



Department of  
**Enterprise, Trade  
and Investment**

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# Resource Accounts

Annual Report and Accounts  
for the year to 31 March 2010

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## **Resource Accounts for the year ended 31 March 2010**

*The Accounting Officer authorised these  
financial statements for issue*

*on*

*29 June 2010*

*Laid before the Northern Ireland Assembly by the  
Department of Finance and Personnel under  
section 10(4) of the Government Resources  
and Accounts Act (Northern Ireland) 2001*

*on*

*01 July 2010*

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# Annual Report





# Directors' Report

## Introduction

1. The Department presents its annual report and accounts for the financial year to 31 March 2010. The accounts demonstrate the resources that have been consumed in delivering the Department's objectives.
2. This Annual Report has been prepared in accordance with the guidance set out in the Government Financial Reporting Manual and guidance issued by the Department of Finance and Personnel.

## Departmental Accounting Boundary

3. The Department's accounting boundary excludes Executive Non-Departmental Public Bodies (NDPBs) in line with section 4.2.12.e of the Government Financial Reporting Manual. These resource accounts present the results for 2009-10 of the entities within the departmental accounting boundary.
4. The core Department is the only entity within the boundary.

## Public Sector Bodies Outside the Departmental Accounting Boundary

5. The Department has four Executive NDPBs falling outside the accounting boundary. These are:
  - (i) Invest Northern Ireland (Invest NI);
  - (ii) Northern Ireland Tourist Board (NITB);
  - (iii) Health and Safety Executive for Northern Ireland (HSENI); and
  - (iv) General Consumer Council for Northern Ireland (GCCNI).
6. The Department acts as sponsor Department to two organisations set up under the Belfast Agreement which are also regarded as falling outside the accounting boundary. These are:
  - (i) InterTradeIreland (Trade and Business Development Body); and
  - (ii) Tourism Ireland Limited (jointly owned by the Northern Ireland Tourist Board and the Irish Tourist Board).

In addition, Harland & Wolff Plc, a limited company which is wholly owned by the Department, and

the Energy Trust Fund are also regarded as outside the accounting boundary.

7. Further details are contained in the Notes to the Resource Accounts.

## Departmental Reporting Cycle

8. The Estimates for the year to 31 March 2010 are contained in The Budget Act (Northern Ireland) 2009 and the Supplementary Estimates are contained in The Budget Act (Northern Ireland) 2010. Both of these Acts and Department of Finance and Personnel publications containing detailed supporting information are available from The Stationery Office Limited.
9. These annual resource accounts, for the year to 31 March 2010, report against the Supplementary Estimates and will be laid in the Assembly.

## Register of Interests

10. A Register of Interests is maintained by the Department and no significant interests are currently held by board members which may conflict with their management responsibilities. Public access to the register can be arranged by email request to [information@detini.gov.uk](mailto:information@detini.gov.uk).

## Pension Liabilities

11. The treatment of pension costs and liabilities is disclosed in the Remuneration Report and note 1.14 to the departmental resource accounts.

## Corporate Governance

### Introduction

12. In September 2005, the Department of Finance and Personnel (DFP) issued the HM Treasury guidance "Corporate governance in central government departments: Code of good practice". DFP subsequently, in December 2006, issued explanatory guidance on Corporate Governance reporting. This Corporate Governance report has been prepared in accordance with this guidance.

13. The Department continues to be committed to high standards in corporate governance. Risk management is explicitly linked to the corporate and operating planning process and, in addition, is linked to the planning process for annual programmes of internal audit work. Quarterly assurance statements are provided to the Departmental Accounting Officer by senior DETI officials and by the Chief Executives of non departmental public bodies (NDPBs). These confirm that systems of internal control are operating satisfactorily in practice or, alternatively, draw the Departmental Accounting Officer's attention to significant internal control issues. The Departmental Accounting Officer has sight of, and comments on, all Internal Audit Service reports for the Department and its two largest NDPBs: Invest NI and NITB.
14. During the year the Department held quarterly oversight and liaison meetings with its arm's length bodies. The Department also undertook a risk based inspection programme of External Delivery Organisations / Third Party Organisations. Other governance related work undertaken included the test drilling of economic appraisals and post project evaluations; participation on the NICS Fraud Forum; and participation in the National Fraud Initiative, which for the first time has been extended to Northern Ireland.

### Ministerial Delegations

15. Ministerial approval is required for all proposed expenditure of £1 million and upwards. Ministerial approval is also required for external consultancy expenditure over £50,000 (excluding Value Added Tax).

### The Departmental Board

16. The Departmental Board consists of the DETI Senior Management Team and an Independent Board Member. Members of the board in 2009-10 were:

#### Stephen Quinn

Permanent Secretary and Departmental Accounting Officer (until 2 October 2009)

#### David Sterling

Permanent Secretary and Departmental Accounting Officer (from 5 October 2009) and Deputy Secretary, Head of Policy Group (until 2 October 2009)

#### Dr Ian McMorris

Independent Board Member

#### Colin Lewis

Deputy Secretary, Management Services Group (from 6 April 2009)

#### David Thomson

Deputy Secretary, Head of Policy Group (from 4 January 2010)

#### Philip Angus

Head of Human Resources and Central Support Division

#### Mike Bohill

Head of Business Regulation Division

#### Trevor Cooper

Head of Finance and European Union Division

#### Noel Cornick

Head of Tourism, Agency Liaison and Equality Division

#### Fiona Hepper

Head of Strategic Policy Division

#### Graeme Hutchinson

Head of Strategic Planning, Economics and Statistics Division

#### Jenny Pyper

Head of Energy Division

#### Noel Lavery

Deputy Secretary, Management Services Group left the Department on 6 April 2009 and did not attend any board meetings during the 2009-10 year.

17. The board, which is chaired by David Sterling, met on a quarterly basis during 2009-10. Dr Ian McMorris's appointment as an independent member of the Departmental Board was made following an appointment process organised by the Whitehall in Industry Group. The initial two year

appointment commenced on 12 February 2007 and was subsequently extended to 11 February 2011. Other members of the Departmental Board are appointed *ex officio*.

18. The primary role of the independent board member is to contribute to the good governance of the Department by offering constructive challenge across all the board's business. This is with a view to ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency.
19. The Departmental Board as a whole considers issues which affect the corporate governance of the Department and its NDPBs. These include:
  - progress against performance targets for DETI and NDPBs, including those relating to absenteeism;
  - finance issues;
  - issues relating to audit and accountability; and
  - an overview of major policy issues.
20. The board has established two sub committees: the Departmental Audit Committee and the Casework Committee. The work of both committees is described in more detail below.
21. At its meeting on 23 March 2010, the Departmental Board approved a Corporate Governance Framework which sets out new arrangements for the Departmental Board, including new terms of reference. The Permanent Secretary will continue to chair the Departmental Board, which will also comprise the Deputy Secretary with responsibility for Management Services Group, the Deputy Secretary with responsibility for Policy Group, the Head of Division with responsibility for Human Resources, the Head of Division with responsibility for Finance and the Independent Board Member.

### Departmental Audit Committee

22. The Departmental Audit Committee meets on a quarterly basis to provide the Departmental Board with advice on risk management, governance and internal control for DETI and its NDPBs. Another meeting, to review the annual resource accounts is

held shortly before the accounts are signed by the Departmental Accounting Officer.

23. During the year, the Departmental Audit Committee considered revised terms of reference which were drawn up in line with HM Treasury and DFP guidance. The revised terms of reference were approved by the Departmental Board at its meeting on 23 November 2009. The Departmental Audit Committee continues to be chaired by Dr Ian McMorris, but it now consists of four members (including the chairman), three of whom are non executive.
24. In the period from 1 April 2009 to 23 November 2009 the following served as members of the Departmental Audit Committee:

**Dr Ian McMorris** Chairman

**Stephen Quinn**

Permanent Secretary and Departmental Accounting Officer (until 2 October 2009)

**David Sterling**

Permanent Secretary and Departmental Accounting Officer (from 5 October 2009)

**Bill McGinnis** Independent Member

**Sean Donaghy**

Senior Civil Servant DHSSPS, Independent Member (from 6 May 2009)

**Noel Cornick**

Head of Tourism, Agency Liaison and Equality Division (with responsibility for the two cross border bodies sponsored by DETI)

**Gerry McGinn**

Chair of Invest NI audit committee (from 9 April 2009)

**Stephanie Lowry** Chair of HSENI audit committee

**Bob McCann**

Chair of GCCNI audit committee (from 6 May 2009)

**Kathryn Thomson**

Chief Operating Officer, NITB (from 6 May 2009)

25. From 23 November 2009, the members of the Departmental Audit Committee are:

**Dr Ian McMorris** Chairman

**Bill McGinnis** Independent Member

**Sean Donaghy**

Senior Civil Servant DHSSPS, Independent Member (from 6 May 2009)

**Noel Cornick**

Head of Tourism, Agency Liaison and Equality Division (with responsibility for the two cross border bodies sponsored by DETI)

26. The Departmental Audit Committee is attended by the Chairs of NDPB audit committees (or their nominees as approved by the Chair of the Departmental Audit Committee). Executives from the Department (including the Permanent Secretary) and from NDPBs also attend meetings.
27. Rosemary Peters-Gallagher's term of office on the Invest NI Board came to an end on 1 April 2009. Rosemary had chaired the Invest NI audit committee and had been a member of the Departmental Audit Committee. The Department would like to acknowledge the valuable contribution that Rosemary Peters-Gallagher made to the Departmental Audit Committee during the term of her appointment.
28. During the financial year 2009-10, the Departmental Audit Committee dealt with a wide range of issues relating to governance, internal control, accountability and risk management for DETI and its NDPBs. These included:
- consideration of assurance provided to the Departmental Accounting Officer in relation to the Statement of Internal Control and the provision of advice on its content;
  - consideration of issues arising from quarterly assurance statements;
  - consideration of risks reported by way of the quarterly risk management process;
  - consideration of internal audit reports and plans;

- consideration of the external audit strategy for the audit of annual accounts;
- consideration of management letters produced following the external audit of accounts;
- monitoring progress made against the action plan produced following the Public Accounts Committee hearing on Governance Issues Arising in the Department's former Local Enterprise Development Unit and the Northern Ireland Tourist Board's Contract to Manage the Trading Activities of Rural Cottage Holidays Ltd;
- consideration of a rolling risk based programme of reviews of Third Party Organisations / External Delivery Organisations, including sponsorship and oversight arrangements;
- consideration of EU compliance issues;
- consideration of International Financial Reporting Standards;
- consideration of issues relating to fraud, including the National Fraud Initiative;
- consideration of issues relating to information management; and
- consideration of the future composition of the Committee, including revised terms of reference.

### Casework Committee

29. The Casework Committee meets as required to consider and approve DETI HQ projects involving expenditure above £500,000. All members of the Departmental Board are eligible to participate on the Casework Committee other than where an expenditure proposal originates from within the Division headed by that board member.
30. The Committee is chaired by an officer of at least Deputy Secretary level, and has a minimum quorum of three members.

### Relationships with Arms Length Bodies

31. The Department's relationships with its four NDPBs and its two cross border bodies are set out in Management Statements and Financial Memorandums.

32. As referred to in paragraph 19 above, the Department's stewardship arrangements for its NDPBs are reinforced through quarterly oversight and liaison meetings which take place between Departmental and NDPB representatives. These meetings cover performance against targets; finance issues; policy issues; and corporate governance issues.
33. The findings of the Independent Review of Economic Performance, which was published on 29 September 2009, included proposals to give Invest NI greater autonomy. These proposals are currently being considered by an "Autonomy, Flexibility and Decision Making" working group comprising officials from DETI, DFP and Invest NI.
34. A risk based inspection process of Third Party Organisations / External Delivery Organisations (TPOs/EDOs) funded by DETI and Invest NI was undertaken. As well as covering financial controls within the TPOs/EDOs, the process included reviews of the control arrangements that have been put in place by the funding organisation.

## Public Interest and Other

### Disabled Persons

35. The Department follows the Northern Ireland Civil Service Code of Practice on the Employment of Disabled People and aims to ensure that disablement is not a bar to recruitment or advancement.

### Equal Opportunities

36. The Department is firmly committed to pursuing the Northern Ireland Civil Service Equal Opportunities policy whereby all staff have equality of opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.

### Employees

37. The DETI Human Resource policies, strategies and plans directly and tangibly support the Department's business by ensuring the provision

of appropriately motivated and skilled staff. DETI is committed to the continuous development of its staff to meet the needs of its business areas and to reflect the variety of skills and competencies required for them to operate effectively both now and in the future. The Department is committed to providing all staff with the development and training necessary for effective performance in their jobs and for the development of their potential in accordance with the business needs of the Department. The Department utilises the DFP Centre for Applied Learning shared service which provides a wide range of programmes many of which are externally accredited for all generic learning and development needs. In addition the Department provides a limited in house training function to ensure specialist training needs are met. The Department also provides an Assistance to Study Scheme which assists staff to achieve a recognised qualification in their own time. Staff commitment to and involvement in the Department is encouraged through regular communication of operating targets, an internal news report and an intranet site which can be accessed by all staff. The Department has achieved re-accreditation of the Investors in People (IIP) recognition and with the assistance of the Departmental Business Support Branch, staff and line managers are committed to advancing our service through innovation and continuous improvement.

38. The Department continues to monitor and actively manage the sickness absence of its staff through the application of centrally agreed policies and procedures and the new HR Connect Shared Service. The Department has a target of achieving an absence rate at least 10% below the NICS average and a maximum of 8.5 working days lost per member of staff. Provisional figures from NISRA for the 2009/10 year give the Department 8.0 average working days lost, which is 23% below the current NICS average of 10.4 days.

### Payment of Suppliers

39. DETI payment processing is carried out by the Account NI shared services centre.

40. DETI is committed to the 10 day prompt payment target, outlined by the then Finance Minister Nigel Dodds, to assist local businesses through the current difficult economic times. Northern Ireland Departments have a target to pay supplier invoices within 10 working days of receipt. For the year to March 2010, DETI paid 74% within 10 working days, against a NICS average of 57%.
41. Up until the implementation of the 10 day target, the Department was committed to the prompt payment of bills for goods and services in accordance with the Late Payment of Commercial Debts (interest) Act 1998 (as amended by The Late Payment of Commercial Debts Regulations 2002). The Department's policy was to pay bills in accordance with contractual conditions or, where no such conditions existed, within thirty days of receipt of goods and services or the presentation of a valid invoice, whichever was the later. For the year to March 2010, DETI paid 93% within this standard, against a NICS average of 86%.

### **Audit**

42. The Department's accounts are audited by the Comptroller and Auditor General.
43. So far as I am aware, as Accounting Officer, there is no relevant audit information of which the Department's auditors are unaware. I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.
44. The Comptroller and Auditor General did not provide any non audit services during the year.



**David Sterling**  
Accounting Officer

29 June 2010

# Management Commentary

## Overview of the Department

### Departmental Goal

1. In line with the Northern Ireland Executive's top priority within its Programme for Government for the period 2008 to 2011, the goal of the Department is:

*"To grow a dynamic, innovative economy"*

### Principal Functions

2. The Department has responsibility for a range of functions. These include:
  - a. Economic Development Policy
    - enterprise;
    - innovation;
    - tourism;
    - energy;
    - telecoms; and
    - social economy.
  - b. Economic Advice & Research
  - c. Research and Statistics Services
  - d. Business Regulation including:
    - Company Law/Registry;
    - Insolvency Service;
    - Consumer Affairs; and
    - Trading Standards
  - e. Health and Safety at Work
  - f. Mineral Development

### Structure

3. DETI sponsors four agencies, established as Non-Departmental Public Bodies (NDPBs), which play a key role in shaping and implementing economic development policy:
  - Invest Northern Ireland (Invest NI);
  - Northern Ireland Tourist Board (NITB);
  - Health and Safety Executive for Northern Ireland (HSENI); and

- General Consumer Council for Northern Ireland (GCCNI)
4. Geological Survey of Northern Ireland (GSNI) is also an integral part of the Department. In addition, DETI acts as co-sponsor to two organisations set up under the Belfast Agreement:
    - InterTradeIreland (ITI); and
    - Tourism Ireland Limited (TIL).
  5. In addition, DETI, along with the Department for Regional Development (DRD) and the Department of Finance and Personnel (DFP), works with the independent Northern Ireland Authority for Utility Regulation (NIAUR) in the development and regulation of the electricity and gas industries.

### Relationship with the Enterprise, Trade and Investment (ETI) Committee of the Assembly

6. The Department has a close and continuous relationship with the ETI Committee in relation to the Department's policy and service delivery agendas. DETI has sought to ensure that a continuous flow of information, both oral and written, has contributed to the effectiveness of the Department's relationship with the Committee.

### Corporate Plan 2008 – 2011

7. The DETI Corporate Plan, covering the period 1 April 2008 to 31 March 2011, was finalised in May 2008 and is available on the DETI website ([www.detini.gov.uk](http://www.detini.gov.uk)), along with the corresponding DETI Operating Plan 2009/10. The Corporate Plan sets out the main functions of the Department and its economic priorities for the three year period. The actions and desired outcomes for the period are also outlined, together with the resources and policy instruments available to the Department.

## Economic Context

### Global Downturn

8. Global economic conditions remained significantly challenging in 2009/10. The impact of the recession continued to affect major developed



economies, with global output estimated to have decreased by 0.8% during 2009.

### Northern Ireland Performance

9. As a small open economy, Northern Ireland has inevitably been impacted by the adverse economic conditions. Output fell significantly in both the production and service sectors, with both experiencing significant declines of over 10% from their peak levels in the second quarters of 2008 and 2007 respectively.
10. The last year also resulted in a significant increase in the level of unemployment, with the claimant count increasing by 25.6% over the year to March 2010.

