Manager appointed. Work has progressed across a range of work streams within the project, which will continue into 2022-23. Head Office relocation has been rescheduled by the Department of Finance from April to September 2022.
k. Make recommendations, <b>by March 2022</b> , regarding Regional Office accommodation requirements post lease break in August 2022.	<b>Outcome delivered</b> A decision has been taken to retain the Regional Office in its current location until at least the end of the current lease period in June 2024.
l. Identify new information systems delivery partners: for the case management and records system (CMRS) by August 2021; and IS Managed Services by December 2021.	<b>Outcome partially delivered</b> A new delivery partner to provide support to the CMRS was procured and the contract commenced in January 2022.  The Board has approved the migration of IS Managed Services to IT Assist. This is now subject to DfE approval of the business case and completion of work to allow CMRS to be hosted on the IT Assist platform. Migration is planned for 2022-23.
m. Evaluate, by August 2021, the case management and records system (CMRS).	<b>Outcome not delivered</b> This exercise was paused in light of other ICT priorities including the move to new contract arrangements for the provision of IS Managed Services and CMRS support.  This will be progressed through the Business Plan for 2022-23.

n. Implement, by May 2021, planned enhancements to the web portal.	<p><b>Outcome not delivered</b> The timeline for this exercise was impacted throughout 2021-22 by contractor delays in completing development work to the satisfaction of the Agency.</p> <p>This will be progressed through the Business Plan for 2022-23.</p>
o. Implement, by August 2021, a new intranet.	<p><b>Outcome partially delivered</b> The Agency identified a mobile phone-based platform and initiated the process of building and uploading content. Further work will be required to develop a wide range of suitable content.</p> <p>This will be progressed through the Business Plan for 2022-23.</p>
<p><b>3.2 To deliver excellent governance in the management of the Agency's resources in line with the requirements placed on public bodies.</b></p>	
a. Ensure the effective quality management of the Agency's resources.	<p><b>Outcome delivered</b> The annual ISO 27001 audit was successfully completed in November 2021; no non-conformities were identified. Reassessment against the Customer Service Excellence Award was successfully completed in March 2022, with improved outcomes.</p>
b. Achieve a budget outturn (resource and capital) of 99%.	<p><b>Outcome delivered</b> The Agency's outturn was <b>£4,793k</b> against a revised budget of £4,850k (99%). Further information is contained in the Financial Performance section below.</p>
c. Become recognised, <b>by July 2021</b> , as a provider of official statistics.	<p><b>Outcome delivered</b> The Agency has been formally recognised as a provider of official statistics.</p>
d. Consult on and finalise a Corporate Plan for 2021-25 for Ministerial approval <b>by July 2021</b> .	<p><b>Outcome delivered</b> The Corporate Plan was approved by the Minister for the Economy in March 2022.</p>
e. Induct new Board members, in line with agreed induction programme.	<p><b>Outcome delivered</b> The induction programme concluded with a Board Strategy Day on 30 September 2021. Ongoing training needs will be progressed through the Board Learning and Development Plan, which was agreed in March 2022.</p>
f. Ensure Board effectiveness.	<p><b>Outcome delivered</b> An internal audit review of corporate governance arrangements was completed in-year.</p> <p>Externally facilitated Board member corporate governance training was delivered in September 2021.</p> <p>The Corporate Governance Action Plan was approved by the Board at its meeting in October 2021.</p> <p>An annual board self-assessment exercise was conducted at the end of 2021-22 and the outcome considered at the May 2022 Board meeting. This concluded that the Board is operating effectively.</p>

# Financial Performance

## Statement of Financial Position

In terms of the Agency's overall Statement of Financial Position as at 31 March 2022, taxpayer's equity was £323k, a reduction of £98k from the previous year. This was a result of an increase in liabilities of £164k, offset by a increase in assets of £66k.

The decrease in assets was largely in respect of lower investment in the case management and records system (CMRS) in 2021-22 than the previous year and depreciation of this.

The increase in liabilities was mostly because of additional cash being held for a large amount of accrued expenditure being carried at the end of the financial year, pending final completion and invoicing of a number of activities, including IT projects. There was also an increase in prepayments due to changes in managed services and an increase in subscriptions.

## Budget outturn

The Agency's resource budget baseline in April 2021 was £3,823k. The Agency's budget allocation for 2021-22 also included non-recurrent ring-fenced funding of £217k and £870k to cover the employment costs of staff engaged to respond to anticipated employment relations issues following EU Exit and support implementation of DfE's post-Covid Economic Recovery Plan respectively. Therefore, the Agency's opening resource budget for 2021-22 was £4,910k (2020-21: £4,035k).

Difficulties in attracting appropriately experienced staff to temporary contracts for economic recovery work resulted in later than anticipated start dates for new recruits. As a result the Agency returned £150k, leaving a budget of £4,760k.

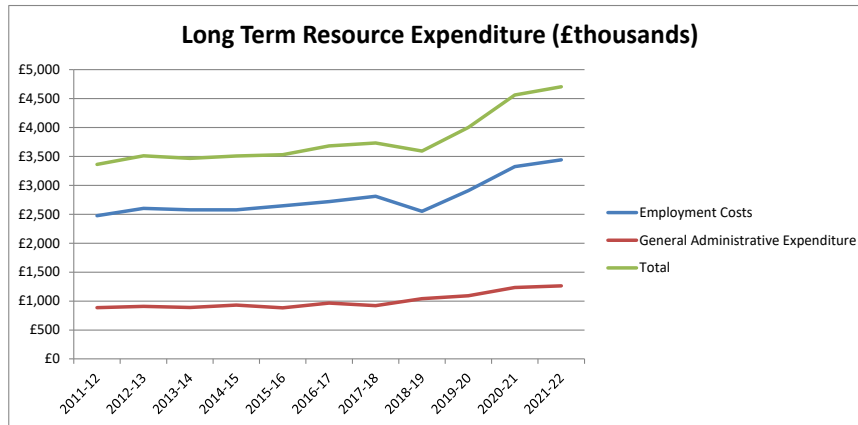
Excluding depreciation, the Statement of Net Expenditure for 2021-22 shows an outturn of £4,703k (2020-21: £4,562k) i.e. 99% of the revised budget.

The capital budget allocation for 2021-22k was £90k. The capital budget outturn was £90k (2020-21: £235k) i.e. 100% of the budget.

The Agency's combined resource and capital expenditure was £4,793k (2020-21: £4,797k) against a revised resource and capital budget of £4,850k, 99% of the revised budget.

## 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, have increased by 35% per annum in the last three years. This increase in expenditure, which was funded by DfE, resulted from changes to employer pension contributions, pay awards, and additional staffing (see variance analysis below for further details).

General administrative expenditure (GAE) (accommodation, office running costs, and staff travel and learning and development) had remained relatively static for almost 10 years' until 2020-21 when there was a sharp increase because of a provision for Head Office dilapidations. Subsequently, in 2021-22, GAE expenditure increased because of additional costs associated with increased staffing. 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

Set out below is an analysis of **resource** expenditure in 2021-22 compared to 2020-21.

- **Employment costs (+£117k):** this increase resulted from additional staff recruited to support implementation of DfE's Economic Recovery Action Plan and a pay award, which with pay progression amounted to 1.13%.
- **Premises costs (-£150k):** the previous year included a provision for the Agency's liability in respect of Head Office dilapidations.
- **Staff training (+£55k):** expenditure increased because of:
  - The need to support the effective induction of new staff and Board members;
  - Training in collective conciliation to provide additional resources to meet demand for this service; and,
  - A further cohort of the Leadership Development Programme.
- **IT services (+£14k):** this increase resulted from the changeover of support for CMRS and additional support for preparation for Head Office relocation.
- **Conferences and seminars (+£31k):** this increase reflects accrued expenditure for the employment relations conference, which was planned for February 2022 and which had to be postponed into 2022-23 because of public health restrictions following an increase in Covid-19 transmissions.



- **Other professional fees (+£46k):** this increase largely results from legal costs associated with a tribunal case in which the Agency is a respondent and advice in respect of a corporate governance matter.

The Agency incurred capital costs of £90k in 2021-22 (2020-21: £235k). Expenditure in 2021-22 included:

- The new online employment document toolkit;
- Laptops for new staff;
- Audio visual equipment to facilitate hybrid working;
- Monitors and headsets; and,
- Changes to the Agency's server contingency environment.

### Corporate Social Responsibility

The Agency takes its corporate social responsibility very seriously and staff were particularly active during 2021-22 on a range of charitable activities.

Each calendar year staff select a 'charity of the year' to provide a focus for fundraising. In 2021, staff raised almost £4,000 for the NI Children's Hospice. This was donated by staff and their family and friends through sponsored events such as the Belfast Marathon Walk, step challenges, bingo, quizzes, coffee mornings, etc. The staff charity for 2022 is Dementia NI for which we hope to raise a similar amount as in previous years.

With homelessness a very serious concern, and all too visible on the streets around the Agency's Head Office building, staff also support a number of charities working in this field in a range of ways. This includes donations of cash, food and drink, clothing, and toiletries. These were distributed to the North Belfast Foodbank, the West Belfast Projects and Foodbank, Homeplus NI, and the Salvation Army.

The Agency's staff also sponsored a hearing dog for deaf people (called Albert) for 2022.

In addition, the Agency facilitates staff wishing to contribute to charitable causes on an individual or collective basis by participating in the Payroll Giving Scheme. This generated £1,260 for charities in 2021-22.

