SOCIAL SECURITY AGENCY

An Agency within the Department for
Social Development
www.dsdni.gov.uk

Social Security Agency Annual Report & Accounts 2011 - 2012

INVESTORS IN PEOPLE

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Social Security Agency

Annual Report and Accounts For the year ended 30 March 2012

Laid before the Northern Ireland Assembly under section 11(3) (c) of the Government Resources and Accounts Act (Northern Ireland) 2001 by the Department for Social Development

on

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Any enquiries regarding this document should be sent to us at planning@dsdni.gov.uk

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Chief Executive's Report

I am pleased to present the Social Security Agency's Annual Report and Accounts for 2011-12.

The Agency has achieved all of its financial accuracy targets for the main social security benefits for the first time, and has also delivered a 10% improvement in clearance times for the processing of fresh claims, and changes in circumstances for all of the main social security benefits. These are significant achievements and represent our best performance in the 20 years we have been an Agency.

It is important to recognise the efforts of all the staff across the Agency in delivering this performance but I would like to make special mention of the staff in State Pension Credit and Employment and Support Allowance for their achievements during this year. Achieving the financial accuracy targets in these benefit areas represented a special level of performance.

The past 12 months has also seen a continued focus on tackling fraud and error, whilst encouraging those who may be missing out on benefits to have their entitlement checked.

Our fraud and error work has resulted in a further reduction in total losses of social security benefit to a level where overpayments now equate to 0.9% of benefit expenditure. This is an important milestone for the Agency as the figure has now moved below 1% for the first time in our history.

At the same time we also launched a series of campaigns aimed at maximising benefit uptake amongst our customers considered to be most in need. The Innovation Fund and the Make the Call campaign were important initiatives aimed at increasing benefit uptake amongst vulnerable groups through improved partnerships with the voluntary and community sector. Both initiatives have been a great success and I look forward to seeing this work continue during the next 12 months.

There have also been a number of significant service improvements during the past year, including the roll out of Customer First into Belfast West and Lisburn and the launch of the new Medical Support Services in June 2011.

The Social Security Agency is celebrating its 20th anniversary this year and, to mark this significant milestone, staff have organised a series of local events, raising over £25,000 for local charities - a fantastic achievement for all involved and one which is to be commended.

As a major public service, it is the staff who are the public face of the Agency and who work directly with our customers. The Agency is committed to ensuring that our staff have the appropriate skills and knowledge to undertake their work and that they feel valued and able to contribute to the direction of the Agency.

Whilst this year's staff engagement target was not achieved, the Agency management team are committed to understanding what needs to be done and implemented to improve staff engagement.

Another important initiative in the last 12 months has been the launch of the Customer Insight work aimed at building our understanding of our customers and how they perceive the services we provide.

Our focus over the last year has been on developing a future scheme to replace the current Social Fund arrangements, understanding what is happening to customers on the Employment and Support Allowance journey, and working with voluntary and community sector organisations to develop future services, to understand who will receive them and how these services will be delivered.

Now it is time to look forward to the extremely challenging times that lie ahead for the Agency. The coming year will be focussed on continuing to deliver quality services whilst planning for the implementation of the major programme of welfare reform.

Tommy O’Reilly
Chief Executive

27 June 2012

Directors' Report
Part 1

Directors' Report

History and Statutory Background

The Agency was established as an Executive Agency of the Department of Health and Social Services on 1 July 1991. On the 2 December 1999, the Agency ceased to be part of the Department of Health and Social Services and became part of the newly formed Department for Social Development (DSD).

The Assembly is the prime source of authority for all devolved responsibilities and has full legislative and executive authority. Nelson McCausland replaced Alex Attwood as Minister for the Department for Social Development on 16 May 2011.

These accounts are presented to comply with a direction issued by the Department of Finance and Personnel (DFP) in accordance with section 11(3) of the Government Resources and Accounts Act (Northern Ireland) 2001.

The Business

The Agency's main business is to:

- Assess and pay social security benefits accurately and securely;
- Give advice and information about these benefits;
- Support people by helping them move closer to work;
- Delivering Welfare Reform;
- Process benefits reviews and appeals;
- Prevent and detect benefit fraud, prosecute offenders and recover any benefit which has been paid incorrectly.;
- Recover benefit which has been paid in compensation cases;
- Assess people's financial circumstances if they are applying for legal aid; and
- provide services to customers in Great Britain on behalf of the Department for Work and Pensions (DWP).

The Agency delivers its services to:

- the people of Northern Ireland, with a population of some 1.7 million; and
- the people living in 3 Districts within London.

Annex 1 provides more detail.

Our Organisation

The Agency is managed by a five-member Board and employs around 5150 staff. The majority of benefits are delivered centrally; these are Disability and Carers Benefits, Incapacity Benefits, Employment and Support Allowance, State Pension and State Pension Credit. Income Support, Job Seekers Allowance and Social Fund are delivered through our network of 35 offices. Services are also provided from three community benefit offices, the Benefit Shop in Belfast City Centre and a number of support branches. The Belfast Benefit Centre provides services for the DWP in Great Britain.

We work under the terms of a framework document, which sets out our relationship with the Minister and the Department.

Members of the Agency Management Board during the year were:

Chief Executive	Tommy O'Reilly
Director for Universal Credit	Dr Colin Sullivan
Director of Finance and Commercial Services	Joyce Bill
Director of Pensions, Disability and Corporate Services (From 3 May 2011)	John McKervill
Acting Director of Pensions, Disability and Corporate Services (From 1 April 2011 – 29 April 2011)	John O'Neill
Director of Working Age Services (From 3 October 2011)	Brian Doherty
Acting Director of Working Age Services (From 1 April 2011 – 30 September 2011)	Mickey Kelly

Conflict of Interest

There have not been any company directorships or any other significant interests held by board members which would conflict with their management responsibilities.