### Outlook

11. The UK economy as a whole returned to growth in the fourth quarter of 2009. Locally, official statistics also suggest that the Northern Ireland economy is beginning to stabilise. Provisional output figures for the services sector shows marginal growth in the fourth quarter of 2009 and output in the production sector also showed growth for the first time since the second quarter of 2008. Additionally, claimant count growth in March 2010 (300 individuals) was one of the lowest increases over the last two years.
12. The local economy, however, remains in a weakened state and DETI remains committed to continuing to provide assistance to support the recovery. The Department, in conjunction with its NDPBs, took a number of short-term steps to support the local economy during 2009/10. For example, during 2009/10, Invest NI deployed a range of proactive initiatives intended to help local businesses face the immediate challenges of the economic downturn. These included two schemes – the £15m Short Term Aid Scheme (STAS) and the £5m Accelerated Support Fund (ASF) – designed to offer 'rapid response' assistance to businesses facing difficulties as a result of the downturn. In addition, Invest NI assistance has helped to safeguard over 2,200 jobs during 2009/10, and

Invest NI will continue to commit significant resources to safeguarding jobs this year.

13. These actions are complementary to a wider range of actions taken by the Executive. They will be kept under regular review to ensure that the Department and its NDPBs continue to take the necessary steps to help ease the impact of the downturn on local businesses, and to ensure that they are well positioned for the upturn in the economy.

## Performance for the Year 2009/10

### Operating Plan 2009/10

14. DETI has lead responsibility for two Public Service Agreements (PSAs) within the Programme for Government 2008 – 11, namely PSA 1 (Improving Productivity) and PSA 5 (Tourism), and also contributes to a number of other PSAs.
15. The DETI Corporate Plan for the period 1 April 2008 to 31 March 2011 was published in May 2008, and the DETI Operating Plan for 2009/10, was published in July 2009. Both are closely aligned to the Department's PSA priorities. The targets within the 2009/10 Operating Plan correspond to the second year of the DETI Corporate Plan for 2008 - 2011 and provide milestones along the route to achievement of the Corporate Plan.
16. The Corporate Plan and Operating Plan set out how the Department will deliver its priorities set out in the Programme for Government and Public Service Agreement (PSA) framework, as well as the actions and targets relating to its non-PSA areas of responsibility.
17. Details of DETI's performance against its PSA-related Operating Plan targets for 2009/10, and its non-PSA and corporate and support functions, will be published on the DETI website, [www.detini.gov.uk](http://www.detini.gov.uk). However, progress against key PSA-related targets, as set out in the 2009/10 Operating Plan, is as follows:



DETI Priority	Key Targets (by 31 March 2010)	Outturn Figures to March 2010	Outturn Target Status+
Improving Productivity (PSA 1) & Increasing Employment (PSA 3)	• Support 48 inward investment projects, offering 1,600 new jobs, of which:	55 projects/ 1,873 jobs	G
	• 1,360 will provide salaries above the NI private sector median; and	1,368	G
	• 680 will have salaries at least 25% above the NI private sector median	1,003	G
	• Secure total annual wages and salaries of around £96.5m from inward investment and locally-owned clients	£143m	G
	• Create 100 'Exports Starts' and 15 'Global Starts'	100 / 15	G
	• Encourage 240 new first time exporters and support 500 companies to diversify into new markets	286 / 542	G
	• Deliver £55m investment in R&D	£148m	G
	• Have an agreed contract in place to deliver next generation access to 85% of businesses across Northern Ireland (by 31 December 2009)	N/A	G
Tourism (PSA 5)	• Increase tourism revenue from out-of-state visitors to £466m and the number of out-of-state tourists visiting to 2.33m (by 31 December 2009)	£321m (estimated)	R
		1.951m (estimated)	R
Urban Regeneration (PSA 12)	• Submit Composite Action Plan and options paper on the way forward for the West Belfast & Greater Shankill Task Forces to Executive for consideration (by 30 June 2009)	N/A	AG
Protecting Our Environment (PSA 22)	• Ensure 8.5% of electricity consumption is from indigenous renewable sources	9.7% (to end Feb 2010)	G

+ Outturn target status based on four 'traffic light' classification system (Green/ Amber-Green/ Amber/ Red). Refer to DETI Operating Plan 2009/10 for explanation of target status classification system.

18. The Department's key achievements for the year 2009/2010 are set out below.

## Economic Development Policy

### Independent Review of Economic Policy

19. In December 2008, the DETI Minister commissioned an Independent Review of Economic Policy (IREP). The main objective of

the Review was to advise on the extent to which existing strategies, policies, programmes and resource allocations may need to be better aligned to help deliver the productivity goal contained in the Programme for Government (PfG).

20. The Review was conducted by an Independent Panel, chaired by Professor Richard Barnett, and their final report was published in September 2009. It made a total of 58 recommendations, including the need to:

- Promote a much greater emphasis on supporting Innovation and R&D;

- Provide greater autonomy for Invest NI in order for the organisation to be more responsive and flexible in supporting companies; and
- Improve the way economic policy is developed and co-ordinated in the public sector.

21. Following a six-week period of consultation, the DETI Minister made a statement to the Assembly on 25 January 2010 outlining how she intended responding to each of the IREP recommendations. Implementation of the recommendations accepted by the Minister is being overseen by a Steering Group chaired by the DETI Permanent Secretary. The timescales for implementation are detailed in the Ministerial Statement (available at [www.detini.gov.uk](http://www.detini.gov.uk)).

### Business Development through Invest NI

22. During 2009/10<sup>1</sup>, Invest NI made over 3,700 offers of assistance valued at almost £181 million, which contributed towards projects which planned to invest £686 million within the Northern Ireland economy.
23. Of this, £114 million of assistance (representing 63% of the total) was in support of business formation, expansion and innovation projects by locally-owned businesses, with the remainder relating to inward investment.
24. Overall, 42% of offers approved, and 53% of total assistance offered, were to clients located in, or proposing to locate in, areas of economic disadvantage. Invest NI also acquired 54 acres of land for industrial use, 81% of which was located in areas of economic disadvantage. In terms of the regional split, £127 million was offered to projects in the east of Northern Ireland and £52 million was offered to those in the west.
25. In total, the newly launched Enterprise Development Programmes achieved almost 7,500 participants across the suite of programmes. This included 2,019 people attending Pre-Start business seminars, 284 businesses participating on the new

Growth Programme and 2,149 new business starts as a result of the Go For It initiative. In addition, Invest NI also supported the creation of 40 new social enterprises and a further 235 new business starts through the Prince's Trust.

26. Nurturing and encouraging innovation is vital to the Northern Ireland economy and Invest NI continued to play its part by stimulating business investment in Research & Development (R&D). In 2009/10, Invest NI offered assistance that will lever a total of £148 million of planned business investment in R&D. Invest NI's streamlined R&D services, which include a single grant for R&D supported by a range of Innovation Advisers, helped increase the number of first time users of R&D to 104 during the year.
27. A core component of Invest NI's work to help Northern Ireland businesses expand their international dimension is the Passport to Export Programme which helps companies to look increasingly outwards, to compete in export markets and to strengthen their trade and overseas networks. Further progress was made in encouraging businesses to explore export markets for the first time and the target of 240 first-time exporters was exceeded, with a final outturn of 286. The target of 500 existing exporters to enter new markets was also exceeded, with an outturn of 542, and the number of participants in Invest NI's market visit programmes remained steady with just over 700 participants this year.
28. Provisional results show that Invest NI approved offers to 24 new inward investment projects and 31 inward expansion projects against a total target of 48. Collectively, these projects plan to generate £82 million of salaries each year from the anticipated creation of 1,873 new jobs. Of these 1,873 jobs, provisional figures indicate that 1,384 offer salaries above the Northern Ireland Private Sector Median (PSM), of which 1,003 will provide salaries at least 25% above the PSM.
29. Invest NI has continued its proactive activity to help local companies and entrepreneurs minimise the impact of the economic downturn. The Accelerated Support Fund, which was established

<sup>1</sup> All 2009/10 figures are provisional as at 21 April 2010 and may be subject to change

as a means of providing fast-track help and assistance to clients, has now approved 147 projects, representing offers of financial support totalling £4.8 million. The Short Term Aid Scheme, which offers assistance to enable companies to retain key staff who would otherwise be lost to the business, has to date issued 30 offers of support worth £3.7 million.

### Business Development through InterTradelreland

30. InterTradelreland's principal functions are to exchange information and co-ordinate work on trade and business development and related matters in areas where the Northern Ireland and Republic of Ireland administrations specifically agree that it would be in their mutual interest.
31. As outlined previously, InterTradelreland is co-sponsored by DETI and the Department of Enterprise, Trade and Innovation in the Irish Republic. Funding is provided on a ratio of 2:1 by the Government of the Republic of Ireland and the Northern Ireland Executive respectively.
32. InterTradelreland generated £61m in business development value during 2009 with a total of 2,801 firms utilising InterTradelreland's Knowledge and Resources and 328 firms participating on InterTradelreland's Programme/Networks.
33. In 2009/10, North South Ministerial Council Trade and Business Development Sectoral meetings took place in Clogher, County Tyrone and Dublin. At these meetings, Ministers from Northern Ireland and the Republic of Ireland approved InterTradelreland's 2009 Business Plan, noted the draft 2010 Business Plan, the Annual Reports for 2007 and 2008 and also considered papers on Science Technology and Innovation, the Strategic Review undertaken by the InterTradelreland Board and Co-Operation on Research and Development.

### Regional Innovation Strategic Action Plan

34. The Regional Innovation Strategic Action Plan 2008 – 2011 (RISAP) was launched on 30 April 2008. The

Action Plan represents the collaborative actions of government, academia and industry to advance the Innovation Agenda in Northern Ireland. Since the RISAP's publication in April 2008, DETI officials have met with all stakeholders to agree specific targets against their actions. Performance metrics against which progress can be measured have also been agreed by all stakeholders.

35. The first annual report on progress was submitted by the Minister to the ETI Committee and the Executive in June 2009. The progress report indicated that good progress was made in the first year of RISAP. An interim eighteen month update was provided to the ETI Committee and Executive in November 2009.

### MATRIX

36. Since its establishment in November 2006, MATRIX (the Northern Ireland Science Industry Panel) has investigated how Northern Ireland can maximise its economic returns from the commercial exploitation of its R&D, science and technology base.
37. In November 2009, an agreed Executive response to MATRIX was announced by the DETI Minister. With the aim of supporting and fostering the development of Industry-led Innovation Communities (IICs), four key actions were agreed:
  - The establishment of a Government Innovation Gateway as a 'first stop shop' to reduce the layers of bureaucracy and red tape faced by collaborative business ventures;
  - The development of new support mechanisms to streamline support to IICs;
  - An enhanced role for the Further Education Sector in support of IICs; and
  - A new approach to public procurement to encourage innovation in Northern Ireland industry.
38. During 2010, a newly refreshed MATRIX Panel has commenced a new work programme, with a study underway into future market opportunities built on Northern Ireland's telecommunications infrastructure. It has also established a panel providing thought leadership to emerging IICs. The MATRIX Telecoms Horizon Panel is due to report to

the DETI Minister by Summer 2010. A new Horizon study to explore market opportunities in clean energy is also due to be launched by MATRIX later in 2010. The first phase of the implementation of the government response to MATRIX is scheduled to run until September 2011.

### Tourism

39. In 2009/10, DETI, supported by the Northern Ireland Tourist Board (NITB), developed a new draft Tourism Strategy for Northern Ireland, the aim of which is to double the income Northern Ireland earns from tourism by 2020. The draft Strategy provides a clear and inspiring vision for the development of Northern Ireland's tourism experience and an Action Plan to deliver it. The DETI Minister launched a public consultation on the draft Tourism Strategy in February 2010.
40. In 2009/10, North South Ministerial Council Tourism Sectoral meetings took place in Clogher, County Tyrone and Dublin. At these meetings, Ministers from Northern Ireland and the Republic of Ireland approved the Tourism Ireland 2009 Business Plan, noted the draft 2010 Business Plan, the Annual Reports for 2007 and 2008 and also noted the review of the European and Great Britain markets.
41. During the year, DETI consulted on policy proposals to update Northern Ireland's tourism legislation. The primary aim of these changes is to ease the regulatory burden on tourist accommodation businesses. Legislative changes were also made to the five existing categories of tourist accommodation i.e. hotel, guest house, bed and breakfast, self catering and hostel.

### Tourism Signature Projects

42. Signature Projects remain key drivers for their potential to improve the Northern Ireland tourism offering.
43. The Department continued to work alongside the National Trust to take forward the delivery of the new Visitor Facilities at the Giant's Causeway. In March 2010, NITB awarded the National Trust a Letter of Offer for funding of £9.25m (£6.125m of

which is under the European Union Competitiveness Programme) towards the £18.5m cost of the project. During the year, an interim evaluation of the Causeway Coast and Glens Tourism Masterplan 2004-2013 was completed and has been used to inform subsequent phases of the Masterplan.

44. Work on the Titanic Signature Building, the centre-piece of the wider Titanic Signature Project has been progressed by Titanic Foundation Ltd. This iconic world-class visitor attraction is funded in partnership with Titanic Quarter Ltd, Belfast Harbour Commissioners, Belfast City Council, NITB and the Department. The Northern Ireland Executive's support to offer up to £43.5m towards the estimated £97m cost of the Signature Building, given in 27 November 2008, was the catalyst for the other funding partners to provide the balance of funding. The project is currently on schedule to open in April 2012. In addition, the Nomadic and Lagan Legacy, two key maritime heritage projects, have received Letters of Offer from NITB and restoration work is underway.
45. Progress continued on the Walled City Signature Project. Work is ongoing on the Built Heritage programme, which saw the re-opening of the Playhouse Theatre in November 2009. Work is also underway on the First Derry Presbyterian Church and Saint Columb's Cathedral. In addition, economic appraisals were completed in respect of the Guildhall, the Aras Colmcille project and the Lighting Strategy. Work has also commenced on a draft project plan for the Apprentice Boys Memorial Hall.
46. Work has been completed on the 92 mile signed St. Patrick's Trail as part of the Saint Patrick/Christian Heritage Signature Project. Liaison continues to take place with stakeholders and others with an interest in Christian Heritage along the Trail to discuss future developments and promotion. Work also continued on the Mourne Signature Action Plan 2008-2013 and NITB is working with Mourne Heritage Trust to take forward several key initiatives within the Action Plan. A key element of the Action Plan is the development of the Mourne Coastal Route including the development of key amenities and visitor sites along the Route.

47. In 2009/10, NITB launched a £2m Tourism Innovation Fund which aims to enhance the growth, quality, competitiveness and sustainability of tourism in Northern Ireland by stimulating product development and improving the visitor experience. In addition, during the year NITB (in partnership with more than 1,000 stakeholders) developed a brand strategy which defines all that is unique and special about Northern Ireland, and acts as a framework to determine Northern Ireland tourism's approach to product development, visitor experience and marketing communications.

### Telecommunications

48. During 2009/10, DETI continued to work with the public and private sectors and with the Regulator, Ofcom, to further develop Northern Ireland's world-class telecommunications infrastructure and build upon the legacy of the 2005 Local Access Broadband Contract which delivered 100% access to broadband. Broadband take-up continued to increase and by March 2010, there were an estimated 400,000 broadband accounts, representing an increase of around 25,000 in the year.

49. The continued focus in 2009/10 was on progressing a number of projects for which Programme for Government commitments have been given and Public Service Agreement targets established. Under the INTERREG IV Operational Programme (2007-2013), DETI, in collaboration with Department of Communications, Energy and Natural Resources (DCENR), began the formal procurement exercise for delivery of direct international connectivity to telecommunications channels between the North West of the island of Ireland and North America. Following completion of all final approvals procedures, a €30m contract was awarded to the preferred bidder, Hibernia Atlantic, in December 2008 for delivery of the solution. The new submarine cable was brought ashore at Portrush in June 2009 and the submarine network, including the Cable Landing Station at Coleraine, was confirmed ready for operational use in November 2009. By December 2009 points of presence were in place and fully operational

in Londonderry, Coleraine, Ballymena, Belfast, Portadown, Armagh, Omagh and Strabane.

50. In June 2009, the Minister formally launched the Logon-NI broadband advice programme for SMEs. The advice programme is delivered through a fixed demonstration centre in Gortrush Industrial Park, Omagh and a mobile demonstration unit which has been deployed to cover all Council areas. Supplier-neutral broadband guidance is provided to SMEs by 10 trained broadband advisers. The £3.9m programme, which is carried forward under a "broadband stimulation" theme aimed at increasing business take-up and sophistication of use of broadband, is co-financed under the ERDF Sustainable Competitiveness Programme 2007-2013.

51. Similarly carried forward under the "broadband stimulation theme", and launched in August 2008 by the Minister, 4 projects are currently being supported under the £1.9m Broadband Fund. The Fund offers financial support to businesses undertaking broadband technology trials or deploying infrastructure in rural areas with a view to provision of high bandwidth commercial broadband services. Two projects supported under the Fund were completed in 2009/10 – the installation of an extensive fixed wireless network across the West of Northern Ireland and a technology trial in Ballintoy and Ballinamallard using existing satellite infrastructure to deliver 2G and 3G mobile coverage. This latter project is believed to be the first time such a trial has been successfully undertaken.

52. During 2009/10, Letters of Offer have also been issued in respect of 4 further projects which are currently in delivery. Three of the projects will see further deployments of fixed wireless infrastructure across the North Antrim Coast, North Sperrins/Foyle Basin and Co Fermanagh and South Tyrone regions. The fourth project involves the installation of a fibre-optic ring around Enniskillen using existing waste water infrastructure where possible to reduce the requirement for traditional civil works. This will be the first time this technology has been deployed in Northern Ireland.