### 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.

However, with staff working from home throughout 2021-22, the Agency's positive environmental impact was achieved through substantial reductions in printing and staff travel. While these were enforced savings brought about by the pandemic, the Agency intends to continue post-Covid to achieve such savings through hybrid working and service delivery, allowing staff to work from home or in the office according to service requirements and their preferences, thereby reducing commuting and business travel. A longer term focus on 'paperless' working will also keep printer cartridge and paper consumption low.

A handwritten signature in black ink, appearing to read 'Don Leeson', with a long horizontal stroke extending from the end of the name.

**Don Leeson**  
Chief Executive/Accounting Officer  
24 June 2022

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).<sup>17</sup> 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 comprises a Chair and nine 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.

The Board is responsible for establishing the strategic direction of the Agency and for monitoring performance against agreed operational targets. The Board has two 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; and,
- The Finance and Personnel (F&P) Committee fulfils a more detailed scrutiny function on corporate matters relating to finance, HR, information and communication technology (ICT), and premises. Its role is not just to challenge and support the work of the Senior Leadership and Senior Management Teams (SLT/SMT), but also to provide advice to inform the Board's decision-making.

Both committees meet at least four times per year.

After each meeting, the Committee Chairs provide written updates to the Board.

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.<sup>18</sup>

<sup>17</sup> Available at: <https://www.finance-ni.gov.uk/articles/managing-public-money-ni-mpmni>.

<sup>18</sup> The Industrial Relations (Northern Ireland) Order 1992 (available at: <http://www.legislation.gov.uk/nisi/1992/807/contents/made>).

# Directors' Report

## Chair and Chief Executive

From 1 May 2021, the Chair of the Labour Relations Agency has been Gordon Milligan. He succeeded Marie Mallon, whose term of office ended on 30 April 2021.

The Chief Executive and Accounting Officer is Don Leeson.

## Board

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

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

Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992<sup>19</sup> 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."

Following a public appointments process, a new Chair and five new Board members took-up office during 2021-22. The Chair and four of the new Board members were appointed from 1 May 2021, joining five pre-existing members. Subsequently, one of the pre-existing Board members stepped down from the Board on 31 January 2022; their replacement joined the Board with effect from 1 February 2022.

The Board members, who served the Agency in 2021-22, and their dates of appointment, are set out in the tables below – biographical information is available on the Agency's website.<sup>20</sup>

### Board members to 30 April 2021

Name	Date appointed to Board	End of Term of Office
Marie Mallon (Chair)	01-08-14	30-04-21
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	30-04-21
Alison Millar	01-09-11	30-04-21
Albert Mills	01-11-12	30-04-21
Jill Minne	01-12-14	31-03-23
Daire Murphy	01-12-14	31-03-23

<sup>19</sup> Available at: [www.legislation.gov.uk/nisi/1992/807/schedule/4](http://www.legislation.gov.uk/nisi/1992/807/schedule/4).

<sup>20</sup> Available at: <https://www.lra.org.uk/about/agency-structure>.

### Board members from 1 May 2021

Name	Date appointed to Board	End of Term of Office
Gordon Milligan (Chair)	01-05-21	30-04-24
Geraldine Alexander	01-05-21	30-04-24
Louise Crilly	16-11-15	31-01-22
Clare Duffield	01-05-21	30-04-24
Deirdre Fitzpatrick	01-12-14	31-03-23
Kevin McCabe	01-05-21	30-04-24
Michelle McGinley	16-11-15	31-03-23
Jill Minne	01-12-14	31-03-23
Daire Murphy	01-12-14	31-03-23
John Taylor	01-02-22	31-01-25
Lee Wilson	01-05-21	30-04-24

During 2021-22, the Agency hosted two apprentices under the Boardroom Apprenticeship programme, which is aimed at developing future Board members.<sup>21</sup> Board apprenticeships are for a period of 12 months (from September to August). Sarah Livingstone was the Board apprentice until 31 August 2021; Aideen Duggan has been the apprentice since 1 September 2021.

### Senior Leadership Team and Senior Management Team

Operational management of the Agency (decisions on resource allocations, business plan and budget monitoring, risk management, etc) are taken by the Senior Leadership Team (SLT), which comprises the Chief Executive and two Directors. SLT members are Board level employees.

The wider Senior Management Team (SMT), which comprises the Chief Executive, Directors, and Employment Relations Managers, meets monthly to discuss issues of cross-cutting interest to improve service delivery or organisational development in furtherance of the Agency's vision, core purpose and values.

As part of a development programme, two SMT members attend SLT meetings on a three-month rota basis.

In order to foster partnership working, and effective employee engagement, the Chair of the trade union branch attends formal minuted SLT meetings, which are held monthly.

### Register of Interests

The Register of Interests of Board and SLT members is published on the Agency's website.<sup>22</sup>

### Data security

The Agency incurred one significant personal data breach in 2021-22, which we reported to the Information Commissioner's Office (ICO) (2020-21: none).

This data breach involved group emails sent as part of a customer satisfaction survey in which email addresses were visible to all recipients. The breach was due to human error. It was quickly detected by the Agency and reported to the ICO.

<sup>21</sup> Further information about the programme is available at: <https://strictlyboardroom.com/>.

<sup>22</sup> Available at: <https://www.lra.org.uk/resources/register/boardslt-register-interests>.

An immediate apology was issued to all email recipients. One recipient subsequently complained to the media and the breach was highlighted in BBC Radio Ulster's news coverage that day. Three other recipients complained directly to the Agency and received a personal apology and a more detailed explanation.

The ICO decided to take no action in response to the breach.

Subsequently, as part of a planned review of information management security arrangements, Internal Audit was invited to review the Agency's protocols regarding email security. No shortcomings were identified.

### **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 2021-22, the Agency paid:

- 91% of invoices within 10 working days (2020-21: 90%); and,
- 100% of invoices within 30 calendar days (2020-21: 99%).

### **Charitable donations**

No charitable donations were made in 2021-22 (2020-21: £nil).

### **Complaints Procedure**

The Customer Complaints Procedure is published on the Agency's website.<sup>23</sup>

The Agency achieved the Customer Service Excellence standard<sup>24</sup> in March 2021. The Agency demonstrated continuing and improved compliance with the standard at the first annual re-assessment in March 2022.

Nine complaints were received in (2020-21: none). Of these:

- Four related to the data breach – all were upheld and personal apologies and detailed explanations from the Chief Executive were issued;
- Two were about ongoing problems regarding the Agency's web portal – both were upheld and apologies and explanations were issued; and,
- Three related to the Workplace Information Services – these were rejected and explanations were issued.

<sup>23</sup> Available at: <https://www.lra.org.uk/resources/policy/customer-complaints-policy-and-procedure>.

<sup>24</sup> Further information about the standard is available at: <https://www.customerserviceexcellence.uk.com/about-the-standard/>.

# Statement of the Labour Relations Agency and Accounting Officer's Responsibilities

Under the Industrial Relations (Northern Ireland) Order 1992, the Department for the Economy (with the consent of the Department of Finance) has directed the Labour Relations Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Labour Relations Agency and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- Observe the Accounts Direction issued by the Department for the Economy (with the consent of the Department of Finance), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis; and,
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Department for the Economy's Accounting Officer has appointed the Chief Executive as Accounting Officer of the Labour Relations Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and safeguarding the Labour Relations Agency's assets, are set out in Managing Public Money Northern Ireland (MPMNI).

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



# 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 2021-22 and up to the date of approval of the Annual Report and Accounts. The Agency's governance structure provides clarity and accountability in managing the delivery of its strategic objectives. It ensures that the Agency has the capacity to make decisions, monitor performance, and assess and manage resources and risk.

## Responsibilities of the Accounting Officer

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

In delivering this role I provide regular updates to the Agency's Board on performance against the targets specified in the annual business plan. I am supported by 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.<sup>25</sup>

DfE is responsible for appointing 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;

<sup>25</sup> Available at: <https://www.publicappointmentsni.org/publications>

- Ensure that the Agency operates sound environmental policies and practices in accordance with relevant Government guidance; and,
- Ensure that high standards of corporate governance are observed at all times.

The discharge of some of the Board's responsibilities is delegated to sub-committees. There are two standing committees: the Audit and Risk Assurance Committee (ARAC) and the Finance and Personnel (F&P) Committee.

### **The Audit and Risk Assurance Committee**

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:

- Strategic processes for risk, control and governance and the Governance Statement;
- Accounting policies, the accounts, and 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 Auditor;
- 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 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, ICT, 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 mid-year and annual performance appraisals of the Chief Executive.

**The Senior Leadership Team**

The SLT comprises the Chief Executive and two Directors.

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 SLT meets weekly to discuss ongoing operational and resourcing issues.

There is also a formal SLT meeting each month to review financial and business performance, key resourcing issues, and risks. These meetings are minuted, with the minutes published on the Agency’s website.<sup>26</sup>

The membership of the SLT is supplemented, on a three-month rota basis, by two members of the Senior Management Team as part of a staff development programme. In addition, the Chair of the trade union branch attends the monthly formal SLT meeting to foster partnership working and effective employee engagement through participative and transparent decision-making.

The Chief Executive attends individual team meetings as appropriate and holds periodic all-staff ‘town hall’ meetings to brief and consult staff on key strategic priorities and issues.