Pension Schemes and Associated Liabilities

Present and past employees of the Agency are covered by the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)) which is an unfunded and essentially non-contributory defined benefit scheme. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS (NI). The Agency makes employer contributions towards the cost of pension cover for its staff and these are charged to the Statement of Comprehensive Net Expenditure. There is a separate scheme statement for the PCSPS (NI) as a whole. Further details are provided in the Remuneration Report (Part 4) and in notes 1.15 and 2.1 to the accounts.

Audit

These accounts have been audited by the Comptroller and Auditor General for Northern Ireland whose Certificate and Report appears on pages 74 to 76. The notional audit cost is shown in Note 3 to the accounts. There was no remuneration paid for non-audit work during the year. So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all the steps he ought to have taken to ensure that he is aware of any relevant audit information and to establish that the auditors are aware of that information.

Management Commentary Part 2

Management Commentary

The Agency's key priorities for 2011 -12 are:

- **Enhancing customer service**
- **Delivering a reformed and modernised welfare system**
- **Sustaining performance on fraud and error and debt recovery**
- **Encouraging benefit entitlement**
- **Working in partnership**
- **Staff engagement**

The Agency's targets are set in line with these key priorities.

Performance against Key Targets

While the Programme for Government was being finalised the Agency, in line the Department, developed an Interim Business Plan for 2011-12 to align with the Budget for 2011-15 which set out our targets and milestones for the year. An electronic copy can be obtained from the Department's internet site at: **www.dsdni.gov.uk** under the heading Features/Reports-Business Plans.

Business Plan Targets (target date 31 March 2012 unless otherwise stated)	Target Figure	Year End Outturn	Result
Reducing Fraud & Error Sustain or reduce the total for overpayments, expressed as a percentage of overall expenditure, against the figure reported in 2010-11.	1.1%	0.9%	Achieved
Reducing Fraud & Error Sustain or reduce the total for underpayments, expressed as a percentage of overall expenditure, against the figure reported in 2010-11.	0.5%	0.4%	Achieved
Financial Accuracy By March 2012 to strive to achieve overall financial accuracy of total expenditure on our main benefits as follows:			
Income Support	99%	99.4%	Achieved
Jobseeker's Allowance	99%	99.2%	Achieved
Incapacity Benefit	99%	99.5%	Achieved
State Pension	99%	99.8%	Achieved
State Pension Credit	98%	98.1%	Achieved
Disability Living Allowance	99%	99.6%	Achieved
Employment Support Allowance	95%	95.5%	Achieved
Clearance Times By March 2012 we will strive to achieve average actual clearance time targets for our main benefits as follows:			
Income Support	10 days	7 days	Achieved
Jobseeker's Allowance	12 days	10 days	Achieved
State Pension Credit	11 days	8.2 days	Achieved
State Pension	8 days	5.6 days	Achieved
Employment Support Allowance	15 days	13.1 days	Achieved
Disability Living Allowance	37 days	35.7 days	Achieved
IB Reassessment To have re-assessed 20% of customers claiming Incapacity Benefit.	20%	21.5%	Achieved
Promoting Benefit Entitlement Deliver 5:1 value for money return of uptake expenditure against annual benefit generated.	5:1	Results not available until September 2012	Likely to be achieved
Debt Recovery Recovery of public funds including benefits which have been incorrectly paid out through fraud and error and achieve: An overpayment recovery of £11 million	£11m	£12. 524m	Achieved
Compensation Recovery Issue Certificate of Recoverable Benefits (a) within 4 weeks – 99% (b) with an accuracy of – 98%	99% 98%	100% 99.41%	Achieved Achieved

Business Plan Targets - continued (Target date 31 March 2012 unless otherwise stated)	**Result**
Customer Service Develop additional customer service indicators for working age benefits for deployment in 2011-2012 by October 2011.	Achieved
Customer First Complete the roll-out of the Customer Initiative in Belfast West and Lisburn Jobs and Benefit Offices by November 2011.	Achieved
Customer Insight To have undertaken a Customer Insight programme with a number of key Agency benefit customer groups to gather quantitative and qualitative information on issues which impact service delivery.	Achieved
Universal Credit To have developed options for the future delivery of Universal Credit.	Achieved
PIP To have tested the new objective assessment for Personal Independence Payment.	Achieved
Social Fund To have developed options for the future delivery of Social Fund.	Achieved
Automated Service Delivery (ASD) Implement the Automated Service Delivery (JSA) initiative.	Target withdrawn (The ASD project was put on hold in September 2011 pending Department for Work and Pensions (DWP) decisions about its future delivery. In February 2012 DWP decided to terminate the project).
CPS Implement the new integrated benefit payment and accounting system by June 2011.	Achieved
Working Age to Pension Age Implement the new Working Age to Pension Age arrangements by October 2011.	Achieved
Bereavement Service Implement the new Bereavement Service by January 2012.	Likely to be achieved with some delay (delayed to June 2012).
Medical Support Services Complete the transition of the Medical Services to the new supplier by July 2011.	Achieved
Co-Location Complete the co-location of State Pension Services with State Pension Credit Services.	Likely to be achieved with some delay (delayed to June 2012).
Working in Partnership To put in place partnership arrangements with the voluntary and community sector to deliver additional benefit uptake services through the innovation fund by November 2011.	Achieved
Staff Engagement • Implement the Staff Engagement Action Plan. • Improve the level of employee engagement as measured by the Staff Engagement Index score used in the NICS Staff Attitude Survey.	Achieved Not Achieved (The Employee Engagement Index score, as measured in the 2011 Survey, was 37.1%, a slight decrease from the score of 37.6% in the 2009 Survey).