53. On 3 December 2009, the Minister announced an investment totalling £48m in Northern Ireland's telecommunications infrastructure. The Next Generation Broadband project involves the introduction of new technology to increase broadband speeds in Northern Ireland over 18 months. It is targeted at areas across Northern Ireland, both urban and rural, which will deliver the greatest economic benefit by receiving high speed broadband. BT is investing close to £30m in the project, with a further £16.5m coming from the Department under the European Regional Development Fund's (ERDF) European Sustainable Competitiveness Programme and £1.5m from the Department of Agriculture and Rural Development under the European Agricultural Fund for Rural Development (EAFRD) Rural Development Programme.
54. The project will involve the deployment of more fibre optic cable deeper into urban districts, towns, villages and countryside across Northern Ireland. It will also see upgrades to equipment across 166 exchanges and the provision of 1,176 new access points across Northern Ireland. This new technology will increase broadband speeds to consumers. The project is expected to be complete by May 2011, by which time 85% of businesses across Northern Ireland will see the benefits of this investment. The contract will deliver a minimum of 2 Mbps to those businesses located in rural areas of Northern Ireland and 10 Mbps to those businesses in more urban areas. However, many businesses will experience higher speeds than this especially those located close to the new access points.
55. The contract awarded to Avanti Communications in January 2009 for the ongoing provision of a satellite broadband service to remote and rural users continued to be rolled-out thus ensuring that 100% of premises in the region continue to have access to first generation broadband services. By the end of March 2010 some 887 households and businesses were connecting to the internet through an Avanti satellite broadband product offering download data speeds ranging from (up to) 512 Kbps to (up to) 3 Mbps.

## Energy

56. The Department has continued to work closely with its counterparts in the devolved administrations in GB, especially the Scottish Government, and the Department of Energy and Climate Change (DECC) in London, to advance energy co-operation within the UK particularly in the context of the European Union's third package of Internal Market in Energy Directives, which came into force in September 2009 and are to be transposed by March 2011. These will drive forward action to create a level playing field for market competition across the EU, including regulatory oversight.
57. Set in the context of regional cooperation and as part of the All-Island Energy Market Development Framework programme, DETI is working with its counterpart in the Republic of Ireland, the Department of Communications, Energy and Natural Resources (DCENR), on common energy matters. The all-island Single wholesale Electricity Market (SEM), since its establishment on 1 November 2007, has brought greater transparency within a larger and more competitive wholesale electricity market, along with improved security and diversity of supply. In accordance with agreements reached within the SEM provisions, the commercial sale of the system operator, SONI, to EirGrid was completed in March 2009.
58. Feedback from a strategic scoping document, launched in November 2008, as well as a number of related energy workshops, has helped to inform and shape a revised Strategic Energy Framework which was issued for public consultation until end September 2009. The new Framework, which will emphasise the importance of energy infrastructure and set a challenging renewable electricity target to 2020, will be submitted for Executive approval in May 2010.
59. DETI has engaged with other departments, NIE, and the Utility Regulator, to develop a programme to strengthen the electrical grid network in Northern Ireland to absorb and transmit increased levels of renewable energy. In addition, DETI has commenced a Strategic Environmental Assessment (SEA) of the impact of additional on-



- shore renewable generation and new electricity grid required for much higher levels of renewable generation. This work complements an ongoing SEA by the Department in relation to off-shore wind and marine renewable generation.
60. Energy security of supply remains an important issue, and the Department has recently completed a major study into the potential for the geology off-shore at Co. Antrim being suitable for the storage of natural gas, compressed air, or for carbon storage. This work complements ongoing research by energy companies into the geological potential for underground gas storage in the East Antrim area.
  61. In addition DETI, in co-operation with the Utility Regulator, has recently completed a technical and economic feasibility study into the potential for extending the natural gas network to the West and remaining areas of the North West of Northern Ireland. The Department and the Utility Regulator will be considering the study implications over coming months.
  62. The Department is also taking forward an Energy Bill which will update provisions for the natural gas sector and provide for a special administration scheme for the gas and electricity sectors in Northern Ireland. Work is ongoing on potential cross border Common Arrangements for Gas (CAG), that could deliver mutual benefits from harmonisation of the gas systems with the Republic of Ireland and with Great Britain.
  63. The intergovernmental British Irish Council (BIC) agreed in February 2009, to adopt a new energy Workstream that covers cooperation on marine energy and grid infrastructure. The Department is working with the Scottish Government and the Republic of Ireland, and with research bodies on EU funded energy projects under the INTERREG IV Programme to identify how local renewable energy resources can be best exploited.
  64. At February 2010, renewable electricity consumption levels in Northern Ireland had risen to 9.7% which exceeds the 2008/09 milestone in DETI's Operating Plan. This represents good progress towards the current PSA target of 12% indigenous renewable electricity by 2012.
  65. Since its introduction in 2005, the Northern Ireland Renewables Obligation (NIRO) has been successful in almost trebling the amount of renewable electricity generated in Northern Ireland. In March 2010, the Assembly approved the Renewables Obligation (Amendment) Order (NI) 2010 which implements a number of further changes to the NIRO from 1 April 2010, including increased banding levels for new generation in wind, hydro and solar photovoltaic technologies. The Department also commenced a study during the year to determine the most appropriate form of future support for small scale renewables generation in Northern Ireland, the outcome of which will be known in 2010/11.
  66. The EU Renewable Energy Directive, adopted on 5 June 2009, establishes a common framework for the promotion of energy from renewable sources and sets challenging mandatory renewable energy targets on Member States. The UK's target is 15% energy from renewable sources by 2020 of which 10% must be renewable transport fuel. DETI has consulted with relevant NI departments and with Department of Energy and Climate Change (DECC), Department for Transport and Department of Communities and Local Government to ensure compliance with the Directive by the transposition deadline of 5 December 2010.
  67. In 2009/10, DETI helped to secure almost £800k of funding for two Northern Ireland projects under the DECC low carbon communities challenge. The two successful Northern Ireland winners, Ballymena Borough Council Council and Camphill Community Glencraig, will use their funding to build small scale biomass fuelled heating schemes, using locally sourced wood. Both schemes aim to reduce energy bills, lower the dependence on fossil fuels and, between the two projects, it is estimated that almost 800 tonnes of carbon will be saved.
  68. Following an in-depth study of the opportunities for the sustainable development of bioenergy in Northern Ireland, the DETI led Inter Departmental

Group (IDG) published the first draft cross departmental Bioenergy Action Plan 2009-2015 for consultation. The IDG is reviewing the draft Plan, in light of the feedback, for finalisation and publication in 2010-2011.

69. In December 2009, DETI published its draft Offshore Renewable Energy Strategic Action Plan 2009-2020, which was the subject of a Strategic Environmental Assessment (SEA). The finalisation of the draft Plan and the SEA will provide the framework within which The Crown Estate, as owners of the seabed, can launch a Leasing Round for offshore renewable projects in NI waters later in 2010-2011.
70. In 2009/10, DETI commenced work aimed at determining the current size of the NI renewable heat market and the most appropriate method for developing it further. This work will continue in 2010/11 and will inform a future renewable heat strategy, but more specifically in the shorter term, it will assist in the development of an evidence based target for renewable heat for 2020 and a suitable form of incentivisation for Northern Ireland.
71. The Department has continued to measure, collate and standardise data to ensure that all existing energy efficiency activity in Northern Ireland is captured and measured against the target of 1% reduction in energy consumption year on year by 2012. Aligned to this, DETI has ensured compliance with the Energy End Use Efficiency and Energy Services Directive, in particular in relation to more effective billing and metering through the implementation of the Electricity and Gas Billing Regulations (Northern Ireland). DETI continued to monitor compliance of the energy efficiency voluntary agreements with all the main energy suppliers in Northern Ireland through the Energy Services Agreement Forum, to ensure that energy suppliers promote energy efficiency information and services to their customers.
72. In 2009/10, the Department also consulted on smart metering and since then has worked closely with the Utility Regulator in assessing the technical requirements for a smart meter rollout. The Department will continue to work with the Utility

Regulator during 2010/11 to ensure the correct and most cost effective smart metering solution for Northern Ireland can be determined. This will be a key part of moving towards a smart grid solution and DETI will seek to engage with stakeholders further on smart grid during 2010/11.

### Social Economy

73. During 2009/10, DETI had lead responsibility for developing a refreshed strategic approach to the development of the social economy sector, going out to public consultation on the Executive's Social Economy Enterprise (SEE) Strategy 2010-2011. With general endorsement by the sector the SEE Strategy was approved by the Executive and launched in March 2010.
74. Departments with an interest in developing the sector have continued to implement the key actions of the strategy, working closely with key stakeholders with a role in supporting the development of the sector. The Strategy includes actions designed to increase awareness of the sector, develop its business strength and provide a supportive environment in which it can develop.
75. DETI has also continued to support the development of the Social Economy Network (NI) Ltd (SEN) as the representative body of the sector and in establishing the SEN as a professional, sustainable and representative member owned company.

### Other Economic Infrastructure

76. The Northern Ireland Science Park (NISP), established by DETI in 1999, continues to grow and develop as Northern Ireland's premier location for knowledge-based businesses - from indigenous start ups to inward investors. A recent independent evaluation of NISP concluded that investment to date by DETI has been positive and it is now ranked amongst the top of Science Parks in the UK (there are currently 65). NISP continues to play an important role in delivering both DETI and the Programme for Government objectives of increasing private sector productivity.



77. In 2009/10, the number of NISP tenants increased to over 70 with an employee base of approximately 1,500 people. NISP has also continued to grow its business development services to support fledgling companies. Through development of its Halo and Connect Programmes, it has been able to widen the pool of companies able to access support and it has also increased the amount of pro-bono support from some of Northern Ireland's more established knowledge based companies and entrepreneurs. In 2009/10, NISP estimated such support for the Connect programme alone to be worth over £90k.
78. During 2009/10, Geological Survey for Northern Ireland (GSNI) continued to advise government and the private sector on geological issues and extended its collaboration with universities. GSNI facilitated a potential £20m expenditure in mineral exploration in the Sperrin Mountains through encouraging a new company to invest in the Curraghinalt gold deposit. GSNI continue to provide the Planning Service with technical input to planning policy for Minerals and provided consultee inputs in relation to planning applications, including wind farms, quarries and waste recycling sites. GSNI staff also continued to play a central role in developing the Northern Ireland Environment Agency response to the obligations of compliance with the EU Water Framework Directive.
79. Other work undertaken by GSNI included interpretation of geophysical surveys in the continuing search for deep geothermal energy resources, as well as continued contribution to an all-island study of the potential for carbon capture and storage. Promotion of the Northern Ireland Landscape and geology for tourism also continued. As part of GSNI's responsibility for abandoned mines in Northern Ireland, the Minerals Branch/ GSNI Abandoned Mines Committee continued to oversee the programme of mine monitoring and remediation, thereby reducing the Department's exposure to mine-related matters. Despite considerable complexities, work in implementing the Hydrocarbons Licensing Directive was well advanced at the end of the year

and full implementation is expected by the end of the first quarter of 2010-11.

80. 80. Revision of geological maps and associated research continued, through the extended Tellus Project, notably in the areas of mineral exploration and environmental geochemistry. GSNI received an award from the Geographical Association for its Climate Through Time poster.

## Economic Advice and Research

### Economic Research

81. The Department is committed to evidence-based policy formulation and development, and economic research has a central role in informing this. Under the direction of the Research and Evaluation Steering Group (RESG), two research projects were completed in 2009/10:
- Management Matters in Northern Ireland and Republic of Ireland (commissioned jointly by DETI, DEL, Forfas and InterTradeIreland);
  - Business Opportunities and Challenges presented by Carbon Emissions Targets (commissioned jointly by DETI and OFMDFM)
82. DETI also progressed four projects in 2009/10 to identify international best practice in economic policy. These projects, detailed below, are scheduled for publication in early 2010/11:
- Building Economic Competitiveness: Lessons from Small Peripheral European Economies;
  - Productivity, Innovation and Competitiveness in Small Open Economies;
  - The Changing face of Innovation policy: Complementing R&D initiatives in Northern Ireland; and
  - International Comparison of Inward Investment Incentives for Job Creation.

### Policy Evaluation

83. 83. Under the direction of the RESG, and in accordance with the DETI Evaluation Protocol, a programme of five Primary evaluations was

undertaken in 2009/10. Key evaluations were carried out into the Northern Ireland Science Park, Northern Ireland Screen and the Peace 2 programme. The results will inform policy development and programme delivery in these areas in 2009/10 and beyond.

84. The IREP Report commented on two areas which had been scheduled for evaluation in 2009, Invest NI Land and Property and the Business Improvement Training Programme. Both of these areas will be evaluated in 2010.

### Economic Development Forum

85. DETI is committed to working in partnership with key stakeholders to secure a collaborative approach between government and the major social partners in pursuit of economic growth. In 2009/10, the Economic Development Forum (EDF) continued to provide a formal structure through which a wide range of stakeholders provided advice to Ministers on issues and actions relating to the development and future competitiveness of the local economy.
86. As a response to the declining economic climate and financial uncertainties in 2009/10, the DETI Minister established a sub group of the EDF to consider what further measures could be used to help business through the economic downturn. The sub group provided a report detailing 51 proposals on how the Executive can help the local economy further. Additionally, the EDF sub groups on manufacturing and exports, established by the DETI Minister to see what further actions could be taken to specifically support those sectors, produced a list of 16 and 5 proposals respectively. In January 2010, a detailed analysis of the feasibility of the consolidated EDF proposals was provided to OFMDFM for inclusion in an 'Options Package', which was agreed by the Executive in March 2010. This will be progressed in 2010/11.
87. On 25 January 2010, the DETI Minister announced that, in response to the recommendations of IREP, EDF would be stood down and replaced by a smaller advisory body to provide independent advice on the economy. Work has commenced on

establishing the new body, which will come into effect in Spring 2010.

### Statistics Research

88. The Department successfully met its obligation to monitor the performance of the Northern Ireland economy and published 24 labour market reports and 16 economic reports to National Statistics standards. These included the production to National Statistics standards of NI level results for the:
- Annual Business Inquiry;
  - Research and Development survey (annual);
  - Exporting NI Services;
  - Manufacturing Sales and Exports;
  - Quarterly Index of Production; and
  - Quarterly Index of Services.
89. The monthly, quarterly and annual labour market National Statistics were also published to the pre-announced timetable. These included the monthly Labour Market Report, a women in the NI labour market report, a local area bulletin and special supplements to the Quarterly Reports on the self employed, households, graduates and home-workers.
90. During the year, the Department's labour market statistics were assessed by the UK Statistics Authority for compliance with the Official Statistics Code of Practice. This was essentially an audit of the quality of the statistical production process and the published results. The Assessment process covered seven of DETI's regular statistical bulletins, including the monthly labour market report, which receives widespread media coverage. It concluded that DETI was compliant with most aspects of the Code and that all seven bulletins should be designated as "National Statistics" publications, subject to some minor improvements being implemented.
91. The Department maintains the Northern Ireland element of the United Kingdom Inter Departmental Business Register, a database of all Northern Ireland businesses. A range of UK level surveys to inform national macro-economic

indicators were also conducted to meet National Statistics obligations.

92. A number of statistical infrastructure improvement projects commenced in 2009/10. These included the redesign of the Census of Employment sample to improve the coherence of employment estimates, and the introduction of revised methodologies to the Indexes of Production and Services to improve time series data from these surveys. Work is also underway to integrate the Annual Business and Export surveys to improve coherence of results.
93. The Department seeks to bring its research findings to as wide an audience as possible, to help inform economic debate among stakeholders. All publications are placed on the DETI website and key users are kept informed through the Statistics Advisory Committee.

## Business Regulatory Services

94. During 2009/10, the Insolvency Service obtained Executive approval to the drafting of a Bill to set up a Debt Relief Scheme for Northern Ireland similar to one in England and Wales. The Bill was introduced in the Assembly on 9 March 2010, and had its second reading on 23 March 2010.
95. During the year, DETI has continued to liaise closely with the Department for Business, Innovation and Skills (BIS) on all secondary legislation emanating from the extension of the Companies Act 2006 to NI. Key stakeholders and the public in general have been kept abreast of the effects of all new legislation through the Companies Registry website. Full implementation of the 2006 Act was achieved on 1 October 2009, when the Companies Registry NI was fully integrated with Companies House.
96. During 2009/10, DETI continued to fund a free face-to-face debt advice service at 18 outlets across Northern Ireland through a contract with Citizens Advice. During the year, a further contract was awarded to Advice NI, significantly enhancing the budget and coverage of face-to-face debt advice services with 15 new outlets. In addition,

the first Northern Ireland dedicated free debt helpline was established with DETI funding and became operational on 1 September 2009.

97. The Consumerline telephone helpline service continued to effectively provide high quality consumer advice to both businesses and consumers, while also directing intelligence and complaints to the Trading Standards Service (TSS). This data flow enabled TSS to direct its enforcement activities to those areas of trading malpractice causing greatest consumer detriment. As a result, 36 files were referred to the Public Prosecution Service in relation to serious breaches of trading standards legislation, while in the same period, 15 traders were convicted for serious breaches of legislation. In addition, 20 traders received formal cautions with a further 94 issued with written warnings.
98. Consumerline continued to perform very effectively against its user satisfaction targets, with 92% of users being satisfied with the service, 87% having a better understanding of their rights and 37% having saved money as a result of contacting the service. It is estimated that the Consumerline service reduced consumer detriment by over £2m.
99. TSS continued its campaign to raise awareness of mass marketing scams. A particular emphasis was placed on engaging with groups representing the disadvantaged and the vulnerable.