**Board Member Attendance in 2021-22**

Name <sup>27</sup>	Board Meetings (out of 10)	Audit and Risk Assurance Committee Meetings (out of 4)	Finance and Personnel Committee Meetings (out of 4)
Gordon Milligan (Chair of the Board)	10	n/a	n/a
Geraldine Alexander (Chair, Finance and Personnel Committee)	10	n/a	4
Louise Crilly <sup>28</sup>	7	2	n/a

<sup>26</sup> Available at: <https://www.lra.org.uk/about/governance/senior-leadership-team-minutes>.

<sup>27</sup> The Chair and Board members whose appointments ended on 30 April 2021 (Marie Mallon, Gary McMichael, Alison Millar, and Albert Mills) are not included in the register of attendance as the Board and its committees did not meet during this first month of 2021-22.

<sup>28</sup> Louise Crilly’s appointment ended on 31 January 2022 and therefore attendance is out of a possible eight Board and three Audit and Risk Assurance Committee meetings.

Clare Duffield	8	3	n/a
Deirdre Fitzpatrick (Chair, Audit and Risk Assurance Committee)	10	4	n/a
Kevin McCabe	4	1	n/a
Michelle McGinley <sup>29</sup>	9	1	4
Jill Minne	8	n/a	n/a
Daire Murphy	8	4	n/a
John Taylor <sup>30</sup>	2	n/a	n/a
Lee Wilson	8	4	4

The Board normally meets 10 times per year (every month except April and July). The quorum requirements for Board and Committee meetings are five<sup>31</sup> and three Board members respectively.

Where possible, Board meetings are held in-person. However, due to ongoing Covid-related public health restrictions, most meetings were held by videoconference in 2021-22. The March 2022 meeting was the Board's first ever hybrid meeting, involving participants attending in-person or remotely by videoconference

The Board held a Strategy Day in September 2021. This was an opportunity for the new Board to come together in-person for the first time since public health restrictions were introduced. It was the culmination of the new Board member induction programme and included an externally-facilitated workshop on good practice in corporate governance along with discussions on key corporate strategies.

The Board also held a planning workshop with SMT members in February 2022 to agree business priorities for 2022-23.

### Board Performance

With a new Chair and four new Board members joining the Agency from May 2021 (a fifth new Board member joined in February 2022), implementation of an effective induction programme has been a key priority. This included a blend of individual briefings and group training events and workshops.

Once the induction programme concluded, a Board Learning and Development Plan aligned to the period covered by the Corporate Plan (i.e. to March 2025) was developed by the Agency's HR Team in consultation with Board members. This Plan was approved at the March 2022 Board

<sup>29</sup> Michelle McGinley joined the Audit and Risk Assurance Committee with effect from March 2022; she is also a member of the Finance and Personnel Committee.

<sup>30</sup> John Taylor's appointment started on 1 February 2022 and therefore attendance is out of a possible two Board meetings. He was appointed to the Finance and Personnel Committee with effect from March 2022 (the last Committee meeting of the 2021-22 schedule was before this appointment).

<sup>31</sup> The March 2022 Board meeting approved a change in quorum requirements to 50%+1 of Board members, with effect from 2022-23.

meeting and aims to ensure that Board members' knowledge of strategic employment relations issues and good practice in corporate governance continues to develop.

While the new Board bedded-in, meeting arrangements agreed at an externally-facilitated Board effectiveness workshop in November 2019 remained in operation. These included the use of in-camera sessions at the start of each meeting where Board members have an opportunity to raise concerns without staff present and the designation of meetings as having a governance or strategy focus to ensure that Board time is allocated appropriately.

Board practices evolved during the year following the corporate governance workshop in September and expert guidance commissioned in light of this. In March 2022, a new Board Practice and Standing Orders document<sup>32</sup> was adopted. This included safeguards to ensure involvement of the three constituent parts of the Board in decision-making, new arrangements for the handling of conflicts of interest, and adopting recommended practice regarding the handling of dissent. The Board has also adopted meeting management software to facilitate 'paperless' meetings (i.e. without hardcopy papers). This came into usage in May 2022 following training.

A self-assessment was undertaken by Board members at the end of 2021-22. This uses a questionnaire derived from The Good Governance Standard for Public Services, which was prepared by The Independent Commission on Good Governance in Public Services and published by OPM (Office for Public Management) and CIPFA (Chartered Institute of Public Finance and Accountancy).<sup>33</sup> The outcome was discussed at the May 2022 Board meeting. The key points from the exercise were that:

- The new Board has bedded-in well, thanks to a comprehensive and effective induction programme;
- The Board has a clear vision and strategic direction articulated through the new Corporate Plan;
- Board members have reviewed and amended arrangements for Board and committee meetings to reflect recommended practice and preferred ways of working; and,
- An externally facilitated workshop will be arranged in 2022-23 to consider how the Board might further improve its practice.

The key governance and strategic issues discussed by the Board in 2021-22, in addition to the above, were:

- Corporate Plan for 2021-25;
- Business Plan for 2021-22 and performance against this and, in March 2022, the Business Plan for 2022-23;
- Annual Report and Accounts for 2020-21, and the Report to Those Charged With Governance (RTTCWG) on the outcome of the audit of this, which is issued by the NIAO;

<sup>32</sup> Available at: <https://www.lra.org.uk/publications/board-practice-and-standing-orders>.

<sup>33</sup> Available at: <https://www.jrf.org.uk/report/good-governance-standard-public-services?msclid=ba0da05dcf9711ec9b1126f3fd0c3b67>.

- Budget for 2021-22 and regular management accounts, which report against a monthly expenditure profile;
- Corporate Risk Register for 2021-22 and subsequently a change in approach for 2022-23;
- Chief Executive's Mid and End-Year Assurance Statements to DfE;
- New corporate strategies covering Business Intelligence, Communications, Information Systems, and People;
- The Year 1 statutory evaluation of Early Conciliation, which was implemented in 2020;
- The new online Employment Document Toolkit;
- The Agency's planned employment relations conference, now postponed until February 2023;
- The proposed migration of IS Managed Services to IT Assist (the NI Civil Service's (NICS) shared services provider for information systems and telephony);
- Strategic accommodation issues, including post-Covid working arrangements, Head Office relocation, the long term future of the Regional Office, and usage of the new NICS' regional 'Connect2 Hubs' when they come on-stream; and,
- Organisational transformation.

Unable to attend in-person, Minister for the Economy, Gordon Lyons MLA pre-recorded an address to the Board. This captured the Minister's views on the importance he attaches to the Agency's work in supporting the economy; the video was shown at the February 2022 Board meeting.

DfE's Permanent Secretary, Mike Brennan, attended the November 2021 Board meeting to brief members on the economy. His attendance provided an opportunity to reinforce the strong working relationship the Department and Agency enjoy.

Representatives of the Agency's Trade Union Side (TUS) attended the August 2021 Board meeting to discuss employment relations within the Agency. This is an annual event and provides the trade union direct access to the Board as a safeguard in case of employment relations difficulties. The TUS was able to provide reassurance that the employment relations climate within the Agency remains very positive and confirm the strength of the partnership between the SLT and TUS.

### **Risk Management**

The Agency has in place a Risk Management Framework. The current Framework, which was in place throughout 2021-22, was reviewed in August 2021 and again in April 2022.

The Risk Management Framework enables the Chief Executive as Accounting Officer, who has overall responsibility for risk, to demonstrate that there are sound systems of risk management within the Agency. The Framework forms the basis for risk management in the Agency in terms of the control environment and individual roles and responsibilities in managing all key corporate and project risks. It also describes the process of risk assessment and assurance, both internally and to the sponsoring Department, as well as stating how risk appetite is considered for each type of corporate risk.

The Agency's Risk Management Framework is an adapted version of that used by DfE. This has been modified to include reference to current issues that might result in a risk materialising and the anticipated future risk assessment once planned actions to mitigate risk have been implemented.

ARAC provides the Board and the Accounting Officer with assurance about the effectiveness of the Agency's internal control framework, including risk management.

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. Each Director also has responsibility for managing specified risks in the Corporate Risk Register.

The currency and effectiveness of the Risk Management Framework and corporate risks are reviewed at an annual Risk Workshop attended by ARAC and SMT members. The Corporate Risk Register is then approved by the Board annually, and reviewed and updated at monthly formal SLT meetings and at every ARAC meeting. The Board is alerted to concerns about escalating risks by the SLT and/or ARAC.

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:

- The impact of Covid-19 on demand for, and delivery of, services;
- The safe return to the workplace by the Agency's staff and transitioning to hybrid working;
- Data security in light of continued home working and preparation for relocation;
- Managing employer-led demand for conciliation of holiday pay claims;
- Resourcing demand for collective conciliation services;
- Continuing shortcomings in the Early Conciliation web portal;
- Ensuring an effective transition to a new Board; and,
- The health and wellbeing of staff.

None of the identified risks materialised in 2021-22.

Following an internal audit of the Agency's corporate governance arrangements, a recommendation was accepted to revise the format of the Corporate Risk Register. While comprehensive, the previous approach of corraling high-level strategic risks made it difficult to discern the assessments and controls in place for specific risks. Following discussions by ARAC and the SLT, a new approach was agreed at the March 2022 Board meeting; this will allow greater focus on specific key risks for 2022-23.