Performance against Additional Key Targets

Additional Key Targets 2011-12	Result
Internal Control	
• Ensuring, throughout the year, that controls are in place to provide at least a satisfactory assurance level of governance and control.	Achieved
• Ensuring that we protect and handle the personal data of our customers securely.	Achieved
HR Priorities	
• Ensuring that workforce planning is managed effectively in line with business needs	Likely to be achieved with some delay (delayed to June 2012).
• Implementing the Health and Wellbeing action plan to meet a reduction in the average staff absence levels to 12.8 days per whole time equivalent member of staff for the 2011-12 year.	Likely to be Achieved
• Maintaining an effective working relationship with Agency Trade Union.	Achieved
• Develop the Senior and Middle Management cadre in the Agency.	Achieved
• Review the internal communications in relation to HR.	Achieved
Learning and Development	
• Review the Leadership Programmes for Managers.	Achieved
• Develop staff to enable the delivery of an effective and efficient customerfocused service.	Achieved
• Provide learning and development support to all operational areas to facilitate the delivery of key business changes.	Achieved
Managing our Financial Resources	
• Deliver services and securing efficiency and effectiveness gains through the Agency's delivered modernisation programme and future modernisation.	Achieved
• Ensure that the Agency delivers its services within allocated budgets and acceptable tolerances.	Achieved
• Migrate all benefit system direct payments onto the new integrated benefit payment and accounting system in line with DWP timescales.	Achieved
Direct Payment	
• Pay 99% of our Fresh Claim customers by Direct Payment (all Benefits).	Not Achieved (94% achieved)
Customer Service Improvements	
• To take forward the customer segmentation of ESA customer group in order to inform a more targeted, effective and personalised approach towards different types of customers and the prioritisation of resources and service toward those of greatest need.	Achieved
• Start to develop plans for the customer segmentation of the IB Reassessment customer group in order to inform further refinement of the customer journey for customers who are undergoing this transition.	Achieved
• Take forward specific insight activities with NI customers around the impacts of Universal Credit and DLA Reform.	Achieved

Financial Targets

Close monitoring and sound forecasting throughout the year enabled the Agency to live within the allocated budget.

The table below shows how much we spent against budget for 2011-12. These exclude non-cash costs.

		Budget (in £ millions)	Result (in £ millions)
Resources Budget	For Northern Ireland Services	£173.6	£171.7
	For Great Britain Services	£18.5	£18.5
Capital Budget	For Northern Ireland Services	£1.6	£1.6
	For Great Britain Services	Nil	Nil
Total Budget/Result		£193.7	£191.8

Business Performance

The Agency is responsible for the provision of a wide range of benefits and services to our customers. It maintains a benefits caseload of approximately 585,000 for individuals living in Northern Ireland with 923,000 individual benefit accounts. During 2011-12 the expenditure on social security benefits was approximately £4.4 billion.

The Agency also provides a benefits processing service for DWP covering approximately 272,000 customers in London.

The Agency's 3 main operational business areas during 2011-12 were:

- **Working Age (Central)** which administers Incapacity Benefit and Employment and Support Allowance;
- **Working Age (Network)** which administers Income Support, Jobseekers Allowance, allocation of National Insurance numbers, Social Fund and the Belfast Benefit Centre and Benefit Uptake activity; and
- **Pensions, Disability and Corporate Service** which administers State Pension, State Pension Credit, Disability Living Allowance, Attendance Allowance and Carers Allowance, monitoring and reporting of financial accuracy, levels of Fraud and Error and Decision Making standards, error reduction activity and counter fraud activity;

The focus over the past year has been to manage performance to continuously improve decision making and accuracy, meet customer expectations and to reduce financial error. All main business areas are managed through associated business plan targets which are derived from the Agency's priorities.

Performance Targets

Overview

- Fraud and Error

Reducing fraud and error remains a key priority for the Agency which continues to be addressed through a rigorous benefit security strategy. This strategy is delivering results with fraud and error at its lowest ever recorded levels.

Total losses of social security benefit through fraud and error for 2011 equate to 0.9% of benefit expenditure (£39.9m) compared to 1.1% of benefit expenditure (£48.2m) in 2010. This is an extremely positive outcome with both the monetary value of loss down on the previous year and the loss as a percentage of benefit expenditure also reducing despite an increase in benefit expenditure from £4.35bn in 2010 to £4.46bn in 2011.

Losses through official error for 2011 are £13.2m (0.3%) compared to £21.2m (0.5%) in 2010. This is a significant reduction and represents strong performance by staff and high standards of financial accuracy in the processing of claims. Over the same period, losses from customer error have increased slightly in monetary terms from £6.5m in 2010 to £7.3m in 2011, but this continues as in 2010 to represent a level of just 0.2% when set against the amount of benefit expenditure in 2011. Loss through customer fraud has also reduced, with the estimates falling from £20.5m or 0.5% of expenditure in 2010 to £19.4m or 0.4% of expenditure in 2011. Over the last eight years total estimated losses through overpayments have reduced from £70.7m in 2003-04 (2.2% of benefit expenditure) to £39.9m (0.9% of benefit expenditure) in 2011.

Identifying people not receiving their full entitlement and correcting benefit payments is an integral part of the Agency's strategy which gives equal priority to identifying and correcting underpayments and overpayments.

Underpayments amounting to an estimated value of £19.9m (0.4% of expenditure) have been identified. This is also an improvement on the previous year when underpayments in 2010 represented £20.7m or 0.5% of expenditure, and for 2010, and is again set in the context of increasing total benefit expenditure. Underpayments due to official error have reduced in amount from £15.1m in 2010, to £14m in 2011, both representing 0.3% of benefit expenditure, while those arising from customer error have risen slightly in amount from £5.6m in 2010 to £5.9m in 2011, but with the amount of underpayment as a percentage of benefit expenditure remaining at 0.1% as in 2010.

- Financial Accuracy

Results at year end December 2011 indicate continued good performance.

Five of the seven main benefits (State Pension, Disability Living Allowance, Jobseeker's Allowance, Income Support and Incapacity Benefit) have a 99% accuracy target, all of which were fully met. In addition, State Pension Credit and Employment and Support Allowance both met their individual targets of 98% and 95% respectively for the first time.

- **Clearance Times**

At March 2012 all six main benefits with clearance times achieved their targets, including some noteworthy outcomes. Jobseekers Allowance improved on the previous year by 1.2 days, Income Support by 1.4 days, State Pension Credit by 1.1 days and Employment Support Allowance, in just its second year of measurement, by 0.8 days. This represents an overall 10% improvement in performance across the main benefits.