## Health and Safety at Work

100. This year saw the delivery of a number of significant publicity campaigns aimed at increasing awareness of some key health and safety messages, including the launch of the first phase of HSENI's asbestos "The Hidden Killer" campaign in November 2009, and the "Big Change" campaign in February 2010 to raise awareness of the change from the longstanding CORGI scheme to the Gas Safe Register.
101. During 2009/10, HSENI's front line work continued to be dominated by investigating a number of significant workplace incidents resulting in deaths and serious injuries, and dealing with a

continuing high number of complaints about workplace health and safety. Investigations by the Major Investigation Team resulted in 18 successful prosecutions which resulted in fines totalling £472,300. HSENI also continued to publish information on its website relating to enforcement notices served by its officers and prosecutions taken on its behalf during the year.

102. During the year, HSENI carried out over 6,950 inspections of workplaces, and also undertook a major awareness raising campaign to signpost the range of help and support services available to businesses wishing to enhance their competitiveness through the effective management of health and safety at work. A range of high profile promotional events took place during the year, including a joint workshop on geotechnical issues with the Quarry Products Association of Northern Ireland, a series of seminars on construction health and safety and a series of seminars in conjunction with the Labour Relations Agency on work-related stress, and its annual conferences for safety practitioners and the quarrying industry. HSENI also continued with its innovative Health and Safety Awareness Days outreach programme.
103. The potential for greater cooperation between HSENI and the district councils was further underpinned by the publication of a Joint Statement of Intent and Strategic Framework in June 2009, paving the way for both authorities to initiate work to develop an overarching health and safety at work strategy for Northern Ireland, which is expected to be published in early 2011.
104. HSENI's small business advisory service, Health and Safety Works NI (HSWNI), continued to work with start-up and existing small businesses, delivering one-to-one mentoring to 219 such businesses to assist them with their management of health and safety. The ETI Minister also launched HSWNI's new website at HSENI's regional office in Omagh in October 2009.
105. Recognising the health and safety needs of vulnerable groups, HSENI continued with its successful Be Aware Kids child safety on farms

campaign, the "Older, Wiser, Safer" awareness campaign, in partnership with the Ulster Farmers Union, to eliminate work-related fatalities involving older farmers, and its SafeStart initiative for young people.

106. Michelin Tyre plc in Ballymena was the latest organisation to be inducted into HSENI's Recognising Excellence Programme, joining a small group of organisations which includes 3M Industrial Tapes in Bangor and Invista Textiles (UK) Ltd in Maydown which have demonstrated leadership and exemplary performance in health and safety management. HSENI also continued with its Safety Representatives Award scheme in partnership with the NICICTU Health and Safety Committee, which is aimed at recognising the key role played by safety representatives, Trade Union appointed or otherwise, in improving health and safety standards in workplaces throughout Northern Ireland.

## Consumer Council

107. During 2009/10, a total of over £130,000 was put back into the pockets of 186 consumers after they contacted the Consumer Council about issues with passenger transport, energy or water – an average of £699 per complaint. The Consumer Council also dealt with over 3,900 consumer complaints and enquiries in 2009/2010, with over 90% complainant satisfaction achieved. A Consumer Support Strategy was developed with input from a number of key stakeholders. The strategy outlines the key priorities and the guiding principles adhered to so that the Council can continue to develop its working relationship with service providers in order to successfully deliver its statutory role in representing the interests of consumers.
108. As part of its statutory obligations, the Consumer Council developed a series of consumer based leaflets on energy issues, including electricity, natural gas, heating oil, coal, LPG, renewables and energy efficiency. The Consumer Council also had close involvement in Northern Ireland Electricity (NIE), Phoenix and firmus tariff reviews throughout 2009/10 to ensure the consumer's

perspective was taken into consideration. The Consumer Council also ensured that consumers' views were taken into account in the consultation on Northern Ireland's Strategic Energy Framework, which will shape the agenda, key priorities and principles within Northern Ireland's energy sector for the coming decade. To support this work, the Council undertook an omnibus survey on the key consumer questions within the Consultation to ensure consumers' views were accurately heard.

## Other Policy/ Delivery Areas

### European Union Support for Economic Development

109. DETI is the Managing Authority for the European Regional Development Fund Sustainable Competitiveness Programme for Northern Ireland 2007-13. The Programme is worth approximately £422m, of which 50% is provided by the European Regional Development Fund and 50% from national public funds. The Programme's overall aim is to boost Northern Ireland's competitiveness and increase its capacity for Research and Innovation. Around 90% of the EU financial support under the Competitiveness Programme is disbursed through Invest NI and the NITB, and is required to be spent in accordance with direct expenditure profiles, as agreed at the Lisbon Summit of European Union Ministers. During 2009/10, sustained progress has been made in implementing the programme and consequently the strict EU imposed expenditure targets were achieved.
110. The Programme also offers support to District Councils in support of their local economic development actions. By 31 March 2010, 36 applications with a total ERDF commitment of £2.8m had been approved with a further 13 project applications under consideration.
111. DETI administers the budget, and is the Northern Ireland Accountable Department on enterprise, tourism, energy and ICT projects submitted to the Special EU Programmes Body under the 2007-2013 Interreg IVA Programme. The total indicative funding under these themes across the lifetime of

the Programme is approximately £135m. To date, DETI has committed £24.9m towards 12 projects under the programme sub priorities for which it is accountable.

### State Aid

112. During 2009/10, DETI provided State Aid advice to DETI and its NDPBs, as well as other NI departments. This advice, on more than 60 different State Aid issues, assisted departments, NDPBs and cross border bodies to either obtain State Aid approval or to minimise the risks when proceeding on a de minimis or no State Aid basis.
113. Significant work was also undertaken to deal with issues resulting from the December 2008 dioxins contamination of animal feed incident, including the delivery of the Department's assistance scheme for pig meat and beef processors and the inquiries undertaken by the NI Executive and the NI Assembly's Agriculture and Rural Development committee.

### Equality

114. DETI continued to take forward its statutory equality duties in line with Section 75 of the Northern Ireland Act 1998. During the year, eight policies were subjected to equality screening and the outcome notified to all individuals and organisations included in the Department's equality consultation list. DETI continued to work closely with other departments on a series of cross-departmental strategies and action plans aimed at addressing key issues such as child poverty, gender inequality and racial inequality.

### Better Regulation

115. In November 2009, DETI, after consultation with the various Northern Ireland departments, published the third Better Regulation Annual Report covering the period 1 April 2008 to 31 March 2009. The report was endorsed by the DETI Minister and Executive colleagues and records the work undertaken by Northern Ireland departments in support of the Better Regulation Agenda during 2008/09. The report can be viewed online in the

Better Regulation page of the DETI website ([www.detini.gov.uk/betterregulation](http://www.detini.gov.uk/betterregulation)).

116. In October 2009, the first meeting of the 4-nations Better Regulation Forum was held in Glasgow, hosted by the Scottish Government. This Forum brings together officials from the three devolved regions of the UK and officials from Whitehall to learn from each others experiences and share knowledge. The second meeting was held in Belfast in February 2010, hosted by DETI. This group will work to identify issues of common interest that it can collectively work together on to effect change for the good.
117. DETI continues its commitment to the Principles of Better Regulation and these are applied through the processes of making regulations and follow through to enforcement level. The Principles of Proportionality, Accountability, Consistency, Transparency and being Targeted are at the core of the NI Better Regulation Strategy.

### Review of NI Better Regulation Strategy

118. During 2009/10, DETI undertook an internal review of the Northern Ireland Better Regulation Strategy. The strategy was endorsed by the Executive in 2001 and was first reviewed in 2006/07. The key outcome of the 2006/07 review was endorsement of the current strategy and approval for an Implementation Action Plan, which contained a series of strategic actions which would contribute to the progress of the regulatory regime in Northern Ireland. This second review identified a series of actions, which will make a major contribution to the regulatory regime in Northern Ireland and will ensure that a good standard of regulation is maintained. Endorsement of the Executive will be sought in 2010/11.

### The Services Directive

119. The Services Directive, which aims to reduce barriers to intra-EU trade in services, was formally adopted by the EU and published on 27 December 2006. Member States had until 28 December 2009 to effect implementation. The Directive is designed to make it easier for service providers, particularly

small and medium sized enterprises, to set up or offer services in other Member States without facing unnecessary regulations.

120. The Department for Business, Innovation and Skills (BIS) is the lead department for implementing the Directive in the UK. With assistance from BIS, DETI has been working closely with Northern Ireland Local Authorities (LAs) and Competent Authorities (CAs) to ensure they are aware of their obligations under the Services Directive.

### Cross-Departmental Working

121. The Department's approach to cross-departmental working is to engage positively and constructively with cross-departmental issues and projects where a DETI perspective or resource input can add value or secure resources for the achievement of common objectives. DETI has, therefore, continued throughout 2009/10 to work with other departments to deliver the Executive's Programme for Government.
122. During 2009/10, DETI continued to coordinate work relating to the West Belfast & Greater Shankill (WBGs) Task Forces' Initiative. Substantive action has been taken by a range of departments against the issues identified in the Task Forces' original 2002 report, particularly by way of a 2004 bid to the Integrated Development Fund bid which secured funding of approximately £20m for 17 projects specific to WBGs. 16 of these 17 projects have now been, or are in the process of being, implemented. More recently, in direct response to the communities' updated 2007 report, DETI co-ordinated a cross-departmental Action Plan which outlines the current position and planned actions against the key 'outstanding' issues. The Action Plan, together with a draft paper setting out options on the way forward for the Task Force initiative is due to be considered by the Executive.
123. Other areas of cross-departmental action have included:
- innovation policy development, through the Inter-Departmental Working Group on Innovation (which consists of representation



from all Northern Ireland government departments, Invest NI and the HPSS R&D Office);

- employability/ skills policy development, through input to a number of Department for Employment and Learning (DEL) led groups;
- spatial/ infrastructure development, through close liaison with the Department for Regional Development (DRD) and the Department of the Environment (DOE) in relation to the Regional Development Strategy and a number of Policy Planning Statements;
- health related issues, working with the Department of Health, Social Services and Public Safety (DHSSPS) in relation to the Investing for Health Strategy and representation on the Ministerial Group on Public Health (MGPH);
- rural development in close co-operation with colleagues in the Department of Agriculture and Rural Development (DARD); and
- non-domestic rating policy, working with the Department of Finance and Personnel (DFP).

## Corporate/ Support functions

### NICS Reform

124. The Department has continued to contribute to the delivery of the Civil Service Reforms. During 2009/10, Account NI, Records NI, HRConnect, IT Assist and the Centre for Applied Learning shared service centres have continued to provide the Department with a range of services.

### Information Security

125. The Department had no protected personal data related incidents during 2009/10.
126. The Financial Reporting Manual (FReM) requires Public Sector Information Holders (PSIH) to include a statement that they have complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information (OPSI) Guidance. A PSIH is defined as a public body which sells information it holds.

Two business areas in DETI perform this activity: Corporate Regulation and Geological Survey of Northern Ireland (GSNI). GSNI has developed a data licensing and charging scheme that is based on OPSI guidance and are therefore confident that it is fully compliant. Business Regulation charges are based on the Fees and Charges manual produced by the Department of Finance and Personnel.

### Efficiency

127. The Department has delivered £16.8m cumulative efficiency savings by 2009/10, which includes £0.5m cumulative administration savings from corporate support services areas. All DETI planned efficiencies for 2009/10 have been delivered. In addition, the departmental Business Improvement Team assisted business areas become more efficient and effective through the completion of a number of full branch reviews, as well as a number of ad-hoc grading reviews.

### e-Business

128. Work was completed in October 2009 to migrate Companies Registry NI (CRNI) to Companies House. This was achieved with minimal disruption to CRNI customers.
129. A new IT system was developed in-house by Departmental Business Support and successfully implemented to support the functions of the Credit Union and Friendly Society Unit (previously part of CRNI).
130. Throughout the year Departmental Business Support continued to provide specialist IT and project management support to a number of key departmental projects, including:
- A business case (approved by the DETI Casework Committee) to enable Statistics Research Branch to take forward a major rationalisation of its entire suite of surveys;
  - An Insolvency Service project to manage the introduction of a debt relief scheme for NI's poorest debtors; and
  - A 'Peer Gateway Review' of Telecoms Policy Branch's Next Generation Network project

to help ensure that this critical project was progressing appropriately.

131. In addition, a number of in-house application development projects were undertaken to support the work of various business areas such as the Pet Advertisement for Consumer Affairs and a Works Visits System for HSENI. The DETI Internet website was also redeveloped and successfully launched in October 2009.

### People

132. DETI continued to work with the Centre for Applied Learning (CAL), the generic training provider for the NICS, to ensure the delivery of such training to meet identified needs in line with the NICS training priorities. During the year staff used the new on-line booking facility on HRConnect to apply for relevant training courses. DETI training unit continued to work to reduce course cancellation rates. Staff also participated in a wide range of business specific training and development events delivered by external providers and internally delivered training such as Induction and Health and Safety courses. In November 2009, DETI staff participated in the NICS Staff Attitude Survey which was undertaken by NISRA. Results were communicated to staff during

May 2010 and an action plan will be developed to take forward areas for improvement. Monitoring reports will be provided to the Departmental Board.

133. Implementation of contracted out HR services continued apace in the Department, with the final raft of HR transactional functions and services being transferred to HRConnect during 2009/10. This included Staff Performance Management, Resourcing and Learning & Development. Departmental HR continued to provide support to line managers and staff to ensure that the new services were quickly embedded and working as expected.
134. During this year the Department has been building on best practice to maintain its good performance in managing sick absence and achieved its target of less than 8.5 days average absent per member of staff.

### Northern Ireland Assembly

135. During 2009/10, the Department continued to perform well in dealing with the workload arising from the restoration of a devolved administration in Northern Ireland. The Department exceeded targets in two key areas, with 89% of Minister's cases and 93% of DETI Assembly Questions answered on time (against targets of 85% and 90% respectively).



# Sustainability Report

1. Sustainable development is founded on achieving a balance between the three pillars of environmental, social and economic progress. Whilst DETI is the key department leading on economic development, the Department's policies and strategies recognise that the development of the economy, society and the enhancement and protection of the local and global environment are inextricably linked.
2. Sustainable development issues arise both directly and indirectly within the Department and are at the heart of energy, tourism and economic development policies, programmes and initiatives. The Deputy Secretary, Policy Group, is the Sustainable Development Champion for the Department, and DETI's Corporate Plan 2008-11, is closely aligned with the Programme for Government which, in turn, reflects Sustainable Development principles.
3. The Ministerial led Sustainable Energy Inter-departmental Working Group established in 2008/09, aims to ensure that sustainable energy issues are dealt with strategically across Northern Ireland departments in line with current sustainable energy targets in the Programme for Government and the EU-led targets for 2020 as per the Renewable Energy Directive. During 2009/10, DETI set up energy efficiency and communications sub groups of the Sustainable Energy Interdepartmental Working Group. The energy efficiency sub group worked cross-departmentally to identify options for maximising energy efficiency, linked to the development of a cross departmental approach to sustainable energy messaging across Government. Work has progressed on the development of a potential Northern Ireland approach to a central sustainable energy message/brand and will continue with the Executive Information Service and stakeholders during 2010/11.
4. ETI and its NDPBs remain committed to the implementation of Northern Ireland's Sustainable Development Strategy. The first Implementation Plan for the Strategy covered the period 2006-2008 and DETI provided supporting actions to ten of the key targets. Of these, the targets relating to productivity and greenhouse gas emissions, set out in the "Sustainable Communities" and "Climate Change and Energy" areas, are the priority policy areas for DETI. The Department also contributes supporting actions in the areas of "Sustainable Consumption and Production" and "Natural Resource Protection and Environmental Enhancement."
5. Significant progress continues to be made in taking forward the actions falling to the Department and its agencies as set out in the First Implementation Plan. In 2009/10, through its operations DETI and its agencies have set in place, and continue to provide funding for, programmes and initiatives aimed at encouraging and supporting business to adopt and develop progressive sustainable development practices. In particular, Invest NI has worked to enhance resource efficiency through the provision of advice and assistance and in some cases financial support, to businesses particularly in the areas of reducing waste, introducing clean and renewable technologies and enhancing energy efficiency. This work continues to be delivered through a range of programmes including:
  - the **National Industrial Symbiosis Programme**, which has been funded in Northern Ireland by Invest NI since November 2007. During the period to date, 822 members have been recruited onto the programme, with 560 remaining active. In all, 121 projects have been completed with the participating businesses implementing cost savings of over £3.7 million. The programme has also been benefiting the Northern Ireland economy through the generation of more than £3.3 million additional sales and £1.3 million of private investment;
  - the **Envirowise Programme** - Invest NI has provided more than £1.5m of support for this national waste prevention and resource efficiency programme since 2007/08. During the 2009/10 financial year, three key business sector projects were delivered - in Food & Drink, Packaging and in Construction. These involved more than 30 Invest NI client companies and overall, the programme delivered more than

75 audit visits resulting in savings of £1,012,244 being identified;

- the **Carbon Trust** - a UK wide, not for profit organisation, which is funded locally by Invest NI. Since its establishment in Northern Ireland in 2002, the Carbon Trust's activities here have identified potential energy savings of £188.3 million, of which those totalling £67.6 million have been implemented.

A number of Carbon Trust's activities have been developed and piloted in Northern Ireland before deployment to other UK regions. These include the Energy Efficiency Loan Fund, which offers an interest free loan, from £3k up to £500k, to assist businesses to install energy efficient or renewable energy technologies. The Fund is a revolving loan facility in which Invest NI has invested £7.8 million to date. Currently support of £13.4 million has been committed to fund a three year Carbon Trust business plan over the period 2008/09 to 2010/11, which includes £4 million of loan fund capital.