### Raising Concerns (Whistleblowing)

An important element of the Agency's risk management and governance arrangements is its approach to raising concerns (or whistleblowing). The Agency advises customers on the employment law protections afforded to whistleblowers. In line with our values to be ethical and exemplary, we pride ourselves on the effectiveness of our own arrangements for staff and others to raise concerns should any arise about anything untoward in the Agency.

As an added safeguard, our Raising Concerns (Whistleblowing) policy contains the contact details for a Board member should anyone have concerns they feel unable to raise with a member of the SLT. This policy was updated, and staff reminded of its provisions, in early 2022 when the Board contact point changed.

### Internal Audit

The Agency's internal audit provider throughout 2021-22 was ASM.

A risk-based Strategic Internal Audit Plan is in place for the three-year period to 2023. This provides the basis for annual audit planning. It 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 2021-22 were:

- Corporate governance;
- Information management and security; and,
- Early Conciliation.

There was also a review of the implementation of recommendations from previous internal audits.

Internal Audit concluded that the Agency has satisfactory controls in place in all three areas. A number of recommendations for further improvement resulted from these audits; none of these were deemed 'Priority 1' whereby a major failure of control systems could result if not implemented.

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

### External Audit

External Audit is undertaken by the NIAO. Following the audit of this Annual Report and Accounts, the NIAO made four recommendations for change in the Report to those Charged with Governance (RTTCWG) (2020-21: no recommendations). Of these, three were deemed Priority 2, which are important issues to be addressed by the Agency. The areas covered by the Priority 2 recommendations relate to purchase orders; goods received notes; and the segregation of duties regarding journal entries. The other recommendation was a Priority 3, which relates to the presentation of management accounts.

### Ministerial Direction

No Ministerial Directions were received in 2021-22 (2020-21: none).



## 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 Agency's ongoing compliance with the standard was confirmed by audit in November 2021.

There was one data security incident in 2021-22 (2020-21: none).

This data breach involved group emails sent as part of a customer satisfaction survey in which email addresses were visible to all recipients. The breach was due to human error. It was quickly detected by the Agency and reported to the ICO.

An immediate apology was issued to all email recipients. One recipient subsequently complained to the media and the breach was highlighted in BBC Radio Ulster's news coverage that day. Three other recipients complained directly to the Agency and received a personal apology and a more detailed explanation.

The ICO decided to take no action in response to the breach.

Subsequently, as part of a planned review of information management security arrangements, Internal Audit was invited to review the Agency's protocols regarding email security. No shortcomings were identified.

## Governance issues identified in 2021-22

No governance issues arose in 2021-22 (2020-21: one).

However, an issue identified in 2020-21 is continuing. Following the Court of Appeal Judgement in respect of *McKee and Others v Charity Commission for Northern Ireland and Department for Communities*,<sup>34</sup> a shortcoming in the Agency's governing legislation, the Industrial Relations (Northern Ireland) Order 1992, was identified. Legal advice confirms that the 1992 Order does not provide an express power of delegation to staff. DfE is seeking to identify an appropriate legislative vehicle to rectify this; it is hoped that this can be progressed following the Assembly elections in May 2022.

Any risk to the Agency's ability to operate is considered very low. The primary staff functions are service delivery under the auspice of a Board and DfE approved Business Plan.

## 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, 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.

<sup>34</sup> Available at: <https://www.judiciaryni.uk/judicial-decisions/2020-nica-13>.

# 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. Expenses amounting to £208 (2020-21: £nil) have been paid during the year and are reflected under Other Expenditure in Note 4 to the accounts.

Pension benefits are normally provided to the Chair through the 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 Principal (Grade 7) within the NICS.

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants, is approved by the Minister of Finance. The Minister set the 2021-22 NI public sector pay in March 2021. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2021-22 was announced in June 2021 and payable from 1 August 2021.<sup>35</sup> The pay award for 2021 was made in August 2021.

<sup>35</sup> Payscale for each grade are available at: <https://www.finance-ni.gov.uk/publications/20202021-pay-award>.

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

	Salary £'000		Benefits in Kind (to nearest £100)		Pension Benefits <sup>36</sup> (to nearest £1,000)		Total £'000	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
<b>Chair and Board members</b>								
Gordon Milligan <sup>37</sup>	-	-	-	-	-	-	-	-
Marie Mallon <sup>38</sup>	0-5	20-25	-	-	1	11	0-5	36-41
Geraldine Alexander <sup>39</sup>	5-10	-	-	-	-	-	5-10	-
Louise Crilly <sup>40</sup>	0-5	0-5	-	-	-	-	0-5	0-5
Claire Duffield <sup>41</sup>	-	-	-	-	-	-	-	-
Deirdre Fitzpatrick	5-10	5-10	-	-	-	-	5-10	5-10
Kevin McCabe <sup>42</sup>	5-10	-	-	-	-	-	5-10	-
Michelle McGinley	5-10	5-10	-	-	-	-	5-10	5-10
Gary McMichael <sup>43</sup>	0-5	5-10	-	-	-	-	0-5	5-10
Alison Millar <sup>44</sup>	0-5	5-10	-	-	-	-	0-5	5-10

<sup>36</sup> 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.

<sup>37</sup> Appointed to the Board with effect from 1 May 2021. Public servant in receipt of a salary from another public body and therefore no payment is made for Agency Board membership, in line with DAO (DFP) 02/11 (available at: <https://www.finance-ni.gov.uk/publications/dear-accounting-officer-letters-daos-2011>).

<sup>38</sup> Board appointment ended on 30 April 2021.

<sup>39</sup> Appointed to the Board with effect from 1 May 2021.

<sup>40</sup> Voluntarily stopped taking payment for Board membership with effect from 1 September 2020. Payment in 2021-22 is for arrears due to 31 August 2020. Board appointment ended on 31 January 2022.

<sup>41</sup> Appointed to the Board with effect from 1 May 2021. Public servant in receipt of a salary from another public body and therefore no payment is made for Agency Board membership, in line with DAO (DFP) 02/11 (available at: <https://www.finance-ni.gov.uk/publications/dear-accounting-officer-letters-daos-2011>).

<sup>42</sup> Appointed to the Board with effect from 1 May 2021.

<sup>43</sup> Board appointment ended on 30 April 2021.

<sup>44</sup> Board appointment ended on 30 April 2021.

Albert Mills <sup>45</sup>	0-5	5-10	-	-	-	-	0-5	5-10
Jill Minne <sup>46</sup>	-	0-5	-	-	-	-	-	0-5
Daire Murphy	5-10	5-10	-	-	-	-	5-10	5-10
John Taylor <sup>47</sup>	0-5	-	-	-	-	-	0-5	-
Lee Wilson <sup>48</sup>	5-10	-	-	-	-	-	5-10	-
	<b>Salary £'000</b>		<b>Benefits in Kind (to nearest £100)</b>		<b>Pension Benefits<sup>49</sup> (to nearest £1,000)</b>		<b>Total £'000</b>	
<b>Senior Leadership Team</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>
Tom Evans <sup>50</sup> <i>Chief Executive</i>	0-5	55-60	-	-	-	96	0-5	151-156
Don Leeson <sup>51</sup> <i>Chief Executive</i>	75-80	60-65	-	-	32	9	105-110	70-75
Paul Lowe <sup>52</sup> <i>Director of Corporate Services</i>	50-55	15-20	-	-	22	7	75-80	20-25
Mark McAllister <i>Director of Employment Relations Services</i>	50-55	45-50	-	-	29	31	80-85	80-85
<b>Certification Officer</b>								
Sarah Havlin	20-25	20-25	-	-	9	9	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 2021-22 (2020-21: £nil).

<sup>45</sup> Board appointment ended on 30 April 2021.

<sup>46</sup> Voluntarily stopped taking payment for Board membership with effect from 1 September 2020.

<sup>47</sup> Appointed to the Board with effect from 1 February 2022.

<sup>48</sup> Appointed to the Board with effect from 1 May 2021.

<sup>49</sup> 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.

<sup>50</sup> Tom Evans partially retired, working four days per week from 1 August 2020. He fully retired on 30 November 2020. The annual full time equivalent salary was £70k-£75k. Pay arrears were payable in 2021-22.

<sup>51</sup> Don Leeson appointed Chief Executive from 1 December 2020. The annual equivalent salary in 2020-21 was £70k-£75k. Prior to this, he was the Director of Corporate Services until 30 November 2020 with an annual equivalent salary of £50k-£55k.

<sup>52</sup> Paul Lowe was the Interim Director of Corporate Services from 1 December 2020; he was appointed substantively with effect from 1 May 2021. The annual equivalent salary was £45k-£50k.

## Bonuses

Bonus payments are not made to Board members or staff (2020-21: £nil).

## Fair Pay Disclosures

*This section is subject to audit.*

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 full time annual equivalent banded remuneration of the highest-paid director in the Agency in 2021-22 was £75-80k (2020-21: £70-75k).

The relationship between the mid-point of this band and the remuneration of the Agency's workforce is disclosed below.

2021-22	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total remuneration (£)	26,017	32,328	33,459
Pay ratio	3.06	2.5	2.38

2020-21	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total remuneration (£)	25,845	32,200	33,838
Pay ratio	2.99	2.4	2.28

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.

The values for the salary component of remuneration for the 25th percentile, median and 75th percentile were £26,017, £32,328, £33,459 respectively.

In 2021-22, no (2020-21; none) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £20,000 to £80,000 (2020-21: £20,000 to £75,000).