Working Age Benefits (Central)

In just the second year of formal performance targets being applied to the Employment and Support Allowance (ESA) benefit, the financial accuracy target was met with an improved performance of 0.9 percentage points and the claims clearance target was also met, achieving 13.1 days against the 15 day target, in itself an improvement on last year of 0.8 days. ESA has delivered steady and consistent improvement throughout 2011.

The ESA telephony service remains highly active with over 310,000 calls received and over 30,000 claims being taken by telephone. The average response rate is 92% across both the new claims and enquiry lines. New ESA claims made by telephone take, in most cases, just under 25 minutes.

Just over 3,000 cases are being referred on a monthly basis to Medical Support Services.

The financial accuracy target for Incapacity Benefit (IB) has also been achieved at 99.5% which is an improvement of 1.1 percentage points on last year.

Working Age Benefits (Network)

Results in 2011-12 were very positive despite the ongoing challenges of the economic downturn. By the end of March 2012 the Jobseekers Allowance (JSA) register had reached 62,349, a 4% increase from March 2011 when the register was 59,960. The register has increased by 153% from April 2008 when it stood at 24,621. Despite this, financial accuracy and claims clearance targets for JSA were met with financial accuracy at 99.2% and claims at 10 days. The Agency continues to deliver services effectively to its customers through close working with Department for Employment and Learning (DEL) colleagues across the Agency’s network of Jobs and Benefits offices.

Income Support also met its claims clearance target at 7 days and its financial accuracy target was achieved at 99.4%.

This year the total number of applications made to the Northern Ireland Discretionary Social Fund scheme for 2011-12 was 361,015. Within that, Crisis Loan applications were down 3.6% compared to 2010-11. Budgeting Loan applications however, increased by 2.5% from 153,352 in 2010-11 to over 157,138 this year.

Pensions Disability and Corporate Services

State Retirement Pension makes up around 40% of the total benefit expenditure and the financial accuracy and claims clearance targets were met during the reporting period. The financial accuracy target of 99% was achieved at 99.8% and the claims clearance target at 8 days was also achieved at 5.6 days.

Over 95% of State Pension claims are now made and processed via telephony, with an average call time of 11 minutes.

It is encouraging to report that financial accuracy for State Pension Credit has improved for the fourth year in succession and has met the target for the first time since its introduction in 2003. An Accuracy Improvement Plan is in place and is continuing to deliver results. State Pension Credit has also continued to achieve its claims clearance time target by achieving 8.2 days against their target of 11 days which is an improvement on last year's performance by 1.1 days.

Claims clearance results for Disability Living Allowance (DLA) have continued to exceed target times and the outturn is consistent with last year's performance.

The financial accuracy target for DLA has been achieved for the sixth year in succession; DLA has continued to perform well this year at 99.6%, consistent with the 2010 result. Since 2006 financial accuracy has improved by 1.6 percentage points from (98.0%) to (99.6%) in 2011.

Fraud and Error Reduction

Reducing fraud and error remains one of the Agency's key priorities. A range of activities including Accuracy Improvement Planning, Direct Intervention Error Reduction activities, Quality Forums, Customer Compliance interviews and Criminal Investigations are in place. The use of increased data matching and analysis to direct counter fraud and error activity onto areas of greatest risk allows those cases with the greatest likelihood of fraud and error, to be targeted. This ensures the Agency is making the most effective use of resources maximising the impact of work to increase financial accuracy levels and to reduce fraud and error.

During 2011-12 the application of a risk based approach to targeting error and changes in circumstances continued to provide the most effective method of identifying cases requiring the adjustment of benefit paid and ensuring the investment into error reduction activity represents strong value for money.

Detecting and correcting underpayments remains a key focus of Error Reduction Activity and in just over 8,600 cases, increased awards of over £15m were made across most of the main benefits but particularly in Disability Living Allowance (DLA) where these revised awards are a direct result of changes in customer circumstances identified following an intervention by the Agency. Overpayments to the monetary value of just over £21.7m were also identified in just over 6,000 cases. This combined activity resulted in benefit adjustment across the Agency to a total monetary value of £36.8m.

During 2010 the Agency expanded its fraud and error activities by introducing a Customer Compliance Team to examine a particular range of case referrals that are at risk of error or may potentially be fraudulent. This team became fully operational during 2011-12 during which time it engaged with nearly 3,272 customers resulting in additional benefit adjustment to a total monetary value of £3.7m.

The Agency's fraud work has resulted in 519 people being convicted in the Courts for fraud totaling £4.52 million. Of those convicted, 6 persons received jail sentences, 112 received suspended jail sentences, and 156 received community service orders. In addition, a number of other sentences were imposed ranging from conditional discharges to fines. The Agency also imposed 506 Administrative Penalties.

Investigations carried out by Benefit Security Services (BSS) during the year involved overpayments amounting to £8.09 million, as well as £566,000 losses identified through cheque fraud.

During 2011-12 the Agency's Financial Investigation Unit had running costs of approximately £277,000 and has through its intervention, brought about the recovery of £610,286 of criminally obtained assets. This figure can be broken down as follows:

- 22 Confiscation Orders through the Courts amounting to £563,524, and
- 3 Voluntary payments negotiated prior to confiscation totalling £46,762.

In addition, during 2011-12, the Agency received incentivisation payments totalling £80,491. These monies were returned to the Agency in line with the Home Office Asset Recovery Incentive Scheme (ARIS) as a direct result of the Financial Investigation Unit's work.