- **Invest NI's Sustainable Development Consultancy Framework** offers up to five days of free consultancy to help companies scope or implement projects in Resource Efficiency and Waste Management Systems; Clean Technology Systems; Renewable Technology Systems; Energy Management and Efficiency; and Application of New Technologies. In 2008/09, a total of £120k of consultancy assistance was offered to 42 projects and in 2009/10 £118k of consultancy assistance was offered to 45 projects.

6. An emphasis on resource efficiency is consistent with the Executive's wider economic focus on increasing productivity levels in Northern Ireland's private sector. In addition, the Department/agencies have sought to encourage the start-up and development of growth companies based on leading edge technologies. Furthermore, key

departmental strategies such as the Regional Innovation Strategy are directly contributing to targets relating to enhancing Northern Ireland's competitiveness, hence ensuring sustainable economic development.

7. DETI has developed a Sustainable Development Action Plan, which contains a number of targets in relation to waste, water, energy, estate, procurement and travel. DETI is committed to "green housekeeping" and many aspects of "green housekeeping" are already well embedded within the Department's processes. A number of programmes have been introduced to ensure all staff are aware of the need to reduce energy use and improve resource efficiency.
8. DETI has provided a detailed report to the Office of the First and Deputy First Minister on progress against the key departmental actions outlined within the first Sustainable Development Implementation Plan. All of the key actions attributed to DETI within the first Implementation Plan have been met, or remain ongoing. Whilst specific detail has not been included here, this information can be accessed directly from DETI.
9. During 2009/10, DETI also engaged with OFMDFM in the development of the second Sustainable Development Strategy, which was launched for public consultation in October 2009. In parallel, DETI and Invest NI officials will be working closely with OFMDFM and other key stakeholders on the development of a second Sustainable Development Implementation Plan, with a view to identifying objectives and actions for the Department and its agencies.
10. Looking forward, the guiding principles on sustainable development, detailed in the NI Sustainable Development Strategy, have been used to inform the development of the 2009/10 Operating Plan. DETI and its agencies will continue to ensure that sustainable economic development is enshrined in key strategies and programmes.

# Financial Performance in the Period

1. Details of financial performance for the year to 31 March 2010 are contained in the resource accounts and the supporting notes.
2. The Statement of Parliamentary Supply shows a saving in total net resources of over £17m against Estimate. The Estimate is based on the figures contained in the Budget Act (Northern Ireland) 2010 (containing the Supplementary Estimates).
3. The Department of Finance and Personnel, in the February 2010 monitoring exercise, had approved further movements in resources. These included additions of £4.0m in respect of Request for Resources. There was no request for End Year Flexibility.
4. The analysis of resource outturn by function is contained in note 3 to the resource accounts.

## Basis of Going Concern

5. A feature of the Department's statement of financial position is that there is negative taxpayers' equity, i.e. liabilities exceed assets by £99.6m. This results from the nature of accounting in government. NI Assembly provides funding to departments on an annual basis to meet the Net Cash Requirement, but liabilities which will fall due in future years, are taken into account in the balance sheet. An example of this is the provision for Harland & Wolff Plc's potential future liability to claims from former employees who have suffered from the effects of asbestosis and related diseases. This provision is an estimate of liabilities which may arise over a significant number of years. In common with other government departments the future financing of DETI's liabilities will be met by future grants of Supply and the application of future income, both to be approved annually by the Assembly. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## Provisions

6. Attention is drawn to Note 21 to the resource accounts where provisions for liabilities and charges are explained. Provisions are set up to cover liabilities where the timing or amount is uncertain. While it is prudent to make such provisions the eventual outturn of these matters cannot be certain. The major provision is in respect of the retained liabilities of Harland & Wolff plc. The Harland & Wolff plc provision for other retained liabilities of £88m (£90m at 31 March 2009) is mainly necessary to meet the company's anticipated costs of employer's liability and public liability claims, both in relation to known claims and to unreported claims expected to crystallise over a significant number of years.

## Net Cash Requirement

7. Statement of Parliamentary Supply shows a saving of £22m in the Net Cash Requirement. Further detail is contained in note 4.

**Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets**

	<b>2009/10 £000</b>	<b>2008/09 £000</b>
<b>Net Resource Outturn (Estimates)</b>	<b>274,270</b>	<b>222,991</b>
<i>Adjustments:</i>		
Less Consolidated Fund Extra Receipts (CFERs) in the FOCS	(13,568)	(9,019)
Add Non Supply Expenditure	-	13
Prior Period Adjustment	5,466	-
<b>Net Operating Costs (Accounts)</b>	<b>266,168</b>	<b>213,985</b>
<i>Adjustments:</i>		
Add other Consolidated Fund Extra Receipts	13,568	9,019
Less grants payable to NDPBs to finance capital expenditure	(28,411)	4,172
Remove voted expenditure that is outside the Resource Budget (NDPB Cash Draw & Notionals)	(218,754)	(169,650)
Add NDPB resource consumption	216,970	155,426
Less capital grants (Department & NDPBs)	(40,218)	(25,973)
<i>Other Adjustments:</i>		
Less non-voted expenditure. In Operating Costs Statement	-	(13)
<b>Resource Budget Outturn (Budget)</b>	<b>209,323</b>	<b>186,966</b>
<i>Of which:</i>		
Departmental Expenditure Limit (DEL)	209,323	186,966
Annually Managed Expenditure (AME)	-	-

# Departmental Remuneration Report

## Remuneration Policy

1. The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).
2. The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of NICS Permanent Secretaries in line with the agreed response to the annual recommendations of the Senior Salaries Review Body.
3. The pay award for staff in the Northern Ireland Senior Civil Service (SCS) is normally comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. The senior civil service pay award in 2009/10 comprised a base pay uplift only, with individuals' awards differentiated on the basis of performance and position on the relevant pay band. There were no non-consolidated bonus payments to any senior civil servants as part of the pay award.

## Service Contracts

4. Civil service appointments are made in accordance with the Civil Service Commissioners for Northern Ireland's Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.
5. Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.
6. Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

## Salary and Pension entitlements

7. The following sections provide details of the remuneration and pension interests of the Ministers and senior Management of the department.

Remuneration (Audited Information) Ministers	2009-10 Salary £	2008-09 Salary £
Arlene Foster MLA (From 9 June 2008)	37,801	30,655
Nigel Dodds OBE MP MLA (From 8 May 2007 to 8 June 2008)	-	7,146

*Ministers' salary is quoted net of employer's contributions. The 2008/09 accounts stated the gross amount.*

Remuneration (Audited Information) Officials	2009-10 Salary £'000	2008-09 Salary £'000
David Sterling, Permanent Secretary	100-105	95-100
Stephen Quinn, Permanent Secretary (until 2 October 2009)	50-55 (115-120 full year equivalent)	130-135
David Thomson, Deputy Secretary (from 4 January 2010)	20-25 (95-100 full year equivalent)	-
Noel Lavery, Deputy Secretary (until 5 April 2009)	0-5 (85-90 full year equivalent)	95-100
Mike Bohill, Assistant Secretary	80-85	80-85
Trevor Cooper, Assistant Secretary	60-65	60-65
Philip Angus, Assistant Secretary	60-65	65-70
Noel Cornick, Assistant Secretary	75-80	70-75
Fiona Hepper, Assistant Secretary	60-65	65-70
Jenny Pyper, Assistant Secretary	60-65	65-70
Graeme Hutchinson, Assistant Secretary	55-60	45-50
Dr. Ian McMorris, Non-Executive Director	5-10	5-10

Colin Lewis was seconded from Invest NI into the position of Deputy Secretary for 2009/10. The Department paid Invest NI in the band £85,000 to £90,000 (net of employer's contributions, pension costs and VAT) for the services of Colin Lewis.

In his position as Non-Executive Director, Dr. Ian McMorris is remunerated on a per diem basis.

None of the above received benefits in kind.

### Salary

- 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.
- From 9 June 2008 and throughout the financial year 2009/10 the Department of Enterprise, Trade and Investment was under the direction and control of Arlene Foster MLA. During the previous financial year between 1 April 2008 and 8 June

2008 the Department of Enterprise, Trade and Investment was under the direction and control of Nigel Dodds OBE MP MLA. Their salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this resource account. These amounts do not include any costs relating to a Minister's role as MLA or MP which are disclosed elsewhere.

### Benefits in kind

- The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

**Pension Benefits**

	Accrued pension at age 65 as at 31-3-10	Real increase in pension and at age 65	CETV at 31-3-10	CETV at 31-3-09	Real increase in CETV
Ministers	£'000	£'000	£'000	£'000	£'000
Arlene Foster MLA	0-5	0-2.5	21	12	8.5

11. Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2008 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.
12. Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Retail Prices Index. Ministers pay contributions of 6% of their Ministerial salary. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 23.3% of the Ministerial salary.
13. The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65 or immediately on ceasing to be an active member of the scheme if they are already 65.

**The Cash Equivalent Transfer Value (CETV)**

14. This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**The real increase in the value of the CETV**

15. This is the increase in accrued pension due to the Departments contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using common market valuation factors for the start and end of the period.

Civil Service Pensions (Audited Information) Officials	Accrued pension at age 60 as at 31-3-10 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31-3-10	CETV at 31-3-09	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
David Sterling Permanent Secretary	40-45 Plus lump sum of 120-125	5-7.5 Plus lump sum of 17.5-20	842	629	131	-
Stephen Quinn Permanent Secretary (until 2 October 2009)	50-55 Plus lump sum of 155-160	0-2.5 Plus lump sum of 2.5-5	1,266	1,151	37	-
David Thomson Deputy Secretary	35-40 Plus lump sum of 105-110	0-2.5 Plus lump sum of 0-2.5	845	806	7	-
Mike Bohill Assistant Secretary	35-40 Plus lump sum of 115-120	0-2.5 Plus lump sum of 5-7.5	933	847	50	-
Trevor Cooper Assistant Secretary	10-15 Plus lump sum of 30-35	0-2.5 Plus lump sum of 2.5-5	189	150	18	-
Philip Angus Assistant Secretary	25-30 Plus lump sum of 80-85	0-2.5 Plus lump sum of 5-7.5	681	575	41	-
Noel Cornick Assistant Secretary	10-15 Plus lump sum of 30-35	0-2.5 Plus lump sum of 2.5-5	256	204	28	-
Fiona Hepper Assistant Secretary	15-20 Plus lump sum of 55-60	0-2.5 Plus lump sum of 2.5-5	346	281	25	-
Jenny Pyper Assistant Secretary	15-20 Plus lump sum of 55-60	0-2.5 Plus lump sum of 2.5-5	345	281	27	-
Graeme Hutchinson Assistant Secretary	5-10 Plus lump sum of 25-30	0-2.5 Plus lump sum of 0-2.5	138	113	9	-

The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2009



### Northern Ireland Civil Service (NICS) Pension arrangements

16. Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase. However, in line with RPI for September 2009 being in the negative, there will be no other increase for any public sector pensions in 2010.
17. Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.
18. The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).
19. The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**.
20. Further details about the CSP arrangements can be found at the website [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk).

### Cash Equivalent Transfer Values

21. Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of

pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment ) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

22. 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.



**David Sterling**  
Accounting Officer

29 June 2010

# 2



## Statements and Certificates



# Statement of Accounting Officer's Responsibilities

## Year to 31 March 2010

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance and Personnel has directed the Department to prepare for each financial year resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, changes in taxpayer's equity 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 of Finance and Personnel, including 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 accounts; and
- prepare the accounts on a going concern basis.

The Department of Finance and Personnel has appointed the Permanent Head of the Department as Accounting Officer of the Department. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in Managing Public Money NI issued by the Department of Finance and Personnel.



**David Sterling**

Accounting Officer

29 June 2010

# Statement on Internal Control - Statement for year to 31 March 2010

## 1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department of Enterprise, Trade and Investment's policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

The Department sponsors four non departmental public bodies (NDPBs): Invest Northern Ireland; Northern Ireland Tourist Board; Health and Safety Executive for Northern Ireland and the General Consumer Council for Northern Ireland. I have designated the Chief Executives of those NDPBs as Accounting Officers for their organisations. Their responsibilities are set out in the NDPB Accounting Officer Memorandum, which they received when taking up appointment.

The Department and the Department of Enterprise, Trade and Employment in the Republic of Ireland jointly sponsor InterTradelreland and the Department jointly sponsors Tourism Ireland Limited alongside the Department of Arts, Sport and Tourism in the Republic of Ireland. I have designated the Chief Executives of InterTradelreland and Tourism Ireland Limited as the Accountable Persons for these organisations.

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

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the

impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for the year ended 31 March 2010 and up to the date of approval of the accounts, and accords with Department of Finance and Personnel guidance.

## 3. Capacity to Handle Risk

Under the leadership of the Departmental Board and the Departmental Audit Committee, we are carrying out appropriate procedures to ensure that we identify the Department's objectives and risks and devise a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Department has set out its attitude to risk in relation to the achievement of the Department's objectives. More specifically the Department has:

- a Risk Management policy document;
- delivered risk management training for relevant staff;
- produced risk registers at strategic (corporate) and operational (divisional) levels;
- maintained a system of quarterly risk reporting via stewardship statements by heads of division for the year ended 31 March 2010; and
- maintained a formal system of risk reporting to the Departmental Board and the Departmental Audit Committee for the year ended 31 March 2010.

## 4. The Risk and Control Framework

The Departmental Board has ensured that procedures are in place for verifying that risk management and internal control are regularly reviewed and reported on. As well as regular reports to the Departmental Board, risk management and internal control are regularly reviewed by the Departmental Audit Committee. Risk management is continually being

incorporated into the corporate planning and decision-making processes of the Department.

During the year, assurance statements were submitted, on a quarterly basis, to the Departmental Accounting Officer by the Heads of Management Services Group and Policy Group. Quarterly assurance statements were also submitted by the Chief Executives of the Department's four NDPBs. These provided an account of internal control matters arising in each of the reporting periods.

The Departmental Board and the Departmental Audit Committee receive periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and to monitor progress on key projects.

The Department's key objectives and risks are regularly assessed to ensure consistency of treatment.

Quarterly oversight and liaison meetings take place between Departmental and NDPB representatives. These meetings cover performance against targets; finance issues; policy issues; and corporate governance issues.

## 5. Review of Effectiveness

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

The Departmental Board and the Departmental Audit Committee meet quarterly and receive regular reports on risk management and internal control issues. Representatives from the Northern Ireland Audit Office attend the Departmental Audit Committee.

Reflecting the emphasis which the Department gives to an effective corporate governance framework, key procedures are regularly reviewed and revised in order to strengthen and improve controls. Appropriate guidance and delegated limits are established to promote control and consistency in decision making across the Department's activities.

The Department has an Internal Audit Service, which operates to HM Treasury's Government Internal Audit Standards. Internal Audit Service constructs its annual audit programme in light of the Department's and NDPBs' Risk Registers. Internal Audit Service submit regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement. Internal Audit Service has provided an overall satisfactory opinion with regard to the adequacy of the Department's risk management, control and governance processes for the 2009-10 year.

## 6. Information Security

During the year work continued to improve information security awareness and dissemination of best practice. This included the roll-out of online data protection awareness training for all staff which commenced in April 2009 and the production and circulation of a DETI Information Security Policy document in September 2009 which consolidated information security policy guidance into a single easily accessible format for staff. The Department has in place a Senior Information Risk Owner and Information Asset Owners across business areas to provide further assurance that information assets are properly managed. Awareness seminars were provided for Information Asset Owners in November

2009. Information Security is a standing item at Departmental Board meetings and Heads of Branches are required to review information security compliance in their quarterly internal assurance statement checklists.

## 7. Significant Internal Control Problems

### Public Accounts Committee Issues

In November 2008 the Department provided a progress report to the Assembly Public Accounts Committee on investigations into three bodies which had been established between 1990 and 1998 with the assistance of public funds. Reports are being provided to the Committee by the Department at the conclusion of each investigation.

On 18 June 2009, Invest NI and the Department provided evidence to the Assembly's Public Accounts Committee on an NIAO report "Review of Assistance to Valence Technology: A Case Study on Inward Investment". The Committee's report was published on 10 September 2009. The Department's response to the report was contained in a Memorandum of Reply, which was presented to the Assembly by the Department of Finance and Personnel.

On 20 May 2010, Invest NI and the Department provided evidence to the Assembly's Public Accounts Committee on an NIAO report "Campsie Office Accommodation and Synergy e-Business Incubator". The Committee's report is awaited. The Department's response to the report will be contained in a Memorandum of Reply, which will be presented to the Assembly by the Department of Finance and Personnel.

### Enterprise Shared Services

DFP Internal Audit provides annual and mid-year inter-departmental assurance reports on the services provided by DFP to other Departments. These services are Account NI, HR Connect,

IT Assist, Centre for Applied Learning, Central Procurement Directorate, and Departmental Solicitor's Office.

Overall DFP Internal Audit provided a satisfactory level of assurance on Enterprise Shared Services for 2009/10.

In relation to the HR Connect payroll service, the contractor had planned to undertake ten quality assurance reviews which, when combined with the direct audit work undertaken by DFP Internal Audit, would facilitate the provision of an overall audit assurance. The Contractor, however, has only completed two of its ten planned reviews and those are considered by DFP Internal Audit to lack rigour, breadth and depth. As such DFP Internal Audit was unable to provide additional assurance on those areas. Therefore, although satisfactory assurance was provided in six audits undertaken by DFP Internal Audit, a limited assurance rating was provided for HR Connect overall. DFP Internal Audit will undertake all audits in HR Connect from 2010-11 onwards.

### Other Issues

During 2008-09, the Department initiated an investigation following receipt of anonymous allegations concerning grant funding to a company. The investigation is ongoing.

Grant was paid to Craigavon Borough Council under Interreg IIIA for the installation of renewable energy boilers. Following checks undertaken by the funders, a suspected fraud in connection with the tendering process for installation of the boilers was discovered. The Council has referred the matter to the PSNI. The Department is pursuing clawback of grant.