The increase in ratios is a result of the appointment of a number of new staff during 2021-22; it is the Agency's policy to normally appoint new staff to the pay band minimum. The Chief Executive is the highest paid Director; their pay increased in line with the NICS pay award.

## Percentage Change in Remuneration

*This section is subject to audit.*

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

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

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

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

Percentage change for:	2021-22 v 2020-21	2020-21 v 2019-20
Average employee salary and allowances	3.73%	-2.9%
Highest paid director's salary and allowances	3%	2%
Average employee performance pay and bonuses	n/a	n/a
Highest paid director's performance pay and bonuses	n/a	n/a

Note: the Agency does not pay performance pay or bonuses

## Pension Entitlements

*This section is subject to audit.*

Name	Accrued pension at pension age as at 31/3/22 and Related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/22	CETV at 31/3/21	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Marie Mallon <sup>53</sup> Agency Chair	0-5	0-2.5	69	69	1	-
Gordon Milligan <sup>54</sup> Agency Chair	-	-	-	-	-	-
Don Leeson <sup>55</sup> Chief Executive	10-15	0-2.5	202	169	22	-
Paul Lowe <sup>56</sup> Director of Corporate Services	0-5	0-2.5	40	25	12	-

<sup>53</sup> Appointment ended on 30 April 2021.

<sup>54</sup> Appointed to the Board with effect from 1 May 2021. Public servant in receipt of a salary from another public body and therefore no payment is made for Agency Board membership, in line with DAO (DFP) 02/11 (available at: <https://www.finance-ni.gov.uk/publications/dear-accounting-officer-letters-daos-2011>) and consequentially there is no pension provision.

<sup>55</sup> Don Leeson was appointed Chief Executive from 1 December 2020; prior to this, he was Director of Corporate Services.

<sup>56</sup> Paul Lowe was the Interim Director of Corporate Services from 1 December 2020; he was appointed substantively with effect from 1 May 2021. The annual equivalent salary was £45k-£50k.

Mark McAllister <i>Director of Employment Relations Services</i>	20-25 plus lump sum of 35-40	0-2.5 plus lump sum of 0-2.5	343	307	18	-
Sarah Havlin <i>Certification Officer</i>	5-10	0-2.5	60	53	5	-

### Northern Ireland Civil Service Pension Schemes

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

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

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, the discrimination identified by the Courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g. legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completes Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

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 current accrual rate is 2.32%.

Currently new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account.

Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

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

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

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. Further details about the NICS pension schemes can be found at the website [www.finance-ni.gov.uk/civilservicepensions-ni](http://www.finance-ni.gov.uk/civilservicepensions-ni).

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2021 was 3.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2022.

Employee contribution rates for all members for the period covering 1 April 2022 – 31 March 2023 are as follows:



### Scheme Year: 1 April 2022 to 31 March 2023

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 1 April 2022 to 31 March 2023
£0	£24,449.99	4.6%
£24,450.00	£56,399.99	5.45%
£56,400.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

### 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.

### Expenditure on Consultancy

There was no expenditure on consultancy during 2021-22 (2020-21: none).

### Compensation for Loss of Office

*This section is subject to audit.*

No staff member received an exit package in 2021-22 (2020-21: one; £10k-£15k).

## Staff Report

### Staff Costs

*This section is subject to audit.*

Staff costs comprise:	2021-22 £	2020-21 £
<b>Labour Relations Agency (excluding Certification Office):</b>		
<b>Directly employed staff:</b>		
Wages and salaries (includes childcare vouchers)	2,192,977	2,181,168
Social security costs	197,492	181,890
Other pension costs – superannuation	630,903	585,566
	<b>3,021,372</b>	<b>2,948,624</b>
<b>Others:</b>		
Employment Agency Staff	248,118	186,793
Sub Total (excluding Certification Office)	<b>3,269,490</b>	<b>3,135,417</b>
Less recoveries in respect of outwards secondments	-	-
<b>Total</b>	<b>3,269,490</b>	<b>3,135,417</b>
<b>The Certification Officer and Staff</b>		
Wages and salaries	91,602	118,896
Social Security Costs	8,657	10,224
Other pension costs – superannuation	27,929	33,378
Employment Agency Staff	44,230	26,783
<b>Total</b>	<b>172,418</b>	<b>189,281</b>
<b>TOTAL STAFF COSTS</b>	<b>3,441,908</b>	<b>3,324,698</b>

The above staff costs are analysed as follows:	2021-22 £	2020-21 £
<b>Board members</b>		
Chair's salary and Board member fees	39,765	63,219
Social security costs	195	2,154
Other pension costs – superannuation re Chair	1,037	8,835
	40,997	74,208
<b>Senior Leadership Team</b>		
Salaries	180,767	166,822
Social security costs	21,206	18,618
Other pension costs – superannuation	42,671	45,366
	244,644	230,806
<b>Employment Relations Services</b>		
Salaries	1,495,311	1,466,787
Social security costs	135,238	121,886
Other pension costs – superannuation	453,461	404,704
Employment agency staff	248,118	186,793
	2,332,128	2,180,170
<b>Corporate Services</b>		
Salaries	477,134	484,339
Social security costs	40,853	39,233
Other pension costs – superannuation	133,734	126,661
	651,721	650,233
<b>Certification Office</b>		
<b>Certification Officer: Salary</b>	22,194	20,661
Social security costs	1,941	1,801
Other pension costs – superannuation	7,040	6,707
	31,175	29,169
<b>Certification Office Staff</b>		
Salaries	69,408	98,235
Social Security costs	6,716	8,423
Other pension costs – superannuation	20,889	26,671
Employment Agency Staff	44,230	26,783
	141,243	160,112
<b>TOTAL EMPLOYMENT COSTS</b>	<b>3,441,908</b>	<b>3,324,698</b>

## Pension Costs

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Agency is unable to identify its share of the underlying assets and liabilities.

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

The 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 March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

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

For 2021-22, employers' contributions of £654,734 were payable to the NICS pension arrangements (2020-21: £615,206) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2020-21: £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% (2020-21, 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% (2020-21: £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.

No persons (2020-21: none) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2020-21: £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):

	2021-22 Male	2021-22 Female	2021-22 Total	2020-21 Total
Chair and Board Members	5	5	10	9
Senior Leadership Team	3	0	3	3
Employment Relations Services	18	22	40	37
Corporate Services	4	12	16	15
The Certification Officer	0	1	1	1
Certification Office Staff	1	3	4	3
<b>Total (Directly Employed)</b>	<b>26</b>	<b>38</b>	<b>64</b>	<b>59</b>
Employment Agency staff	6	4	10	7
Inward secondment	0	1	1	2
<b>Total (Other)</b>	<b>6</b>	<b>5</b>	<b>11</b>	<b>9</b>
<b>TOTAL</b>	<b>37</b>	<b>48</b>	<b>85</b>	<b>77</b>

### Staff turnover

The Agency's staff turnover in 2021-22 was 6.3% (2020-21: 5.1%).

### Off Payroll Disclosures

There were no off payroll payments made during 2021-22 (2020-21: none).

## Sick Absence

The number of days lost per member of staff through sick absence in 2021-22 was 12.8 days (2020-21: 6.0 days). This was 6.4% of available working days (2020-21: 2.6%). Two-thirds of absence resulted from the long-term sickness of a small number of staff. Some 40% of staff had no absence in 2021-22 (2020-21: 68%).

Absence levels in 2021-22 were similar to pre-pandemic levels. Sick absence in 2020-21 was unusually low. This was undoubtedly due to a number of pandemic-related factors, such as more frequent handwashing, social distancing, restrictions on movement, and working from home reducing exposure to both Covid and more routine viruses.

Different pandemic-related factors impacted on absence levels in 2021-22. The easing of public health restrictions and more virulent strains of Covid resulted in more staff becoming infected during 2021-22 than in the earlier part of the pandemic. While the first two weeks of Covid-related absence was treated as Special Leave, a number of staff continued to test positive and/or feel unwell beyond this. There was also a noticeable increase in mental ill health, possibly stemming from anxiety about the pandemic and the impact of public health restrictions, including isolation.

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. 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 Wellbeing. As part of this, staff have access to a confidential helpline and counselling, and guidance on a range of health and wellbeing matters.

In addition, the Agency provides a range of health and wellbeing initiatives. In 2021-22, these included webinars and flu vaccinations. Also, we held a Health and Wellbeing Week during March 2022. This included talks on mental wellbeing, health checks provided by Chest, Heart and Stroke, and a range of onsite health treatments.

A Health and Wellbeing Strategy is in place to help promote healthy lifestyles. This has a particular focus on mental health. It is also supplemented by the 'Together' People Programme, which sets out how the Agency supports staff while they are working from home.<sup>57</sup>

The Agency was highly commended in the Inspire Wellbeing Awards 2021 in the category of 'Excellence in the Public Sector'.

<sup>57</sup> Available at: <https://www.lra.org.uk/resources/labour-relations-agency-together-people-programme-may-2020>.

### 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, the Welfare Support Service, and Access Centre NI where appropriate, 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.<sup>58</sup> 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 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.<sup>59</sup>

### Learning and Development

In October 2020, the Agency became the first public body in Northern Ireland to achieve the new and more challenging sixth generation Investors in People (IiP) Gold standard. IiP recognises the effective investment made in, and management of, learning and development and staff participation in business planning and decision-making.