The Agency has now also embedded the Northern Ireland Audit Office's (NIAO) National Fraud Initiative (NFI) exercises within its business as usual activities. Work on the National Fraud Initiative (NFI) referrals arising from the 2008 NFI exercise is nearing completion. Of the 4,612 cases received, 853 potential customer error cases have been processed to date through the Agency's error reduction and customer compliance programmes, resulting in overpayments of £139,000 and underpayments of £16,000. Of the 1,238 cases (647 SSA and 591 Northern Ireland Housing Executive) passed to the Agency's Benefit Investigation Service for fraud investigation, so far 1,033 have been taken to conclusion, with overpayments of £2.28 million identified and 52 convictions. Work is continuing on the remaining 205 cases.

Work is also well underway on the 2010, NFI 2 exercise. Following sifting 6,557 cases remained for initial examination, with this process well underway. To date errors have been identified in 104 cases, resulting in overpayments of £155,000 and underpayments of £11,000 being identified. A further 372 cases have been set aside for criminal investigation by the Agency's Benefit Investigation Service.

While maintaining a close watch on current counter fraud and error activity, which has delivered strong performance and ultimately reduced levels of fraud and error during 2011, the Agency is taking forward a significant fraud and error modernisation programme.

During the 2011-12 year work taken forward by the Agency led to the introduction of legislation to further enhance the Agency's efforts in deterring fraud, namely the new loss of benefit powers for those found to have committed fraud and increased rates of debt recovery in fraud cases.

More fundamentally, the Agency is closely following, and preparing to implement, similar proposals to those published in the joint DWP and Her Majesty's Revenue and Customs (HMRC) strategy (published in October 2010) to tackle fraud and error in the benefit and tax credits systems. This will help to ensure the Agency maintains its focus on tackling both loss and underpayments within the benefit system, with the aim of maintaining, or improving further, the current low levels of benefit fraud and error within Northern Ireland.

The Agency is also undertaking specific work in preparing for the Universal Credit, to ensure potential future risks are mitigated and the necessary infrastructure is in place to deal promptly and effectively with fraud or error within the new benefit.

Debt Recovery

The Agency has responsibility for the recovery of public funds where benefits have been incorrectly paid out through fraud or error.

During the year the Agency has commenced implementation of a new electronic benefit overpayment referral system which will streamline and modernise the way in which it refers benefit overpayments for recovery action. The solution will be rolled-out across the Agency during 2012-13.

The Agency has recovered £12.52m of debt due to fraud and error in the 2011-12 year, an increase of £0.78m over last year (£11.74m).

Compensation Recovery

The Agency is responsible for the recovery of any specified Social Security Benefits and Health Service costs which are paid as a result of an accident, injury or disease for which compensation has been awarded.

The two Compensation Recovery targets reflect the factors which drive the level of recovery, the requirements of recovery legislation and maintain parity with our counterparts in Great Britain. These are to have issued 99% of Certificates of Recoverable Benefits within 4 calendar weeks, with an accuracy of 98%. Both of the targets have been exceeded at 100% and 99.41% respectively. The Agency recovered some £11.1m of health services charges, an increase on the £9.8m recovered last year.

Welfare Reform and Modernisation

Universal Credit

The Agency put in place, in April 2011, a programme to take forward the delivery of Universal Credit in Northern Ireland from October 2013 and worked with policy colleagues to secure Ministerial and Executive approval for the policy framework. During 2011-12 the programme team has taken forward a programme of activity to consider the future delivery model; develop the local implementation plan; engagement with the DWP on the Northern Ireland specific requirements for the Universal Credit ICT systems; customer research and a programme of consultation and engagement with impacted stakeholders. The programme has also worked with other Northern Ireland government departments on the impact of Universal Credit for passported benefits.

Incapacity Benefit / Income Support Reassessment

The Agency has commenced an extensive programme to reassess existing Incapacity Benefit and Income Support (paid on the grounds of incapacity) claims migrating customers to Employment and Support Allowance and failing this to

Jobseekers Allowance, Income Support, or off-benefit. This exercise will involve around 76,000 customers in Northern Ireland and commenced in February 2011 and is due to complete in April 2014.

The target for this year was to re-assess 20% of customers claiming incapacity benefit. From February 2011 to 31 March 21.5% of customers have commenced reassessment and Agency staff have dealt with 22,888 enquiries from customers. Staff have also contacted 14,415 customers by telephone to explain the process and the Customer Advice and Support Team have assisted 2,108 customers following a disallowance decision.

Social Fund Reform

The Agency has commissioned a 2 phased research study to help inform the design and delivery of future discretionary support to replace Community Care Grants and Crisis Loans for living expenses and household items. A key part of the Phase 1 research methodology has been consultation with customers and customer representative groups on strengths and weaknesses of current discretionary Social Fund and what sort of discretionary support they would wish to see in the future. In total 8 customer focus groups and stakeholder interviews with key voluntary and community groups were completed and this customer input will help shape the design of a replacement scheme. Consultation with customers and customer representative groups continues to be a strand in Phase 2 of the research which is considering the most appropriate delivery model for future discretionary support.

Personal Independent Payment (PIP)

In April 2011 the Westminster Government published its formal response to its consultation on plans to reform Disability Living Allowance. The key changes include the introduction of a new benefit called Personal Independence Payment to replace Disability Living Allowance for Working Age customers (16-64yr olds) from 2013-14; the introduction of a new objective assessment; the introduction of periodic reviews of all awards; and simplification of the application process.

The proposed changes have generated considerable interest from the voluntary and community sector and it is expected that this level of interest will only increase as details of the proposals become clear and likely impacts of the changes are known. Engagement commenced in November 2011 with an overview of the proposed process and further meetings will take place throughout the process.

Employment Support Allowance

Employment and Support Allowance legislative changes have been identified as key components in the programme of welfare reform aimed at making the benefit system fairer, more affordable and better able to tackle poverty, worklessness and welfare dependency. The legislative changes have been described as essential elements in creating “a fair and affordable platform” on which to introduce Universal Credit. The proposed changes are:-

(i) time limit contributory Employment and Support Allowance to 12 months for customers who are in the Work Related Activity Group; and

(ii) to prevent new Employment and Support Allowance Youth cases being awarded.