Following reviews of the Consumer Council's payroll undertaken by DETI's Internal Audit Service and the Consumer Council's internal auditors, issues have been identified in relation to the Consumer Council's adherence to the general NICS pay structure. Arrangements have been made to ensure that practices reflect NICS policy.



The Department had failed to implement EC Directive 94/22/EC on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons ("The Hydrocarbons Directive"). Remedial action has been taken to correct this deficiency with additional staff being deployed to work on the necessary legislation required to implement the directive. The directive has now been implemented through the making of the Hydrocarbons Licensing Directive Regulations (Northern Ireland) 2010, which came into operation on 28 May 2010.



**David Sterling**

Accounting Officer

29 June 2010

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

I certify that I have audited the financial statements of the Department of Enterprise Trade & Investment for the year ended 31 March 2010 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement, the Statement of Financial Position, the Statement of Cash flows, the Statement of Changes in Taxpayer's Equity, the Statement of Net Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Accounting Officer and auditor

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

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates

made by the Department; and the overall presentation of the financial statements.

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

## Opinion on Regularity

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

## Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2010 and of its net cash requirement, net resource outturn, net operating cost, cash flows, changes in taxpayers' equity and net operating costs applied to departmental strategic objectives for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions issued thereunder.

## Emphasis of matter: Material Uncertainty on Provisions

Without qualifying my opinion, I draw attention to Note 21 of the financial statements which indicates the existence of significant uncertainty over the adequacy or excessiveness of the provisions at 31 March 2010 of £99 million of which £88 million is for anticipated asbestosis claims. The ultimate outcome of the matter cannot presently be accurately determined.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland); and
- the information given in the Directors' Report, Management Commentary, Sustainability Report and the Financial Performance in the Year for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or

- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

### Report

I have no observations to make on these financial statements.



#### KJ Donnelly

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

30 June 2010



# 3



## Accounting Schedules



# Statement of Parliamentary Supply

## Summary of Resource Outturn 2009-10

Request for Resources	Note	2009-10 £000						2008-09 £000	
		Estimate			Outturn			Net Total outturn compared with Estimate: saving/ (excess)	Outturn
		Gross Expend- iture	Accruing Resources	Net Total	Gross Expend- iture	Accruing Resources	Net Total	Net Total	
A: To grow a dynamic, innovative economy		339,156	(47,197)	291,959	319,592	(45,322)	274,270	17,689	222,991
Total resources	3	339,156	(47,197)	291,959	319,592	(45,322)	274,270	17,689	222,991
Non-operating cost Accruing Resources				(19)			(19)	-	(3)

## Net cash requirement 2009-10

	Note	2009-10 £000			2008-09 £000
		Estimate	Outturn	Net total outturn compared with estimate: saving/ (excess)	Outturn
Net cash requirement	5	284,729	262,350	22,379	228,725

## Summary of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Note	Forecast 2009-10 £000		Outturn 2009-10 £000	
		Income	Receipts	Income	Receipts
Total	6	3,000	3,088	13,568	4,290

Explanations of variances between Estimate and Outturn are given in Note 3 and in the Management Commentary

Notes 1 to 33 form part of these accounts



# Operating Cost Statement for the Year Ended 31 March 2010

	Note	2009-10 £000			Restated 2008-09 £000
		Staff Costs	Other Costs	Income	
<b>Administration Costs:</b>					
Staff Costs	10	13,068	-	-	13,297
Other administration costs	11	-	7,098	-	7,919
Operating income	13	-	-	(6)	(11)
<b>Programme Costs</b>					
Staff costs	10	8,916	-	-	7,282
Programme costs	12	-	295,976	-	208,386
Income	13	-	-	(58,884)	(23,205)
Energy Trust Fund		-	-	-	13
<b>Totals</b>		<b>21,984</b>	<b>303,074</b>	<b>(58,890)</b>	<b>213,681</b>
<b>Net Operating Cost</b>	4			<b>266,168</b>	<b>213,681</b>

Notes 1 to 33 form part of these accounts

# Statement of Financial Position as at 31 March 2010

	Note	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
<b>Non-current assets:</b>				
Property, plant and equipment	15	2,525	2,847	3,030
Intangible assets	16	6,144	5,749	5,423
Financial assets	17	-	-	-
<b>Total non-current assets</b>		<b>8,669</b>	<b>8,596</b>	<b>8,453</b>
<b>Current assets:</b>				
Trade and other receivables	18	52,190	22,860	17,306
Cash and cash equivalents	19	260	438	660
Total current assets		52,450	23,298	17,966
<b>Total assets</b>		<b>61,119</b>	<b>31,894</b>	<b>26,419</b>
<b>Current liabilities</b>				
Trade and other payables	20	(61,592)	(16,802)	(20,257)
<b>Total current liabilities</b>		<b>(61,592)</b>	<b>(16,802)</b>	<b>(20,257)</b>
<b>Non-current assets plus net current assets</b>		<b>(473)</b>	<b>15,092</b>	<b>6,162</b>
<b>Non-current liabilities</b>				
Provisions	21	(99,146)	(99,134)	(97,977)
<b>Total non-current liabilities</b>		<b>(99,146)</b>	<b>(99,134)</b>	<b>(97,977)</b>
<b>Assets less liabilities</b>		<b>(99,619)</b>	<b>(84,042)</b>	<b>(91,815)</b>
<b>Taxpayers' equity:</b>				
General fund		(101,406)	(85,833)	(94,293)
Revaluation reserve		1,787	1,791	2,040
Government grant reserve		-	-	438
<b>Total taxpayers' equity</b>		<b>(99,619)</b>	<b>(84,042)</b>	<b>(91,815)</b>



**David Sterling**  
Accounting Officer

29 June 2010

Notes 1 to 33 form part of these accounts

# Statement of Cash Flows for the Year Ended 31 March 2010

	Note	2009-10 £000	2008-09 £000
<b>Cash flows from operating activities</b>			
Net operating cost	4	(266,168)	(213,681)
Adjustments for non-cash transactions	10,11, 12	9,179	6,177
(Increase) / Decrease in trade and other receivables	18	(29,330)	(5,554)
Non-cash movement in trade receivables and other current liabilities		(2,675)	(99)
Increase / (Decrease) in trade payables (excluding overdraft)	20	44,642	(3,201)
<i>Less movement in payables relating to items not passing through the OCS</i>			
Consolidated Fund Extra Receipts		(9,425)	(896)
Consolidated Fund supply		473	46
Capital expenditure accruals		116	(60)
Use of provisions	21	(4,292)	(1,936)
<b>Net cash outflow from operating activities</b>		<b>(257,480)</b>	<b>(219,204)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(126)	(120)
Purchase of intangible assets		(472)	(617)
Proceeds of disposal of property, plant and equipment		19	3
Loans to other bodies		-	(585)
<b>Net cash flows from investing activities</b>		<b>(579)</b>	<b>(1,319)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (supply) – current year		261,876	228,679
<b>Net Financing</b>		<b>261,876</b>	<b>228,679</b>
<b>Net increase / (decrease) in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund</b>		<b>3,817</b>	<b>8,156</b>
Payments of amounts due to the Consolidated Fund		(4,143)	(8,124)
<b>Net increase / (decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(326)</b>	<b>32</b>
<b>Cash and cash equivalents at the beginning of the year</b>	19	<b>438</b>	<b>406</b>
<b>Cash and cash equivalents at the end of the year</b>	19	<b>112</b>	<b>438</b>

Notes 1 to 33 form part of these accounts

# Statement of Changes in Taxpayers' Equity for the year ended 31 March 2010

	Note	General Fund £000	Revaluation Reserve £000	Government Grant Reserve £000	Total Reserves £000
<b>Balance at 31 March 2008 (Restated)</b>		<b>(94,293)</b>	<b>2,040</b>	<b>438</b>	<b>(91,815)</b>
Changes in taxpayer's equity for 2008-09					
Net gain / (loss) on revaluation of property, plant and equipment	15		(204)		(204)
Net gain / (loss) on revaluation of intangible assets	16		-		-
Release of reserves to the operating cost statement				(438)	(438)
Non cash charges					
Cost of capital	12	(3,088)			(3,088)
Auditor's remuneration	11	69			69
Other notional costs	10,11	5,413			5,413
Transfers between reserves		38	(38)		-
Other adjustments		3	(7)		(4)
Net operating cost for the year	4	(213,681)			(213,681)
<b>Total recognised income and expense for 2008-09 (Restated)</b>		<b>(211,246)</b>	<b>(249)</b>	<b>(438)</b>	<b>(211,933)</b>
Net Parliamentary funding					
Drawn down		228,679			228,679
Deemed		404			404
Supply (payable) / receivable adjustment	20	(358)			(358)
Amounts repayable to Consolidated Fund	6	(9,019)			(9,019)
<b>Balance as at 31 March 2009 (Restated)</b>		<b>(85,833)</b>	<b>1,791</b>	<b>-</b>	<b>(84,042)</b>
Changes in taxpayer's equity for 2009-10					
Net gain / (loss) on revaluation of property, plant and equipment			(187)		(187)
Net gain / (loss) on revaluation of intangible assets			219		219
Release of reserves to the operating cost statement					
Non cash charges					
Cost of Capital	12	(2,826)			(2,826)
Auditor's remuneration	11	77			77
Other notional costs	10,11	4,527			4,527

	Note	General Fund £000	Revaluation Reserve £000	Government Grant Reserve £000	Total Reserves £000
Transfers between reserves		36	(36)		-
Net operating cost for the year	4	(266,168)			(266,168)
<b>Total recognised income and expense for 2009-10</b>		<b>(264,354)</b>	<b>(4)</b>	<b>-</b>	<b>(264,358)</b>
Net Parliamentary funding					
Drawn down		261,876			261,876
Deemed		358			358
Supply (payable) / receivable adjustment		115			115
Amounts repayable to Consolidated Fund		(13,568)			(13,568)
<b>Balance as at 31 March 2010</b>		<b>(101,406)</b>	<b>1,787</b>	<b>-</b>	<b>(99,619)</b>

Notes 1 to 33 form part of these accounts

## Statement of Net Operating Costs by Departmental Strategic Objectives for the year ended 31 March 2010

	2009-10	Restated
	£000	2008-09 £000
	Strategic Objective – to grow a dynamic, innovative economy	Strategic Objective – to grow a dynamic, innovative economy
Gross Expenditure	325,058	236,897
Income	(58,890)	(23,216)
<b>Net Expenditure</b>	<b>266,168</b>	<b>213,681</b>
<b>Total Assets</b>	<b>61,119</b>	<b>31,894</b>

Notes 1 to 33 form part of these accounts.





# 4



## Notes to the Resource Accounts



# Notes to the Departmental Resource Accounts

## Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2009-10 *Government Financial Reporting Manual* (FReM) issued by the Department of Finance and Personnel. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department of Enterprise, Trade and Investment for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Statement of Operating Cost by Departmental Strategic Objectives* and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

### 1.1 Accounting Convention

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

### 1.2 Basis of Consolidation

These accounts comprise the activities of the core department.

The accounts of Harland and Wolff Plc, which is sponsored by the Department, are not included by way of consolidation as they are outside the departmental boundary.

Four Executive Non-Departmental Public Bodies, General Consumer Council for Northern Ireland, Health and Safety Executive for Northern Ireland, Invest Northern Ireland, Northern Ireland Tourist Board, and two Cross-Border Bodies – InterTradelreland and Tourism Ireland Limited – are not included in the consolidated resource accounts by way of consolidation, but are included by way of accounting for funds paid as grant or expenses.

The public sector bodies, which have not been consolidated in these accounts, publish their own annual reports and accounts, detailing their financial activity during the year.

### 1.3 Property, Plant and Equipment

Expenditure on property, plant and equipment of over £1,000 is capitalised.

On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

All property, plant and equipment are carried at fair value.

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

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional

revaluations of land and buildings are undertaken every five years. They are revalued annually, between professional valuations, using indices provided by Land and Property Service, an executive agency within DFP. Properties are valued on the basis of open market value, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost. The Department does not currently have any specialised land or buildings.

### 1.4 Intangible Assets

The capitalisation threshold for intangible assets is £1,000.

Software and associated licenses are capitalised under intangible assets. Licenses running for a year or less than one year are not capitalised regardless of value.

Databases are capitalised where the specific recognition criteria of IAS 38 are met.

All intangible assets are carried at fair value and are revalued annually in accordance with the movement in the RPI.

### 1.5 Depreciation

Property, plant and equipment and intangible assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation is charged in the month of acquisition; none is charged in the month of disposal.

No depreciation is provided on freehold land as it has an unlimited or very long established useful life. Items under construction are not depreciated until they are commissioned.

Depreciable assets normally have useful lives in the following ranges:

Buildings	50 years
Plant and Machinery	3 - 20 years
Fixtures, Fittings & Office Equipment	3 - 10 years

Information Technology	3 - 10 years
Motor Vehicles	3 - 10 years
Intangibles (Software and Databases)	2 - 30 years

### 1.6 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.

The Department has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement* trade receivables, cash and other receivables are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value less provision for any impairment. A provision for impairment is made when there is evidence that the Department will be unable to collect an amount due in accordance with agreed terms.

The Department assesses at each reporting year date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. Based on historic experience receivables that are past due beyond 361 days are generally not recoverable.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Operating Cost Statement to the extent that a provision was not previously recognised.

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

## 1.7 Operating Income (including income receivable from the European Union)

Operating income is income which relates directly to the operating activities of the Department. It comprises, principally, fees and charges for services provided, on a full cost basis, to external customers and public repayment work and other recoveries, which have been deemed to relate to administration expenditure. All other income is treated as programme. Income includes both that which is accruing resources and income collected by the Department which is due to the Consolidated Fund. This income is known as Consolidated Fund Extra Receipts (CFERs).

EU income is separately identified and is recognised in the year in which the underlying activity takes place.

## 1.8 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. Administration costs reflect the costs of running the Department, as defined under the administration cost control regime, together with the associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administrative costs, including payments of grants and other disbursements by the Department.

## 1.9 Grants

The Department recognises grant expenditure in the year in which the recipient carries out the activity that creates entitlement to the grant support, in so far as it is practicable to do so.

## 1.10 Notional Charges

Some of the costs directly related to the running of the Department are borne by other Departments or organisations and are outside the Department's

Vote. These costs have been included on the basis of the estimated cost incurred by the providing organisation.

## 1.11 Capital Charge

A non-cash capital charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for:

- cash balances with the Consolidated Fund (including balances in Departmental bank accounts within the centralised NICS pool of accounts currently held at the Northern Bank) where the charge is nil.
- liabilities for EU amounts to be surrendered to the Consolidated Fund, where the credit will be at a nil rate.

## 1.12 Value Added Tax

Irrecoverable VAT is charged to relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

## 1.13 Foreign Exchange

Revenue and expenditure incurred in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Any outstanding monetary assets or liabilities held in foreign currencies are translated at the rate of exchange ruling at the reporting year date. Translation differences are charged directly to the Operating Cost Statement.

## 1.14 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)). The defined benefit scheme is unfunded and is non-contributory except in respect of dependents' benefits. The Department recognises the expected cost of these elements on a systematic and

rational basis over the year during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of defined contribution schemes, the Department recognises the contributions payable for the year.

### 1.15 Early Retirement Costs

The Department is required to meet the additional cost of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early.

### 1.16 Provisions

The Department provides for liabilities and charges where, at the reporting year date, a legal or constructive liability exists (i.e. a present obligation from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made. Where the time value of money is material, the Department discounts the provision to its present value using a discount rate of 2.2%, the Government's standard rate. Each year the financing charges in the Operating Cost Statement include the adjustments to amortise one year's discount.

### 1.17 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

### 1.18 Third Party Assets

The Department's Insolvency Account holds money received in respect of company liquidations, bankruptcies and estates of deceased insolvents, pending authorised appropriation. This is not a Departmental asset and is not included in the accounts, since neither the Department nor Government more generally has a direct beneficial interest in it.

### 1.19 Employee Benefits

IAS 19 requires that the Department recognises the cost of employee benefits that have been earned but not paid by the year end as a liability. An accrual for the estimated cost of total employee annual leave at the year end has been included in the accounts. The cost is based upon the NISRA survey which identified average annual leave balances per grade as at 31 March 2008. Taking this as an estimate for 2010, the annual leave balances have been combined with the average grade salary cost and staff in post figures as at 31 March 2010 to arrive at an estimated cost at the year end. Flexi leave was regarded as immaterial based on the results of the NISRA survey and was not included in the employee benefit calculation.

It is anticipated that in future years the cost of outstanding employee annual leave will be provided by HR Connect.