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

The Agency has in place a Leadership Development Programme, developed and delivered by Queen's University, Belfast. To date, three cohorts of staff have participated from a wide range of grades (Employment Relations Manager to Administrative Officer). A fourth cohort of 12 staff commenced the programme towards the end of 2021-22. The intention is that eventually all staff will undertake the programme to ensure that leadership behaviours are embedded at all levels in the Agency.

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, nine staff have successfully completed the course.

The Agency's staff spent a total of 431 days (2020-21: 277 days) on learning and development activities (of which, 32 were on health and wellbeing activities). This represents an average number of training days per member of staff of 6.6 (2020-21: 3.6). This is a return close to pre-pandemic levels; 2020-21 figures were impacted by a need to prioritise service delivery due to increased customer demand.

<sup>58</sup> Further information is available at: [www.equalityni.org/MentalHealthCharter](http://www.equalityni.org/MentalHealthCharter).

<sup>59</sup> The Disability Action Plan is available at: <https://www.lra.org.uk/resources/labour-relations-agency-disability-action-plan-2020-2023>.

### Employee Consultation and Trade Union Relationship

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.

An Employment Relations Group (ERG), comprising staff at all grades and from each team, meets monthly. The terms of reference for the ERG have been agreed with the TUS and focus on promoting health and wellbeing and greater staff participation in decision-making.

### Equality, Diversity and Inclusion

In line with our values, the Agency is committed to building an inclusive workplace culture where diversity is truly valued at all levels, where colleagues are valued for who they are and where they can bring their 'whole self' to work. We want to make use of all the talent that exists across the Agency to ensure we are a well-led, high performing, outcome-focused organisation and a great place to work; an exemplary employer.

In 2021-22, the Agency appointed Equality, Diversity and Inclusion (EDI) Champions at Board and staff level to support work in this area.

The Agency's People Strategy includes a range of actions that will help accelerate our ambition of being recognised as a truly inclusive organisation, which reflects the society we serve. This was informed by a staff EDI survey conducted in 2021-22, which identified disability as a key theme for work in this area for the year ahead.

Staff-led networks for women and colleagues from the LGBT+ community and allies have been established to lead and inform EDI work in these areas. A network for disabled colleagues is also planned.

The Agency has secured the Diversity Mark Bronze Award.<sup>60</sup> As part of this, we are committed to developing an EDI Strategy in 2022-23, which will cover both our work to be an even more inclusive employer and to ensure our services reach all parts of our community, particularly potentially vulnerable groups currently under-represented among our customer-base.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The Agency continues to meet its statutory obligations under the Fair Employment and Treatment (NI) Order 1998,<sup>61</sup> which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission, both of which assess the composition of the Agency's workforce and the composition of applicants and appointees.

<sup>60</sup> Further information is available at: <https://diversity-mark-ni.co.uk/>.

<sup>61</sup> Available at: <https://www.legislation.gov.uk/nisi/1998/3162/contents/made>.



### Health, Safety and Wellbeing

A joint Health, Safety and Wellbeing 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.

In line with public health guidance, staff mainly worked from home during 2021-22. Following an updated Covid-19 health and safety risk assessment the Agency's Head Office re-opened to the public in April 2022. A number of safety measures are in place for this, including a thermal imaging camera to take the temperature of people entering the building, automatic doors and other measures to reduce the number of touch-points, hand sanitiser stations throughout the building, and caps on room capacity to facilitate social distancing.

Re-opening of the Regional Office, with similar health and safety measures, is being planned for summer 2022.

# Assembly Accountability and Audit Report

## Assembly Accountability Disclosures

### Regularity of expenditure

*This section is subject to audit.*

All expenditure during 2021-22 has been in line with Managing Public Money (NI).

### Losses and Special Payments

*This section is subject to audit.*

There were no losses in 2021-22 (2020-21: £nil).

No special payments were made during 2021-22 (2020-21: none).

### Fees and Charges

*This section is subject to audit.*

No fees were chargeable by the Agency in 2021-22 (2020-21: none).

### Remote Contingent Liabilities

*This section is subject to audit.*

There were no remote contingent liabilities as at 31 March 2022 (2020-21: none).



**Don Leeson**  
Chief Executive/Accounting Officer  
24 June 2022

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Labour Relations Agency for the year ended 31 March 2022 under the Industrial Relations (Northern Ireland) Order 1992. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

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 Relation Agency's affairs as at 31 March 2022 and of the Labour Relation 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 for opinions

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

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

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

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Labour Relations Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

The going concern basis of accounting for the Labour Relations Agency is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

### Other Information

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the 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.

### **Matters on which I report by exception**

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

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

### **Responsibilities of the Board and Accounting Officer for the financial statements**

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Labour Relations Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Labour Relations Agency will not continue to be provided in the future.

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

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

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

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

### My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Labour Relations Agency through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included Health and Safety Legislation, the Industrial Relations (Northern Ireland) Order 1992, the Fair Employment (Northern Ireland) Act 1989 and relevant tax laws;
- making enquires of management and those charged with governance on the Labour Relations Agency's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Labour Relations Agency's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals and unreasonable management estimates;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and enquiries of management and those charged with governance;
- addressing the risk of fraud as a result of management override of controls by:
  - o performing analytical procedures to identify unusual or unexpected relationships or movements;
  - o testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - o assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - o investigating significant or unusual transactions made outside of the normal course of business.

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

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.

### Report

I have no observations to make on these financial statements.



*K J Donnelly*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*1 Bradford Court*  
*Galwally*  
*BELFAST*  
*BT8 6RB*

*1 July 2022*

**Chapter 3**

# **Financial Statements**



# Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2022

	Notes	Agency £	Certification Officer £	2021-22 Total £	2020-21 Total As Restated £
Income	3	-	-	-	-
<b>Expenditure</b>					
Staff costs	4	3,269,490	172,418	3,441,908	3,324,698
Depreciation and amortisation	5	245,296	-	245,296	258,231
Other expenditure (excluding depreciation and amortisation)	5	1,217,657	43,825	1,261,482	1,236,900
<b>Total expenditure</b>		<b>4,732,443</b>	<b>216,243</b>	<b>4,948,686</b>	<b>4,819,829</b>
<b>Net operating expenditure</b>				<b>4,948,686</b>	<b>4,819,829</b>

## Other Comprehensive Expenditure

	Notes	2021-22 £	2020-21 As Restated £
Net Operating Expenditure		4,948,686	4,819,829
<b>Items that will not be reclassified to net Operating Expenditure:</b>			
Net loss/(gain) on revaluation of Property, Plant and Equipment	6	(3,969)	14,583
Net loss/(gain) on revaluation of Intangibles	7	3,381	(4,452)
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2022</b>		<b>4,948,098</b>	<b>4,829,960</b>

All amounts above relate to continuing activities.

The notes on pages 73 to 87 form part of these financial statements.

# Statement of Financial Position as at 31 March 2022

	Notes	2022 £	2021 As Restated £
<b>Non-current assets:</b>			
Property, plant and equipment	6	184,121	238,371
Intangible assets	7	123,720	222,110
<b>Total non-current assets</b>		<b>307,841</b>	<b>460,481</b>
<b>Current assets:</b>			
Trade and other receivables	8	116,113	82,654
Cash and cash equivalents	9	597,707	412,721
<b>Total current assets</b>		<b>713,820</b>	<b>495,375</b>
<b>Total assets</b>		<b>1,021,661</b>	<b>955,856</b>
<b>Current Liabilities</b>			
Trade and other payables	10	(504,452)	(385,549)
Provisions	12	(193,870)	(148,870)
<b>Total current liabilities</b>		<b>(698,322)</b>	<b>(534,419)</b>
<b>Total assets less liabilities</b>		<b>323,339</b>	<b>421,437</b>
<b>Taxpayers' equity</b>			
Revaluation reserve		49,573	48,985
General reserve		273,766	372,452
<b>Total taxpayers' equity</b>		<b>323,339</b>	<b>421,437</b>

The notes on pages 73 to 87 form part of these financial statements.

The financial statements on pages 69 to 87 were approved by the Board on 23 June 2022 and were signed on its behalf by:



**Don Leeson**  
Chief Executive and Accounting Officer

# Statement of Cash Flows for the Year Ended 31 March 2022

	Notes	2021-22 £	2020-21 As Restated £
<b>Cash flows from operating activities</b>			
Net operating expenditure		(4,948,686)	(4,819,829)
Adjustments for non-cash transactions	5	245,296	258,231
Decrease/(Increase) in trade and other receivables		(33,459)	60,237
Increase/(decrease) in trade and other payables and provisions		163,903	203,516
<b>Net cash outflow from operating activities</b>		<b>(4,572,946)</b>	<b>(4,297,845)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant, property and equipment	6	(82,858)	(68,510)
Purchase of intangible assets	7	(9,210)	(166,618)
<b>Net cash outflow from investing activities</b>		<b>(92,068)</b>	<b>(235,128)</b>
<b>Cash flows from financing activities</b>			
Financing – grant from Department for the Economy*			
– Agency		4,638,000	4,396,448
– Certification Officer		212,000	239,000
<b>Net financing</b>		<b>4,850,000</b>	<b>4,635,448</b>
<b>Cash and cash equivalents at the beginning of the year</b>	9	<b>412,721</b>	<b>310,248</b>
<b>Net increase/(decrease) in cash and cash equivalents in the year</b>	9	<b>184,986</b>	<b>102,473</b>
<b>Cash and cash equivalents at the end of the year</b>	9	<b>597,707</b>	<b>412,721</b>

\*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 4, 5 and 6 to the accounts respectively.

# Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2022

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 Reserve £	Revaluation Reserve £	Total Reserves £
<b>Balance at 31 March 2020</b>		556,831	59,118	<b>615,949</b>
<b>Changes in Taxpayers' Equity 2020-21</b>				
Grant from Department for the Economy		4,635,448	-	<b>4,635,448</b>
Comprehensive expenditure for the year (excluding Auditor's remuneration) as Restated		(4,862,444)	-	<b>(4,862,444)</b>
Auditor's Remuneration	5	(14,500)	-	<b>(14,500)</b>
<b>Movements in Reserves</b>				
Net gain on revaluation of property, plant & equipment and intangible assets	6 & 7	-	(10,133)	<b>(10,133)</b>
<b>Balance at 31 March as Originally stated</b>		315,335	48,985	<b>364,320</b>
Prior period Adjustment	20	57,117	-	<b>57,117</b>
<b>Balance at 31 March 2021 as Restated</b>		372,452	48,985	<b>421,437</b>
<b>Changes in Taxpayers' Equity 2021-22</b>				
Grant from Department for the Economy		4,850,000		<b>4,850,000</b>
Net Operating Expenses for the year (excluding Auditor's remuneration)		(4,933,936)		<b>(4,933,936)</b>
Auditors' Remuneration	5	(14,750)		<b>(14,750)</b>
<b>Movements in Reserves</b>				
Net loss on revaluation of property, plant & equipment and intangible assets	6 & 7		588	<b>588</b>
<b>Balance at 31 March 2022</b>		273,766	49,573	<b>323,339</b>

# Notes to the Financial Statements for the Year Ended 31 March 2022

## 1. Accounting Policies

### Statutory Information

The Labour Relations Agency is a non-departmental public body. The Agency's principal place of business is 2-16 Gordon Street, Belfast, BT1 2LG.

The presentation currency is GBP (£); all figures are rounded to the nearest £1.

### Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where 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 Labour Relations Agency prepares its financial statements in accordance with the Government's Financial Report Manual,<sup>62</sup> the application of which often requires judgments to be made by management when formulating the financial position and results. Under IFRS, the Agency is required to adopt those accounting policies most appropriate to the organisation's circumstances for the purpose of presenting fairly its financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Agency should it later be determined that a different choice would be more appropriate. The Agency considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and provide an explanation accordingly. The Agency has discussed its critical accounting estimates and associated disclosures with its Audit and Risk Assurance Committee. As the use of estimates is inherent in financial reporting, actual results could differ from these. Key accounting estimates include accrued expenses, depreciation and provisions.

### 1.1 Accounting convention

The accounts have been prepared on a going concern basis. With funding confirmed for 2022-23, and the limited 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.

<sup>62</sup> Available at: <https://www.gov.uk/government/publications/government-financial-reporting-manual-2021-22>.

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 Pensions**

Present and past employees are covered by the provisions of the NICS pension arrangements which are unfunded multi-employer defined benefit schemes. The Agency is unable to identify its share of the underlying assets and liabilities. The Agency recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS pension arrangements of amounts calculated on an accruals basis. All pension contributions are charged to Net Expenditure when incurred.

### **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. Therefore, all expenditure includes 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 2022.

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 2022, the Agency holds two operating leases that will be affected by the implementation of IFRS 16 Leases. Had IFRS 16 Leases been applied for the first time in the year to 31 March 2022 the estimable effects would have been an increase in right-of-use assets of £386,225 and a corresponding lease liability of £386,225.

### 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.

### 1.14 Contingent Liabilities

Contingent liabilities arise where a possible obligation is depending on whether some uncertain future event occurs, a payment is not probable, or the amount cannot be measured reliably.



## 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.

	Agency £	Certification Officer £	2021-22 Total £	Agency As Restated £	Certification Officer £	2020-21 Total As Restated £
Gross Expenditure	4,732,443	216,243	4,948,686	4,589,188	230,641	4,819,829
Income	-	-	-	-	-	-
Net Expenditure	4,732,443	216,243	4,948,686	4,589,188	230,641	4,819,829
Total Assets	1,012,084	9,577	1,021,661	938,132	17,724	955,856
Total Liabilities	(692,606)	(5,716)	(698,322)	(524,800)	(9,619)	(534,419)
Net Assets	319,478	3,861	323,339	413,332	8,105	421,437

## 2.1 Reconciliation between Operating Segments and SoCNE/SoFP

	Agency £	Certification Officer £	2021-22 Total £	Agency As Restated £	Certification Officer £	2020-21 Total As Restated £
Total net expenditure reported for operating segments	4,732,443	216,243	4,948,686	4,589,188	230,641	4,819,829
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	4,732,443	216,243	4,948,686	4,589,188	230,641	4,819,829
Total Assets Reported for Operating Segments	1,012,084	9,577	1,021,661	938,132	17,724	955,856
Total Assets Per Statement of Financial Position	1,012,084	9,577	1,021,661	938,132	17,724	955,856
Total Liabilities reported for Operating Segments	(692,606)	(5,716)	(698,322)	(524,800)	(9,619)	(534,419)
Total Liabilities per Statement of Financial Position	(692,606)	(5,716)	(698,322)	(524,800)	(9,619)	(534,419)
Total net assets per Statement of Financial Position	319,478	3,861	323,339	413,332	8,105	421,437

### 3. Income

No income was received in 2021-22 (2020-21: none).

### 4. Staff Costs

	2021-22 £	2020-21 £
Wages and salaries	2,284,579	2,300,064
Social Security Costs	206,149	192,114
Other pension costs – superannuation	658,832	618,944
Employment Agency Staff	292,348	213,576
	<b>3,441,908</b>	<b>3,324,698</b>

Further disclosure of staff costs can be found in the Remuneration and Staff Report.

## 5. Other Expenditure

	Agency £	Certification Officer £	2021-22 Total £	Agency As Restated £	Certification Officer £	2020-21 Total As Restated £
<b>Cash items</b>						
<b>Premises Costs:</b>						
Rent, under operating leases, including car parks	285,277	22,018	307,295	281,043	20,837	301,880
Rates, including car parks	90,059	4,496	94,555	80,457	4,349	84,806
Service charges maintenance, cleaning, security, heating, lighting and insurance	95,403	6,731	102,134	262,968	4,664	267,632
<b>Other Office Running Costs:</b>						
Staff training	108,864	-	108,864	54,283	-	54,283
IT Managed Services, maintenance, licences, & development	268,347	3,000	271,347	254,499	3,000	257,499
Postage and telephones	73,302	324	73,626	66,817	324	67,141
Library services	29,954	-	29,954	17,485	-	17,485
Office, supplies, photocopying, printing and stationery	10,378	-	10,378	13,331	-	13,331
Publications and advertising	40,128	-	40,128	37,532	456	37,988
Conference & Seminars	33,071	-	33,071	2,546	-	2,546
Travel and subsistence	3,149	-	3,149	1,804	-	1,804
Hospitality	148	-	148	(28)	-	(28)
Miscellaneous expenditure	32,495	5,800	38,295	19,179	5,929	25,108
Interpreter fees and venue hire	2,314	-	2,314	1,606	-	1,606
Professional subscriptions	13,252	-	13,252	8,830	-	8,830
Advertising (staff vacancies)	4,691	-	4,691	19,637	-	19,637
Bank charges	6	-	6	-	-	-

<b>Fees and Expenses:</b>						
Other professional fees*	92,820	284	<b>93,104</b>	46,648	798	47,446
Arbitration fees and expenses	9,055	-	<b>9,055</b>	4,820	-	4,820
Internal auditor's remuneration	10,893	473	<b>11,366</b>	9,053	512	9,565
External auditor's remuneration	14,051	699	<b>14,750</b>	14,008	492	14,500
Research and Development	-	-	-	(979)	-	(979)
<b>Total cash expenditure</b>	<b>1,217,657</b>	<b>43,825</b>	<b>1,261,482</b>	<b>1,195,539</b>	<b>41,361</b>	<b>1,236,900</b>
<b>Non-cash items</b>						
<b>Depreciation and amortisation</b>						
Depreciation of property, plant and equipment	141,077	-	<b>141,077</b>	106,607	-	106,607
Amortisation of intangible assets	104,219	-	<b>104,219</b>	151,624	-	151,624
Sub Total Depreciation	245,296	-	<b>245,296</b>	258,231	-	258,231
<b>Total net Non-cash expenses</b>	<b>245,296</b>	<b>-</b>	<b>245,296</b>	<b>258,231</b>	<b>-</b>	<b>258,231</b>
<b>Total</b>	<b>1,462,953</b>	<b>43,825</b>	<b>1,506,778</b>	<b>1,453,770</b>	<b>41,361</b>	<b>1,495,131</b>

\* Includes National Fraud Initiative fee of £1,250 paid to the NIAO.