The legislative changes form part of the Northern Ireland Welfare Reform Bill which is subject to Ministerial and Assembly approval. The Agency is currently carrying out some work on the impact of implementing the legislative changes in Northern Ireland.

Medical Support Services

During 2011-12 the Agency completed the transition of the delivery of medical advice and assessment services in Northern Ireland to Atos Origin IT Services UK Ltd. Atos healthcare are responsible for carrying out customer medical examinations required for assessing entitlement to a range of benefits including Employment Support Allowance and Disability Living Allowance.

Atos commenced service delivery on 20 June 2011 and the Agency is working closely with the service provider to ensure that the quality of the service is maintained.

Customer First

The Customer First initiative emerged from a Strategic Review of the Social Security Agency Operations undertaken in 2006. This review highlighted that there were a number of underlying structural weaknesses in the Agency's Local Office Network which threatened the ongoing viability of this service in the medium term. The over-riding objective of the Initiative was to introduce an improved organisational model for the Agency's local operations ensuring delivery of a high quality service to customers.

A successful pilot took place in the Agency's North District between April and October 2010. An evaluation report was published in March 2011 highlighting the findings from both equality and operational perspectives. Minister endorsed the Evaluation Report and accepted the Agency's recommendation to roll-out the Customer First initiative commencing with Belfast West and Lisburn District.

Roll out commenced at the beginning of September 2011 and completed at the end of October. The centralised processing of Income Support and Jobseekers Allowance in Andersonstown Jobs and Benefits Office and Social Fund in Lisburn Jobs and Benefits Office has now been established. The continued rollout of the freephone telephony service has also been completed and is now available to over 44,000 of our customers. Plans to roll out Customer First to the remaining regions during 2011-13 are currently being finalised.

Central Payment System

During 2011-12 the Agency continued to work alongside the Department for Work and Pensions to modernise the payment and accounting system infrastructure. The Central Payment System (CPS) is a new integrated payment and accounting system being implemented across all UK benefits. The CPS system went live on 18 April 2011 and is now successfully processing 60% of the total UK direct payments including Winter Fuel, Social Fund, Industrial Injury, Pensions Strategy, Job Seekers Allowance and Employment and Support Allowance, and Carers Allowance computer systems. CPS is also the primary system for financial accounting and control in respect of all Agency benefit expenditure. The remaining two Heritage Benefit System (HBS) are scheduled to migrate on to CPS in April 2012.

Pensions Co-location

On 22 March 2011 the then Minister for Social Development announced that both

State Pension Branch and State Pension Credit Branch were to be co-located in Carlisle House. The alignment of a number of important factors underpinned the decision to co-locate the two Pension Services in Londonderry. Firstly there was an anticipated reduction in the resources required to deliver State Pension which allowed for a more streamlined management structure for both services. The availability of accommodation at Carlisle House and the ending of the current lease of Windsor House combined with the requirement to upgrade shared telephony systems at both sites supported the preference to co-locate.

A recruitment, training and redeployment exercise has been carried out to staff the new centre which will open in summer 2012. As both State Pension and State Pension Credit currently operate a predominantly telephony-based business and do not have public offices it is not expected that customers will experience a change in the quality of service they receive as the co-location progresses towards completion.

Working Age to Pension Age (WAPA)

The Working Age to Pension Age system went live in December 2011. The system aims to reuse information already held on customers receiving a working age benefit to, where possible, fully automate the transition to State Pension. Customers approaching State Pension age are contacted as normal four months in advance with new improved customer materials. If it is necessary to contact the customer for more information, new supporting technology will facilitate an outbound call to be made to the customer. The system is still in the bedding in period and performance and functionality are being closely tracked.

Bereavement Service

Work is underway to introduce a dedicated Bereavement Service into Northern Ireland. Based on the GB model the service will provide a single point of contact to report a bereavement to the Agency by telephone. Supporting technology can also carry out an eligibility check for potential entitlement to other benefits for the surviving relative. A claim to Bereavement Benefits and Social Fund Funeral Payments can also be taken. The Service is set to become operational from June 2012 and will be based in Carlisle House Londonderry.

Customer Services

Delivering services to our three main customer groups has been the focus of our work programme for 2011-12. Throughout the year we have sought to improve the quality, accessibility and delivery of services to all our customers and continue to build closer liaisons with the voluntary sector.

Benefit Uptake

The Agency is committed to promoting benefit uptake across customer groupings including older people, those with a disability, carers and families to ensure that our customers receive the financial assistance and services to which they are entitled. The Agency's benefit uptake activity complements the work being taken forward under the Department's Fuel Poverty Strategy and Office of First Minister and Deputy First Minister's (OFMDFM) anti-poverty and social inclusion strategy "Lifetime Opportunities".

During the year the Agency continued to deliver a reliable, responsive and respectful service to our customers. In addition to assessing and paying social security benefits accurately and securely, the Agency also provided information and advice to customers on a day to day basis. This has been particularly pertinent in the current economic climate where some people have been accessing our services for the first time.

New Benefit uptake initiatives have continued to be introduced to maximize entitlement including contracting with the independent advice sector. The Agency's 2011-12 Programme included the following four complementary approaches:

- 25,000 people, selected from existing customer data, have received a personal invitation to have a full benefits assessment through a contracted partner in the independent advice sector.
- A promotional outreach to older people approach at council and community level involving trusted partners such as community and older peoples' groups, general practitioners, pharmacies and church/faith based groups. Entitlement checks are delivered by telephone with home visits offered to those who require assistance with making a claim.
- The "Make the Call" advertising campaign - a television, radio, press and outdoor advertising campaign aimed at older people.
- An Innovation Fund for Increasing Benefit Uptake has funded 7 projects led by community and voluntary sector partners to test new and innovative ways of reaching people with potential unclaimed benefit entitlement.

This supplemented the day to day activities aimed at increasing uptake through participation in local promotional activity; the production of specific publications, some in minority ethnic languages; input to the Northern Ireland Direct web site which includes the Benefits Adviser Service and general assistance with advice and information through our network of local and centralised offices.