## 2. First-time adoption of IFRS

### Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the date of transition 1 April 2008

	General Fund £000	Revaluation Reserve £000
Taxpayers' equity at 31 March 2008 under UK GAAP	(99,455)	2,040
Adjustments for:		
IAS 19 Employee Benefits	(261)	-
IAS 38 Intangible Assets	5,423	-
<b>Taxpayers Equity at 1 April 2008 under IFRS</b>	<b>(94,293)</b>	<b>2,040</b>

### Reconciliation of GAAP reported taxpayers' equity to IFRS at the end of final UK GAAP reporting period 31 March 2009

	General Fund £000	Revaluation Reserve £000
Taxpayers' equity at 31 March 2009 under UK GAAP	(91,299)	1,791
Adjustments for:		
IAS 19 Employee Benefits	(283)	-
IAS 38 Intangible Assets	5,749	-
<b>Taxpayers Equity at 1 April 2009 under IFRS</b>	<b>(85,833)</b>	<b>1,791</b>

### Reconciliation of UK GAAP reported net operating cost to IFRS for year ended 31 March 2009

	£000
Net operating cost for 2008-09 under UK GAAP	213,985
Adjustments for:	
IAS 19 Employee Benefits	22
IAS 38 Intangible Assets	(326)
<b>Net operating cost for 2008-09 under IFRS</b>	<b>213,681</b>



### 3. Analysis of net resource outturn by section

									2009-10 £000	2008-09 £000
	Outturn						Estimate		Net Total outturn compared with Estimate	Prior-year outturn
	Admin	Other current	Grants	Gross resource Expend- iture	Accruing Resources	Net Total	Net Total			
<b>RfR A: To grow a dynamic, innovative economy</b>										
<b>Departmental Expenditure in DEL</b>										
1. Economic Development, Policy and Research	12,057	3,458	-	<b>15,515</b>	(575)	<b>14,940</b>	15,754	814	10,200	
2. Economic Infrastructure/Minerals	1,831	3,578	5,061	<b>10,470</b>	(240)	<b>10,230</b>	10,776	546	14,278	
3. Invest Northern Ireland	77	-	-	<b>77</b>	-	<b>77</b>	87	10	80	
4. Development of Tourism	367	16	-	<b>383</b>	-	<b>383</b>	475	92	370	
5. Tourism Ireland Ltd	184	-	15,732	<b>15,916</b>	-	<b>15,916</b>	15,925	9	15,671	
6. InterTradeIreland	77	-	3,799	<b>3,876</b>	-	<b>3,876</b>	3,895	19	3,393	
7. ERDF Support for Economic Development	-	47	6,408	<b>6,455</b>	(6,390)	<b>65</b>	86	21	(59)	
8. EU Community Initiatives	-	-	38,385	<b>38,385</b>	(34,674)	<b>3,711</b>	3,752	41	3,125	
9. Business Regulatory Services	969	6,904	-	<b>7,873</b>	(3,443)	<b>4,430</b>	4,926	496	2,253	
10. Health and Safety	-	4,736	-	<b>4,736</b>	-	<b>4,736</b>	5,009	273	3,440	
11. Integrated Development Fund	-	5	-	<b>5</b>	-	<b>5</b>	5	-	33	
12. Settlement of NICS Equal Pay Claims	-	2,610	-	<b>2,610</b>	-	<b>2,610</b>	2,610	-	-	
<i>EU Community Initiatives</i>	-	-	-	-	-	-	-	-	556	

									2009-10	2008-09
									£000	£000
	Outturn						Estimate			
	Admin	Other current	Grants	Gross resource Expenditure	Accruing Resources	Net Total	Net Total	Net Total outturn compared with Estimate	Prior-year outturn	
<b>Non-Budget</b>										
13. Invest NI – Grant	-	-	167,833	<b>167,833</b>	-	<b>167,833</b>	177,695	9,862	140,502	
14. Invest NI – IDF	-	-	2,352	<b>2,352</b>	-	<b>2,352</b>	2,352	-	2,843	
15. NI Tourist Board – Grant	-	-	40,385	<b>40,385</b>	-	<b>40,385</b>	44,142	3,757	17,754	
16. NI Tourist Board – IDF	-	-	701	<b>701</b>	-	<b>701</b>	1,185	484	837	
17. Consumer Council for N Ireland – Grant	-	-	1,605	<b>1,605</b>	-	<b>1,605</b>	1,704	99	1,678	
18. Health and Safety	-	-	1,277	<b>1,277</b>	-	<b>1,277</b>	1,427	150	555	
19. IFRS Prior Period Adjustments	283	(5,749)	-	<b>(5,466)</b>	-	<b>(5,466)</b>	(5,466)	-	-	
20. Notional Charges	4,604	-	-	<b>4,604</b>		<b>4,604</b>	5,620	1,016	5,482	
<b>Total</b>	<b>20,449</b>	<b>15,605</b>	<b>283,538</b>	<b>319,592</b>	<b>(45,322)</b>	<b>274,270</b>	<b>291,959</b>	<b>17,689</b>	<b>222,991</b>	

## Explanation of the Variation Between Estimate and Outturn (Net Total Resources)

### i Economic Development, Policy and Research

The variance relates to £0.3m of administration costs relating to surplus DFP allocation of budget for arrears of salary relating to the Equal Pay settlement. £0.5m relates to a reduction in the Non Cash budget allocation for foreign exchange fluctuations and the reclassification of resource consultancy.

### ii Economic Infrastructure / Minerals

Main variance is due to delay in implementation of Hydrocarbons legislation £0.26m. Other small variances account for the remainder.

### iii Business Regulatory Services

As in (i) above the variance relates to a surplus allocation of budget for arrears of equal pay.

#### iv Invest NI – Grant

Invest NI received unanticipated cash receipts from EU under the European Regional Development Fund, thus reducing their draw on the Department. It had been anticipated that these would be received in the 2010-11 financial year.

#### v Northern Ireland Tourist Board – Grant

Variance due to lack of progress on capital projects

#### vi Notional Charges

Reduction in anticipated notional costs due to reform projects altering their charging models from the previous year.

Detailed explanations of the variances are given in the Management Commentary.

### 4. Reconciliation of outturn to net operating cost and against Administration Budget

#### 4.1 Reconciliation of net resource outturn to net operating cost

	Note	2009-10 £000			2008-09 £000
		Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	3	274,270	291,959	17,689	222,991
Prior Period Adjustments	2	5,466	5,466	-	(304)
Non-supply income (CFERs)	6	(13,568)	(3,000)	10,568	(9,019)
Non-supply expenditure (CFERs)		-	-	-	-
Non-supply expenditure	33	-	-	-	13
Net operating cost		<b>266,168</b>	<b>294,425</b>	<b>28,257</b>	<b>213,681</b>

#### 4.2 Outturn against final Administration Budget

	Budget	2009-10 £000	2008-09 £000
		Outturn	Outturn
Gross Administration Budget	21,957	20,449	15,734
Income allowable against the Administration Budget	-	-	-
Net outturn against final Administration Budget	<b>21,957</b>	<b>20,449</b>	<b>15,734</b>

## 5. Reconciliation of resources to cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/ (excess) £000
Resource Outturn	3	291,959	274,270	17,689
Prior Year Adjustment	2	5,466	5,466	-
Capital				
Acquisition of non-current assets		6,884	598	6,286
Investments	17	-	-	-
Non operating AR				
Proceeds of asset disposals		(19)	(19)	-
Accruals adjustments				
Non-cash items	10, 11, 12	(10,973)	(9,179)	(1,794)
Changes in working capital other than cash		(13,000)	(13,078)	78
Use of provision	21	4,412	4,292	120
Net cash requirement		<b>284,729</b>	<b>262,350</b>	<b>22,379</b>

## Explanation of The Variation Between Estimate and Outturn (Net Cash Requirement)

### i Acquisition of non-current assets

Majority of difference relates to prior spend which was capitalised under IFRS and included in two separate places in the Spring Supplementary Estimates so as to be passed as capital spend on the Vote.

### ii Non cash items

Variance due to lower than anticipated notional charges as third parties move to hard charging.

### iii Changes in working capital other than cash

No material difference

### iv Use of provisions

No material difference

## 6 Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Note	Forecast 2009-10 £000		Outturn 2009-10 £000	
		Income	Receipts	Income	Receipts
Operating income and receipts – excess AR		-	-	-	-
Other operating income and receipts not classified as AR		3,000	3,088	13,558	4,280
		3,000	3,088	13,558	4,280
Non-operating income and receipts – excess AR	8	-	-	10	10
Other non-operating income and receipts not classified as AR	9	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>3,000</b>	<b>3,088</b>	<b>13,568</b>	<b>4,290</b>

## 7. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2009-10 £000	2008-09 £000
Operating income		58,890	23,216
Adjustments for transactions between RfRs		-	-
Gross income	13	58,890	23,216
Income authorised as Accruing Resources		(45,322)	(14,197)
<b>Operating income payable to the Consolidated Fund</b>	<b>6</b>	<b>13,568</b>	<b>9,019</b>

## 8. Non-operating income – Excess Accruing Resources

	2009-10 £000	2008-09 £000
Principal repayments of voted loans	-	-
Proceeds on disposal of fixed assets	10	-
<b>Non-operating income – excess Accruing Resources</b>	<b>10</b>	<b>-</b>

## 9. Non-operating income not classified as Accruing Resources

	2009-10 £000	2008-09 £000
Receivable in the year	-	-
Recognised in the year	-	-
<b>Carried forward</b>	-	-

## 10. Staff numbers and related costs

	2009-10 £000			2008-09 £000
	Total	Permanently employed staff*	Minister (notional cost)**	Total
<b>Staff costs comprise:</b>				
Wages and salaries	17,006	16,968	38	16,045
Social security costs	1,244	1,239	5	1,147
Other pension costs	2,947	2,938	9	2,766
Agency staff	55	55	-	36
Movement in employee benefits accrual (non-cash cost)	14	14	-	22
<b>Sub total</b>	<b>21,266</b>	<b>21,214</b>	<b>52</b>	<b>20,016</b>
Payments made on behalf of Department	-	-	-	(104)
Staff Seconded from NISRA (Gross)	718	718	-	667
<b>Total gross costs</b>	<b>21,984</b>	<b>21,932</b>	<b>52</b>	<b>20,579</b>
Less recoveries in respect of outward secondments and other staff cost recoveries	(564)	(564)	-	(556)
<b>Total net costs</b>	<b>21,420</b>	<b>21,368</b>	<b>52</b>	<b>20,023</b>
Analysed as:				
Administration	13,068	13,016	52	13,297
Programme	8,916	8,916	-	7,282
Income	(564)	(564)	-	(556)
	<b>21,420</b>	<b>21,368</b>	<b>52</b>	<b>20,023</b>

\* Permanently employed staff includes the cost of the Department's special advisor.  
The special advisor was paid in the pay band £57,300-£79,740.

\*\* Notional (non-cash) charge for Minister's salary in 2008-09 was £51k.

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] is an unfunded multi-employer defined benefit

scheme which produces its own resource account, but the Department is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2009-10, employers' contributions of £2.9m were payable to the PCSPS (NI) (2008-09 £2.8m) at one of four rates in the range 16.5% to 23.5% per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Contribution rates were revised for 2009-10 but salary bands were unchanged. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2008-09: £82) were paid to an appointed stakeholder pension provider. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employee contributions of £8 (2008-09: £26) of pensionable pay, were payable to the PCPS 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 year date were £nil. Contributions prepaid at that date were £nil.

3 people (2008-09: 1) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £4,577 (2008-09: £1,164).

Average number of full-time equivalent people employed during the year was as follows:

Objective: To grow a dynamic, innovative economy	2009-10			Restated 2008-09
	Total (Number)	Permanent staff (Number)	Minister (Number)	Total
Core Department	494	493	1	517
HSENI	112	112	-	84
Staff seconded from NISRA	18	18	-	18
Less staff on secondment	(9)	(9)	-	(8)
<b>Total</b>	<b>615</b>	<b>614</b>	<b>1</b>	<b>611</b>

## 11. Other Administration Costs

	2009-10 £000	2008-09 £000
General administration expenditure	2,546	2,488
Non-cash items		
Auditors' remuneration and expenses	77	69
Notional accommodation costs	2,885	2,788
Other notional costs	1,590	5,431
<b>Total</b>	<b>7,098</b>	<b>7,919</b>

## 12. Programme Costs

	Note	2009-10 £000	2008-09 £000
Grants		266,105	195,504
EU Grants		17,579	5,787
Other Programme Costs		7,731	6,401
Non-cash items			
Depreciation	15	135	151
Amortisation	16	296	291
Revaluation of assets	15	-	4
Profit on disposal of fixed assets		(9)	(2)
Cost of capital charges		(2,826)	(3,088)
Additions to provisions	21	3,040	3,515
Provisions written back	21	(493)	(2,341)
Unwinding of discount on provisions	21	1,757	1,919
Release from Government Grant Reserve		-	(438)
Investment write off provision	17	-	584
Foreign exchange (gain) / loss		2,252	(105)
Bad debts		409	204
<b>Total</b>		<b>295,976</b>	<b>208,386</b>

## 13. Income

	2009-10 £000	2008-09 £000
	RfRA	RfRA
Administrative Income	6	11
Fees and charges to external bodies	3,782	4,712
Rents	2	2
Other	262	1,315
EU Income	30,575	9,986
Telecommunications Projects Funding	23,507	2,645
Invest NI income	756	4,545
<b>Total Income</b>	<b>58,890</b>	<b>23,216</b>



#### 14. Analysis of net operating cost by spending body

	2009-10 £000		Restated 2008-09 £000
	Estimate	Outturn	Outturn
Spending body:			
Core Department	45,625	31,840	30,078
Invest NI	180,047	170,185	143,345
NI Tourist Board	45,327	41,086	18,591
General Consumer Council for NI	1,704	1,605	1,678
Health and Safety Executive NI	1,427	1,277	555
Tourism Ireland	16,400	16,299	16,041
InterTrade Ireland	3,895	3,876	3,393
<b>Net Operating Cost</b>	<b>294,425</b>	<b>266,168</b>	<b>213,681</b>

#### 15. Property, plant and equipment

	Land	Buildings	Plant & Machinery	Information Technology	Furniture, Fittings & Office Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2009	1,198	1,510	381	249	59	324	3,721
Additions	-	-	-	10	-	-	10
Disposals	-	-	-	(11)	-	(114)	(125)
Revaluations	(123)	(106)	7	16	-	4	(202)
<b>At 31 March 2010</b>	<b>1,075</b>	<b>1,404</b>	<b>388</b>	<b>264</b>	<b>59</b>	<b>214</b>	<b>3,404</b>
Depreciation							
At 1 April 2009	-	312	171	163	53	175	874
Charged in year	-	43	28	28	4	32	135
Disposals	-	-	-	(11)	-	(105)	(116)
Revaluations	-	(25)	3	6	-	2	(14)
<b>At 31 March 2010</b>	<b>-</b>	<b>330</b>	<b>202</b>	<b>186</b>	<b>57</b>	<b>104</b>	<b>879</b>
<b>Net book value at 1 April 2009</b>	<b>1,198</b>	<b>1,198</b>	<b>210</b>	<b>86</b>	<b>6</b>	<b>149</b>	<b>2,847</b>
<b>Net book value at 31 March 2010</b>	<b>1,075</b>	<b>1,074</b>	<b>186</b>	<b>78</b>	<b>2</b>	<b>110</b>	<b>2,525</b>

Land and buildings have been professionally revalued by the Valuation and Lands Agency, on the basis of existing use on the following dates:

Land – Ulster American Folk Park, Omagh	31 March 2010
Buildings – Consumer Affairs Building, Newtownbreda, Belfast	31 March 2006

In intervening years, Land and Buildings were revalued using indices provided by the Valuation and Lands Agency.

Other tangible assets were revalued at 31 March 2010 using the latest available indices published in “Price Index Numbers for Current Cost Accounting” prepared by the Office for National Statistics.

Included in the above are fully depreciated assets with an original cost of £330,601 which are still in use.

### 15.1 Property, plant and equipment (comparative)

	Land	Buildings	Plant & Machinery	Information Technology	Furniture, Fittings & Office Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2008	1,288	1,678	327	228	80	261	3,862
Additions	-	-	44	64	-	72	180
Disposals	-	-	-	(35)	(22)	(29)	(86)
Revaluations	(90)	(165)	10	(1)	1	15	(230)
Impairments	-	(3)	-	(3)	-	5	(1)
Transfers	-	-	-	(4)	-	-	(4)
<b>At 31 March 2009</b>	<b>1,198</b>	<b>1,510</b>	<b>381</b>	<b>249</b>	<b>59</b>	<b>324</b>	<b>3,721</b>
Depreciation							
At 1 April 2008	-	300	146	154	68	164	832
Charged in year	-	47	21	47	5	31	151
Disposals	-	-	-	(35)	(21)	(29)	(85)
Revaluations	-	(35)	4	(1)	1	5	(26)
Impairments	-	-	-	(1)	-	4	3
Transfers	-	-	-	(1)	-	-	(1)
<b>At 31 March 2009</b>	<b>-</b>	<b>312</b>	<b>171</b>	<b>163</b>	<b>53</b>	<b>175</b>	<b>874</b>
<b>Net book value at 1 April 2008</b>	<b>1,288</b>	<b>1,378</b>	<b>181</b>	<b>74</b>	<b>12</b>	<b>97</b>	<b>3,030</b>
<b>Net book value at 31 March 2009</b>	<b>1,198</b>	<b>1,198</b>	<b>210</b>	<b>86</b>	<b>6</b>	<b>149</b>	<b>2,847</b>

## 16. Intangible assets

	Software £000	Databases £000	Total £000
Cost or valuation			
At 1 April 2009	588	5,773	6,361
Additions	20	452	472
Revaluations	23	230	253
<b>At 31 March 2010</b>	<b>631</b>	<b>6,455</b>	<b>7,086</b>
Depreciation			
At 1 April 2009	246	366	612
Charged in year	101	195	296
Revaluations	13	21	34
<b>At 31 March 2010</b>	<b>360</b>	<b>582</b>	<b>942</b>
<b>Net book value at 1 April 2009</b>	<b>342</b>	<b>5,407</b>	<b>5,749</b>
<b>Net book value at 31 March 2010</b>	<b>271</b>	<b>5,873</b>	<b>6,144</b>

All intangible assets have been separately acquired.

### 16.1 Intangible assets (comparative)

	Restated Software £000	Restated Databases £000	Restated Total £000
Cost or valuation			
At 1 April 2008	558	5,186	5,744
Additions	30	587	617
Revaluations	-	-	-
<b>At 31 March 2009</b>	<b>588</b>	<b>5,773</b>	<b>6,361</b>
Depreciation			
At 1 April 2008	148	173	321
Charged in year	98	193	291
Revaluations	-	-	-
<b>At 31 March 2009</b>	<b>246</b>	<b>366</b>	<b>612</b>
<b>Net book value at 1 April 2008</b>	<b>410</b>	<b>5,013</b>	<b>5,423</b>
<b>Net book value at 31 March 2009</b>	<b>342</b>	<b>5,407</b>	<b>5,749</b>

## 17. Financial Instruments

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk. The Department does not face any significant medium to long-term financial risks.