## 6. Property, Plant and Equipment 2021-22

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2021	691,380	283,642	556,927	6,175	5,779	1,543,903
Additions	-	5,997	76,861	-	-	82,858
Adjustment / (Impairment) arising on revaluation	23,686	12,530	(8,476)	315	(88)	27,967
<b>At 31 March 2022</b>	<b>715,066</b>	<b>302,169</b>	<b>625,312</b>	<b>6,490</b>	<b>5,691</b>	<b>1,654,728</b>
<b>Depreciation</b>						
At 1 April 2021	580,175	249,809	463,594	6,175	5,779	1,305,532
Charge for the year	77,369	8,361	55,347	-	-	141,077
Adjustment / (Impairment) arising on revaluation	19,876	10,951	(7,056)	315	(88)	23,998
<b>At 31 March 2022</b>	<b>677,420</b>	<b>269,121</b>	<b>511,885</b>	<b>6,490</b>	<b>5,691</b>	<b>1,470,607</b>
<b>Carrying amount at 31 March 2021</b>	<b>111,205</b>	<b>33,833</b>	<b>93,333</b>	<b>-</b>	<b>-</b>	<b>238,371</b>
<b>Carrying amount at 31 March 2022</b>	<b>37,646</b>	<b>33,048</b>	<b>113,427</b>	<b>-</b>	<b>-</b>	<b>184,121</b>

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2022 statistics.

### Note:

The depreciation charge per Note 5 of £89,077 (2021: £106,607) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2022 (2021: £nil).

## 6. Property, Plant and Equipment (continued)

### Leased Assets

The adaptations to Agency buildings on short leasehold land carried a Net Book Value at 31 March 2022 of £89,646 (2021: £111,205) and represent the Agency's only leased assets.

#### 2020-21

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2020	753,622	296,307	506,893	6,615	5,655	1,569,092
Additions	18,169	11,437	38,904	-	-	68,510
Adjustment arising on revaluation	(80,411)	(24,102)	11,130	(440)	124	(93,699)
<b>At 31 March 2021</b>	<b>691,380</b>	<b>283,642</b>	<b>556,927</b>	<b>6,175</b>	<b>5,779</b>	<b>1,543,903</b>
<b>Depreciation</b>						
At 1 April 2020	611,918	263,907	389,946	6,615	5,655	1,278,041
Charge for the year	33,549	7,972	65,086	-	-	106,607
Adjustment arising on revaluation	(65,292)	(22,070)	8,562	(440)	124	(79,116)
<b>At 31 March 2021</b>	<b>580,175</b>	<b>249,809</b>	<b>463,594</b>	<b>6,175</b>	<b>5,779</b>	<b>1,305,532</b>
<b>Carrying amount at 31 March 2020</b>	<b>141,704</b>	<b>32,400</b>	<b>116,947</b>	<b>-</b>	<b>-</b>	<b>291,051</b>
<b>Carrying amount at 31 March 2021</b>	<b>111,205</b>	<b>33,833</b>	<b>93,333</b>	<b>-</b>	<b>-</b>	<b>238,371</b>

## 7. Intangible Assets

Intangible assets comprise computer software, development costs and licences.

### 2021-22

Cost or Valuation	Agency £	Certification Officer £	Total £
At 1 April 2021	1,113,229	10,299	1,123,528
Additions	9,210		9,210
Adjustment arising on revaluation	(16,943)	(157)	(17,100)
<b>At 31 March 2022</b>	<b>1,105,496</b>	<b>10,142</b>	<b>1,115,638</b>
<b>Amortisation</b>			
At 1 April 2021	891,119	10,299	901,418
Charged in year	104,219		104,219
Adjustment arising on revaluation	(13,562)	(157)	(13,719)
<b>At 31 March 2022</b>	<b>981,776</b>	<b>10,142</b>	<b>991,918</b>
<b>Carrying value at 31 March 2021</b>	<b>222,110</b>	<b>-</b>	<b>222,110</b>
<b>Carrying value at 31 March 2022</b>	<b>123,720</b>	<b>-</b>	<b>123,720</b>

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2022 statistics.

#### Note:

The amortisation charge per Note 6 of £104,219 (2021: £151,624) for the year reflects the amortisation provision for intangible assets. No impairment adjustment was required to the SoCNE in 2022 (2021: £nil).

## 7. Intangible Assets (continued)

Intangible assets comprise computer software, development costs and licences.

### 2020-21

Cost or Valuation	Agency £	Certification Officer £	Total £
At 1 April 2020	926,273	10,078	936,351
Additions	166,618	-	166,618
Adjustment arising on revaluation	20,338	221	20,559
<b>At 31 March 2021</b>	<b>1,113,229</b>	<b>10,299</b>	<b>1,123,528</b>
<b>Amortisation</b>			
At 1 April 2020	723,607	10,078	733,685
Charged in year	151,624	-	151,624
Adjustment arising on revaluation	15,888	221	16,109
<b>At 31 March 2021</b>	<b>891,119</b>	<b>10,299</b>	<b>901,418</b>
Carrying value at 31 March 2020	202,664	-	202,664
Carrying value at 31 March 2021	222,110	-	222,110

## 8. Trade and other Receivables and Other Current Assets

	2021-22 £	2020-21 £
<b>Amounts falling due within one year:</b>		
Other receivables	-	193
Prepayments	116,113	82,461
	116,113	82,654

The above includes £nil (2020: £nil) due to the Agency from the Certification Officer.



## 9. Cash and Cash Equivalents

	Agency £	Certification Officer £	2021-22 Total £	2020-21 Total £
Balance at 1 April 2021	394,997	17,724	412,721	310,248
Net change in cash and cash equivalent balances	193,133	(8,147)	184,986	102,473
<b>Balance at 31 March 2022</b>	<b>588,130</b>	<b>9,577</b>	<b>597,707</b>	<b>412,721</b>
The following balances at 31 March 2022 were held at:				
Commercial banks and cash in hand	588,130	9,577	597,707	412,721
<b>Balance at 31 March 2022</b>	<b>588,130</b>	<b>9,577</b>	<b>597,707</b>	<b>412,721</b>

## 10. Trade and other Payables and Other Current Liabilities

	2021-22 £	2020-21 £
<b>Amounts falling due within one year:</b>		
Trade payables	7,469	122
Accruals	496,983	385,427
<b>Total</b>	<b>504,452</b>	<b>385,549</b>

## 11. Capital Commitments

There are no capital commitments at the year-end 31 March 2022 (year ended 31 March 2021: £nil).

## 12. Provisions

	2021-22 Dilapidations £	2021-22 Legal Fees £	2021-22 Total £	2020-21 As Restated £
<b>Provision - not later than one year:</b>				
Opening balance	148,870	-	148,870	86,750
Provided in the year	-	45,000	45,000	148,870
Provision released during the year	-	-	-	(86,750)
<b>Closing balance</b>	<b>148,870</b>	<b>45,000</b>	<b>193,870</b>	<b>148,870</b>

At 31 March 2022, the Agency has an obligation associated with relocation to new Head Office accommodation, which is included in the balance above.

There is naturally an element of estimation uncertainty regarding future costs. The Agency has considered the obligation with the help of professional external advice. The estimation is based on: prior experience of other such obligations; the specific characteristics of the property in question; and the detailed obligation it must adhere to. The Agency believes that the estimation uncertainty has been reduced to an acceptable level in making provision for such future costs.

There is also an obligation associated with the legal costs of an employment tribunal case in which the Agency is the respondent. The obligation is based on an estimate made by the Agency's legal adviser in respect of the tribunal hearing. A contingent liability exists in respect of the outcome of this hearing (Note 19).

### 13. 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:	2021-22 £	2020-21 £
Not later than one year	29,600	307,200
Later than one year and not later than five years	-	54,200
Later than five years	-	-
	<b>29,600</b>	<b>361,400</b>

A three-year extension to the current lease for the Agency's Head Office was concluded in the financial year ended 31 March 2020. The original lease was due to expire on 31 May 2019 and now runs until 31 May 2022. This extension was put in place to allow the Agency to identify new accommodation on the Government Estate. Subsequently, the Agency had been due to relocate to James House in April 2022, which is being refurbished for the Department of Finance for the Agency and others' occupation. Relocation has been delayed and the Agency will hold over the lease on the current premises until 31 October 2022.

The Regional Office relocated into new premises with effect on 10 June 2019. A five-year lease has been signed to 31 August 2024, with a break clause at 31 August 2022. The Agency has decided against exercising the break clause.

### 14. Other Financial Commitments

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

### 15. 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 £4,850,000 (2021: £4,635,448) 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.

### 16. 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.

### 17. Impairments

The total impairment charge for the year is £nil (2021: £nil).

### 18. Events after the Reporting Date

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

### 19. Contingent Liability Under IAS 37

The Agency has one contingent liability at 31 March 2022 (31 March 2021: none). This is in relation to the outcome of an employment tribunal case in which the Agency is the respondent. The Agency is defending this case and does not believe it has acted unlawfully, as alleged by the claimant.

Should this matter proceed to hearing, which is expected to be in 2023, and the Employment Judge finds against the Agency, then an award will be due to the claimant. The Agency's legal advice is that this outcome is highly unlikely and therefore no provision for this has been made in these Financial Statements. However, in the event of such an outcome, the amount that the claimant might be awarded is estimated as between a minimum of £5k-£10k, with the maximum estimate being between £45k-£50k.

### 20. Prior period Adjustment

The adjustment relates to the correction of a double counting error made by a third party contractor in the provision made for the dilapidation of the building in the prior year. The error resulted in the provision being overstated by £57,117 in the year ended 31 March 2021 and reserves being understated by the corresponding amount £57,117. The adjustment only effects the period ended 31 March 2021.

### Date of authorisation for issue

The Accounting Officer authorised these financial statements on 1 July 2022.

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