The programme will be evaluated in June 2012 and lessons learnt will be used to inform plans for future uptake activities.

Outreach Officers have continued to provide holistic benefit entitlement checks to vulnerable customers through home visits where appropriate, or by telephone in response to the Make the Call campaign. The Outreach Team also met with and delivered information sessions for representatives of a wide range of statutory, community and faith based organisations regarding the Agency's Outreach approach, as well as attending a number of promotional events.

All business areas have maintained and developed liaison with a range of information and advice organisations to ensure potential customers were aware of benefit entitlement. These included the Citizen Advice Bureau, Royal National Institute of Blind People, STEER Mental Health Team, Woman's Aid and the Simon Community. We have also worked closely with the Department for Employment and Learning to assist employees who face redundancy as a result of workplace closure.

Representatives from the Agency also increased awareness of social security benefits at various information sessions throughout the year. These included the Young at Heart retirement exhibition for pensioners and the Disability Action exhibition.

Liaison with Independent Advice Sector Organisations

Agency senior staff met with equivalent representatives from the independent advice sector on several occasions during the year to consider strategic and operational issues.

Senior Pension Centre Managers met regularly with the Partnership for Pensioners (PFP) whose membership includes representatives of Citizens Advice, AGE Northern Ireland, and Advice Northern Ireland. These meetings provided managers with both an opportunity to provide the group with an overview of our business, workloads and performance and to inform them about Pension Service's future strategies and plans as well as benefit entitlement issues. A presentation and discussion on the progress of plans to co-locate the State Pension and Pension Credit at Carlisle House was a particular focus.

Disability and Carers Service (DCS) has formal engagement arrangements in place with the Voluntary Sector through a disability forum which meets on a quarterly basis. Membership comprises representatives from Citizens Advice, Advice Northern Ireland, The Law Centre and Disability Action. The overall objectives of this forum are twofold:

- To enable DCS to seek the views of intermediary organisations representing a broad spectrum of our customer base on operational delivery and proposed change initiatives; and
- To enable intermediaries to voice their concerns and also what they think is going well in terms of service delivery.

In addition during 2011-12 a number of separate meetings were also held with individual groups such as; Pink Ladies Breast Cancer Support Group, North Belfast Advice Partnership, Macmillan Cancer, Mobility UK and Autism NI.

The Jobs and Benefits Office network staff met with a wide selection of the advice sector organisations during the year, including representatives of the Citizens Advice Bureau, Domestic Violence Partnership Group, FASA, Mental Health Forum, NIACRO, St Vincent de Paul, Simon Community and Southern Area Learning Together Health Service initiative. Additionally, redundancy clinics benefit uptake days and information days were undertaken across some districts. All offices also attended bi-annual meetings with Northern Ireland Housing Executive (NIHE) and Land and Property Services (LPS), as well as regular meetings with the Employment Services Board.

The Incapacity Benefit / Income Support Reassessment Team has engaged extensively with the voluntary sector. A number of meetings / presentations were held with representatives from the Law Centre, Advice Northern Ireland, Citizen Advice and Disability Action. The objective of the meetings was to provide an overview of the reassessment process, discuss and seek views from a customer perspective and to provide the representatives with an opportunity to view the computer and telephony systems.

The Employment and Support Allowance Centre staff met with a range of customer representative groups, including Disability Action, SALT, NIUSE and CAB. Employment and Support Allowance Centre staff continue to attend meetings of the Disability Consultative Forum jointly with Incapacity Benefit Branch and Disability and Carers Service to discuss customer issues particularly those relating to vulnerable customers.

Customer Insight

The Agency is committed to working directly with its customers to inform and shape welfare policy and operational delivery. During 2011-12 it established a Customer Stakeholder and Insight team tasked with taking forward this crucial piece of work. The initial focus was on those benefits which are integral to the welfare modernisation programme. The team worked directly with politicians, benefit customer groups and key stakeholders to provide the Agency with greater information upon which to base its future services and meet the needs of its customers.

The Customer Stakeholder and Insight team have established a database of community groups and political representatives to keep them informed of proposed changes to the welfare system in Northern Ireland and to give them an opportunity to obtain further information. Monthly Welfare Reform newsletters / digests were issued internally to all DSD staff and externally to stakeholders in the impacted organisations.

As part of our stakeholder engagement approach for the implementation of Personal Independence Payment a network of 51 organisations representing Voluntary, Advice and Community Groups has been established. An extensive programme covering a range of issues will be worked through and this will continue throughout the development and implementation of Personal Independence Payment. The aim is to ensure our customers, through their representatives, are made fully aware of the details of Personal Independence Payment which is replacing Disability Living Allowance for working age customers and encourage their participation in the consultation process. Engagement commenced in November 2011 with an overview of the proposed process.

The Social Fund Reform Project began stakeholder engagement with the voluntary and community sector in preparation for Phase 1 of the Social Fund Research Study. A cross section of customer representative and faith based groups were consulted as part of the Phase 1 research into the design of future discretionary support services and participated in stakeholder interview with the research provider, Ecorys.

Customer Charter Standards

Three customer charters containing the same generic standards are available for our main customer groups. These are the Jobs and Benefits Customer Charter, developed in partnership with Department for Employment and Learning (DEL); The Pensions Service and the Disability and Carers Service charters. All charters are also available on the Internet in Arabic, Chinese, Portuguese and Spanish.

The customer charter standards were established to help our customers by providing them with full information about our services and how we perform against the set customer service standards. The standards mirror the Northern Ireland Civil Service (NICS) standards and are available at our website **www.dsdni.gov.uk**

List of the standards and performance in 2011-12 is shown below:

Service Standard	Performance 2011-12
To acknowledge all correspondence items within 2 days of receipt.	96.05%
To reply to all correspondence within 10 days of receipt.	99.91%
To see customers within 10 minutes of a pre-booked appointment.	99.66% – with an appointment
To see customers who do not have an appointment within 15 minutes of their arrival.	92.98% – without an appointment
To answer calls to direct-dial numbers within 20 seconds.[1]	70%

Correspondence

During the year 2011-2012, the Agency received 180 Stage 3 written enquiries from Members of Parliament (MPs) and Members of the Assembly (MLAs). This was a decrease from 187 in 2010-2011. At 31 March 2012 we had cleared 175 cases, all of which were actioned within the target deadline.