### 17.1 Investments in non-public sector bodies

	Share Capital H&W plc	Viridan Growth Fund	Total
	£000	£000	£000
Balance at 1 April 2009	4,600	3,340	7,940
Additions	-	-	-
Disposals	-	-	-
<b>Balance at 31 March 2010</b>	<b>4,600</b>	<b>3,340</b>	<b>7,940</b>
Opening provision at 1 April 2009	(4,600)	(3,340)	(7,940)
Movement in provision	-	-	-
Provision utilised in year	-	-	-
<b>Closing provision at 31 March 2010</b>	<b>(4,600)</b>	<b>(3,340)</b>	<b>(7,940)</b>
<b>Net Balance at 31 March 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 17.2 Investments in non-public sector bodies (comparative information)

	Share Capital H&W plc	Viridan Growth Fund	Total
	£000	£000	£000
Balance at 1 April 2008	4,600	2,756	7,356
Additions	-	584	584
Disposals	-	-	-
<b>Balance at 31 March 2009</b>	<b>4,600</b>	<b>3,340</b>	<b>7,940</b>
Opening provision at 1 April 2008	(4,600)	(2,756)	(7,356)
Movement in provision	-	(584)	(584)
Provision utilised in year	-	-	-
<b>Closing provision at 31 March 2009</b>	<b>(4,600)</b>	<b>(3,340)</b>	<b>(7,940)</b>
<b>Net Balance at 31 March 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 18. Trade receivables and other current assets

	2009-10 £000	2008-09 £000	1 April 2008 £000
Amounts falling due within one year:			
Trade receivables	427	864	429
Deposits and advances	13	1	9
VAT	241	298	125
Other receivables	953	8	26
Prepayments and accrued income	9,323	292	940
EU accrued income	21,104	10,668	5,849
Supply due from the Consolidated Fund at year end	115	-	-
Energy Trust Fund Prepayment	-	-	13
	32,176	12,131	7,391
CFER EU accrued income	17,566	4,569	4,577
CFER Other accrued income	2,448	6,160	5,338
	20,014	10,729	9,915
<b>Total</b>	<b>52,190</b>	<b>22,860</b>	<b>17,306</b>

Included within trade receivables is £12,060 (2008-09: £20,215) that will be due to the Consolidated Fund once the debts are collected.

### 18.1 Intra-Government balances

	Amounts falling due within one year		
	2009-10 £000	2008-09 £000	1 April 2008 £000
Balances with other central government bodies	2,878	6,044	5,082
Balances with bodies external to government	49,312	16,816	12,224
<b>Total</b>	<b>52,190</b>	<b>22,860</b>	<b>17,306</b>

## 19. Cash and cash equivalents

	2009-10 £000	2008-09 £000	1 April 2008 £000
Balance at 1 April	438	406	1,110
Net change in cash and cash equivalent balances	(326)	32	(704)
<b>Balance at 31 March</b>	<b>112</b>	<b>438</b>	<b>406</b>
The following balances at 31 March were held at:			
Commercial banks	110	436	405
Cash in hand	2	2	1
	<b>112</b>	<b>438</b>	<b>406</b>
Broken down as follows:			
Cash at bank and in hand	260	438	660
Bank overdraft	(148)	-	(254)
	<b>112</b>	<b>438</b>	<b>406</b>

## 20. Trade payables and other current liabilities

	2009-10 £000	2008-09 £000	1 April 2008 £000
Amounts falling due within one year			
Trade payables	556	64	-
Other payables	265	180	132
Accruals and deferred income	17,854	5,372	9,536
EU Programmes advance	22,516	-	-
	41,191	5,616	9,668
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	358	404
Consolidated Fund extra receipts due to be paid to the Consolidated Fund			
Received	227	79	1
Receivable – EU income payable to Consolidated Fund	17,566	4,569	4,577
Receivable – Other	2,460	6,180	5,353
	20,253	10,828	9,931
<b>Total creditors before bank overdraft</b>	<b>61,444</b>	<b>16,802</b>	20,003
Bank overdraft	148	-	254
<b>Total</b>	<b>61,592</b>	<b>16,802</b>	20,257

## 20.1 Intra-Government balances

	Amounts falling due within one year		
	2009-10 £000	2008-09 £000	1 April 2008 £000
Balances with other central government bodies	20,402	11,374	10,335
Balances with bodies external to government	41,190	5,428	9,668
<b>Total</b>	<b>61,592</b>	<b>16,802</b>	<b>20,003</b>

## 21. Provisions for liabilities and charges

	H&W £000	Mines £000	Equal Pay £000	LEDU pensions £000	Early departure costs £000	Other £000	Total £000
Balance at 1 April 2009	90,164	7,857	-	600	94	419	99,134
Provided in the year	-	-	2,610	-	430	-	3,040
Provisions not required written back	-	-	-	(300)	-	(193)	(493)
Provisions utilised in the year	(3,500)	(434)	-	-	(196)	(162)	(4,292)
Unwinding of discount	1,683	74	-	-	-	-	1,757
<b>Balance at 31 March 2010</b>	<b>88,347</b>	<b>7,497</b>	<b>2,610</b>	<b>300</b>	<b>328</b>	<b>64</b>	<b>99,146</b>

### Analysis of expected timing of discounted flows

	H&W £000	Mines £000	Equal Pay £000	LEDU pensions £000	Early departure costs £000	Other £000	Total £000
In the remainder of the Spending Review year (to 2011)	14,092	2,366	2,610	-	172	-	19,240
Between 2012 and 2016	31,363	5,131	-	300	156	-	36,950
Between 2017 and 2020	18,437	-	-	-	-	-	18,437
Thereafter	24,455	-	-	-	-	64	24,519
<b>Balance at 31 March 2010</b>	<b>88,347</b>	<b>7,497</b>	<b>2,610</b>	<b>300</b>	<b>328</b>	<b>64</b>	<b>99,146</b>

### 21.1 Provisions for liabilities and charges (comparative)

	H&W £000	Mines £000	LEDU pensions £000	Early departure costs £000	Other £000	Total £000
Balance at 1 April 2008	91,313	5,179	995	169	321	97,977
Provided in the year	-	3,365	-	50	100	3,515
Provisions not required written back	(1,950)	-	(391)	-	-	(2,341)
Provisions utilised in the year	(1,000)	(805)	(4)	(125)	(2)	(1,936)
Unwinding of discount	1,801	118	-	-	-	1,919
<b>Balance at 31 March 2009</b>	<b>90,164</b>	<b>7,857</b>	<b>600</b>	<b>94</b>	<b>419</b>	<b>99,134</b>

### 21.2 Harland and Wolff PLC

The provision in respect of Harland and Wolff plc activities is based on assumptions as to future liabilities and revenues. The outcome of these matters cannot be certain. The provision reflects the approximate amount that the Department may be required to contribute to enable Harland and Wolff plc to fulfil its obligations as they fall due.

The provision reflects the Department's potential liability to meet claims against Harland and Wolff Plc in respect of employer's and public liability arising from the collapse of the group's insurer, Chester Street Insurance Holdings Ltd, which went into liquidation on 10 January 2001. This provision is based on actuarial advice and includes known claims, largely in relation to asbestosis related illnesses of former employees of Harland and Wolff plc, together with estimated amounts in relation to unreported claims which may be expected to crystallise over a significant number of years. The amount, £88.3m (£90.2m 2008-09), represents the total estimated liability discounted back to today's prices. The accuracy of the provision is subject to a considerable number of uncertainties including future mortality rates, emergence of new diseases, improvements in medical treatments, and the outcome of future legal cases. The overall undiscounted liability in relation to the employer's and public liability claims referred to above, based on actuarial advice, amounts to £101.7m (£105.3m 2008-09). A revised actuarial report was issued in 2007-08; this included revised projected cash flows as at 31 March 2008.



### 21.3 Mines

Provision is made for the anticipated costs of ensuring that inactive mines in Northern Ireland are secure.

### 21.4 Equal Pay

This provision represents the Department's expected share of the settlement payment to be made to staff at AA, AO, EOII and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay.

As over 13,000 staff are affected, each with their own personal circumstances, implementation of the settlement will be a major administrative exercise and will take several months to fully complete. The exact amount to be paid will depend on a number of factors, including the number of staff who agree to the settlement and the amount that HMRC calculate is due from departments to discharge taxation obligations.

### 21.5 LEDU pensions

This provision relates to the potential shortfall in the former LEDU employees pension scheme, as a result of the transfer of LEDU employees to Invest NI on 1 April 2002.

### 21.6 Early departure costs

The Department meets the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme (Northern Ireland) in respect of employees who retire early by paying the required amounts annually to the Principal Civil Service Pension Scheme (Northern Ireland) over the year between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2% in real terms.

### 21.7 Other

This provision includes an estimate of the amount the Department may be required to pay in respect of a range of claims against it.

## 22. Notes to the Consolidated Statement of Operating Costs by Departmental Aim and Objectives

Programme grants and other current expenditures have been allocated as follows:

	2009-10 £000	2008-09 £000
RfRA To grow a dynamic, innovative economy	299,143	215,994
<b>Total</b>	<b>299,143</b>	<b>215,994</b>

## 23. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements.

	2009-10 £000	2008-09 £000
Intangible assets	226	678

## 24. Other financial commitments

The Department has entered into non-cancellable contracts. Fulfilling the terms of letters-of-offer are included in this definition. The payments to which the Department is committed, analysed by the period during which the commitment expires are as follows:

	2009-10 £000	2008-09 £000
Not later than one year	14,473	21,206
Later than one year and not later than five years	3,716	3,936
Later than five years	-	-
	<b>18,189</b>	<b>25,142</b>

## 24.1 Financial Guarantees, Indemnities and Letter of Comfort

The Department has given a guarantee to meet claims in respect of employer's and public liability arising from the collapse of the Harland and Wolff insurer. This has been fully provided for under IAS 37 and is detailed in Note 21.

The Department has not entered into any other quantifiable Financial Guarantees, Indemnities or Letters of Comfort.

## 25. Contingent liabilities disclosed under IAS 37

DETI has an unquantified potential liability arising out of a preliminary EU audit report on the international telecommunications infrastructure initiative "Project Kelvin." The auditors believe they have identified issues which could mean that an element of EU funded expenditure may be "considered ineligible."

DETI has submitted a robust rebuttal to the European Auditors. DETI, DFP, DCMNR and DFP officials have presented their case to the Commission and its Auditors. On this basis the Department considers that no material liability should crystallise. The EU final audit report is due in July 2010 and a ruling by the Commission will follow at a later date.

## 26. Losses and special payments

### 26(a) Losses Statement

	2009-10	2008-09
Claims Abandoned	£000	£000
Total [633 cases (2008-09 - 733)]	471	512

## 27. Related-party transactions

The Department of Enterprise, Trade and Investment sponsors the Non-Departmental Public Bodies (NDPBs) and North South Bodies listed in

Note 1.2., as well as Harland and Wolff Plc and Air Route Development Limited.

These bodies are regarded as related parties with which the Department of Enterprise, Trade and Investment has had various material transactions during the year.

In addition, the Department of Enterprise, Trade and Investment has had a number of transactions with other Government Departments and other Central Government bodies. Most of these have been with the Department of Finance and Personnel.

The Department, its NDPBs and North South Bodies have undertaken a number of transactions with Members of the Departmental Board and Departmental Audit Committee or companies / bodies in which they have an interest. Those transactions during the reporting year were as follows:

### Dr. Ian McMorris

- i. Director of Economic Research Institute NI which had transactions totalling £4,000 with DETI in relation to an energy study
- ii. Director of Dale Farm Limited which received £958,669 of funding from Invest NI. Dale Farm Limited also paid £8,936 to Invest NI in relation to attendance at trade shows
- iii. Director of United Dairy Farmers which received £161,595 of funding from Invest NI
- iv. Director of IBED-CBI Steering Group which had transactions totalling £4,706 with Invest NI

### Bill McGinnis

- i. Chairman and Director of NI Chamber of Commerce & Industry which received £259,166 in relation to the Network and Generation Programme from InterTrade Ireland, had £43,658 of transactions with Invest NI, and received £100 from DETI
- ii. Chairman and Director of the McAvoy Group which received £215,804 of funding from

- Invest NI. The McAvoy group also made a number of payments totalling £523 to Invest NI
- iii. Ambassador of the Prince's Trust which received £438,398 in funding from Invest NI and £1,250 for a programme participant from DETI
- iv. Chairman and Director of Focus Management Consultants which received a total of £5,319 in relation to project costs from Invest NI
- v. Chairman and Director of Air Route Development which received £2,871 of funding from DETI
- vi. Mr McGinnis is a member of Tourism Irelands Board of Directors and is entitled to an annual fee of £5,510 (reduced from £6,120 as of November 2009)

### Gerry McGinn

- i. Member of NI Committee of the Institute of Directors which received £285 in relation to membership fees from Intertrade Ireland
- ii. An interest in Goodbody Stockbrokers until June 2009 which received £98 of a refund in relation to Companies Registry services from DETI

### Bob McCann

- i. An Audit Committee member of NI Housing Executive which received £110 of a refund in relation to Companies Registry services from DETI and paid £300 to HSENI for conference attendance
- ii. A Board member of Northern Health and Social Care Trust which paid £300 to HSENI for conference attendance

### Harland and Wolff plc

- i. A company wholly owned by the Department received £3.5m to enable it to meet its liabilities. The directors of Harland and Wolff plc are appointed ex-officio. During 2009/10 the directors were Trevor Cooper (DETI employee and Board Member), Noel Lavery (DETI employee and Board Member until 5 April 2009), and Terry Coyne (DETI employee).

## 28. Third-party assets

Under Article 358 (1) of the Insolvency (Northern Ireland) Order 1989 trustees in bankruptcy and liquidators of companies must pay the money received in respect of Company Liquidations, Bankruptcies and Estates of Deceased Insolvents, including Arrangements under the control of the Court up to 30 September 1991, into the Insolvency Account pending authorised appropriation.

	31 March 2010	Gross inflows	Gross outflows	31 March 2010
	£000	£000	£000	£000
Insolvency Account	11,246	6,832	7,228	10,850

These are not Departmental assets and are not included in the accounts. The assets held at the balance sheet date comprised monetary assets, such as bank balances and monies on deposit.

Further information is contained in the published Insolvency Account.

## 29. Entities within the departmental boundary

The core Department is the only entity within the boundary during 2009–10.

### 30. Business activities attracting fees and charges

This note is provided for fees and charging purposes and not for IFRS 8 purposes.

	2009-10			2008-09
	Income	Full Cost	Surplus / (deficit)	Surplus / (deficit)
	£000	£000	£000	£000
Insolvency Service	(1,200)	2,685	(1,485)	(1,023)
<b>Total</b>	<b>(1,200)</b>	<b>2,685</b>	<b>(1,485)</b>	<b>(1,023)</b>

The above figures represent services where the full cost of the service is in excess of £1m.

The financial objective for Insolvency Service is to recover the cost of those activities for which core funding was not provided. This objective was met.

### 31. Investments Held

The Department holds the following investments which are shown by the number of shares held and the actual cost of the investments.

	2009-10			2008-09		
	No.	Cost	Current Value	No.	Cost	Current Value
		£000	£000		£000	£000
Harland & Wolff plc	10,996,082	4,600	-	10,996,082	4,600	-

### 32. Harland & Wolff Plc

Harland and Wolff Plc is wholly owned by the Department, overseeing the completion of certain activities remaining following the privatisation of the former companies Harland and Wolff Plc and Short Brothers Plc.

Details of the group's trading are contained in its accounts, which are prepared under UK GAAP.

Key figures extracted from these accounts are:

Profit and Loss Account for the Year Ended 31 March 2010	2009-10		2008-09	
		£000		£000
Leasing Income		-		-
Other operating expenses (net)		(4)		(78)
Operating Loss		(4)		(78)
Interest Receivable (net)		4		78
Profit/Loss before taxation		-		-
Taxation		-		-
<b>Profit/Loss for year</b>		<b>-</b>		<b>-</b>

Balance Sheet as at 31 March	2010		2009	
	£000	£000	£000	£000
Tangible Fixed Assets		-		-
Government Grants receivable		85,845		87,599
Current Assets	1,489		1,809	
Creditors	(40)		(29)	
Net Current Assets		1,449		1,780
Total assets less current liabilities		<b>87,294</b>		<b>89,379</b>
Provisions for liabilities and charges		(87,294)		(89,379)
Net Assets		-		-
<b>Capital and Reserves</b>				
Called-Up Share capital		10,966		10,996
Profit and loss account		(10,966)		(10,996)
<b>Equity Shareholders' funds</b>		-		-

### 33. Energy Trust Fund (for comparative purposes)

The Energy Trust Fund was established in March 1998, for the purpose of reducing the costs of electricity production in Northern Ireland for the benefit of consumers. £45m was provided and accounted for through the Department's 1998-99 Appropriation Account. The Fund was administered by Northern Ireland Electricity plc but payments from it were subject to DETI approval. The Fund was not considered to be within the departmental resource accounting boundary. Accordingly, the balance of the Fund, which was nil at 31 March 2010 (£nil at 31 March 2009; £13,368 at 31 March 2008), was treated as an asset in the balance sheet (Note 16(a)). The Department of Finance and Personnel directed that the movement in the fund during the year be treated as non-Supply expenditure. Details of the Fund's activities are shown in its own accounts.





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