Assembly Business

The Agency has continued to provide support to Minister, the Social Development Committee and Assembly Members during the last year. Between April 2011 and March 2012 the Agency answered 164 written Assembly questions, 3 of which were priority questions, and part input was provided for a further 33. 17 full Oral questions were answered and input was provided for a further 6 questions. All questions were answered within agreed deadlines.

1 This 70% achievement refers to the number of all calls received which were answered within 20 seconds, including abandoned calls. Based on the number of calls answered, 98.7% were answered within 20 seconds.

Complaints Handling

A customer complaint is any expression of dissatisfaction with the quality of service, action or lack of action by our organisation or staff.

The number of complaints received in 2011-2012 was 1,499, an increase of 7.5% on the number of complaints received in 2010-2011 (1,394). The Agency replied to 98% within the 10 day target.

During 2011-2012 the overall number of complaints increased, there is no reason in particular for the increase, it has occurred due to a small increase in the complaints received by a number of Agency business areas.

The Agency continues to place great emphasis on learning from complaints. All business areas have this as a standing agenda item at their Team-Time meetings and this has contributed to an improvement in meeting customer needs.

Service Improvement Managers in all offices register and monitor complaints in their areas. Customer complaints reports are obtained from all branches across the Agency to provide an overall Agency picture.

The Agency has continued to review and modify its Guide to Effective Complaints Handling. For customers, details of our complaints procedures are set out in our leaflet "Making a Comment or Complaint" available in our local offices and our internet site: **www.dsdni.gov.uk**

Independent Case Examiner

Part of the Agency's complaints procedure includes a review by the Independent Case Examiner who provides an impartial complaints resolution service for customers who, having exhausted the Agency's internal complaints procedure, remain dissatisfied.

During the year 17 new referrals to the Examiner, 9 cases were accepted for investigation/resolution, of which 6 progressed to full investigation.   No cases were upheld.

Complaints referred to Independent Case Examiner 2011-12	
Category	
Complaints received 2011-2012	17
Carried forward from 2010-2011 to 2011-2012	5
Complaints not accepted (Failed Gateway)	7
Complaints withdrawn	0
Outcome of complaints investigated	
Resolved (no further evidence required)	2
Settled (resolved following receipt of further evidence)	0
Investigated – Full investigation carried out and complaint now finalised.	6
Number outstanding carried forward to 2012-2013	7

Customers can write to the Independent Case Examiner at:

The Office of the Independent Case Examiner
PO Box 155, Chester, CH99 9SA

Or alternatively, visit the website at **www.ind-case-exam.org.uk**

Interpretation and Translation Services

The Agency and the Department for Employment and Learning continue to provide telephone and face-to-face interpreting as well as a document translation service. Telephone interpreting is provided by '*thebigword*' interpreting service, whilst face to face interpreting is provided throughout Northern Ireland by South Tyrone Empowerment Programme (STEP) Training and Learning.

Corporate Governance and Risk Management

The Agency's Corporate Governance Framework outlines the decision making process in the Agency and specifies the roles and responsibilities of the various committees and Directors of the Agency. During the year the Corporate Governance Framework was reviewed and revised to take account of best practice and to reflect the current corporate governance structures and process within the Agency.

The framework sets out the:

- Agency's key Internal Control and Risk Management processes;
- Agency's methodology for identifying, assessing and managing risk;
- roles and responsibilities of those involved in the risk management process; and
- the link between risk management and the business planning process.

Throughout the year we continued to:

- identify all significant risks to our business;
- provide assurance that appropriate controls were in place; and
- monitor and update the Agency's Corporate Risk Register at Board level.

Internal Audit Programme

The audit programme for 2011-12 approved by the Social Security Agency (SSA) Audit Committee consisted of a total of 22 assignments. By year-end, all 22 assignments were completed with 17 final reports and 5 draft reports issued.

Of the 17 final reports issued, 4 received substantial assurance and 13 received satisfactory assurance ratings. These assurance ratings reflect the definitions included in DAO (DFP) 11-07 and were introduced across the Northern Ireland Civil Service (NICS) to provide a standardised system by Heads of Internal Audit to convey their opinions.

The definitions of the assurance ratings are listed below:-

- **Substantial** – There is a robust system of risk management, control and governance which should ensure that objectives are fully achieved.
- **Satisfactory** – There is some risk that objectives may not be fully achieved. Some improvements are required to enhance the adequacy and / or effectiveness of risk management, control and governance.
- **Limited** – There is considerable risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and effectiveness of risk management, control and governance.
- **Unacceptable** – The system has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and effectiveness of risk management, control and governance**.**
- **Dual Assurance –** Whilst **limited assurance** is appropriate due to inherent system weaknesses, a **satisfactory assurance** is appropriate to those areas under the direct control of management.

For the Agency separate opinions on the adequacy and effectiveness of risk management arrangements are provided by the Head of Internal Audit (HIA) in the areas of Corporate Governance and Risk Management, Administration and Programme Expenditure.

The overall opinion of the HIA was that there was evidence that the risk management, control and governance framework within the Social Security Agency was **Satisfactory** and allowed sufficient, effective and efficient achievement of objectives. Risks that threatened the success of objectives were effectively managed.

Data Protection

The number of Personal Data-related Incidents in the Agency during 2011-12 is summarised in the table below.

Personal Data Related Incidents 2011-12	
Number of incidents where personal data has been lost	2
Number of incidents where access to personal data has not complied with Data Protection requirements	4

The Agency places considerable emphasis on the secure handling and transfer of all data and continues to implement measures to strengthen the security of information in its possession. Any personal data related incidents are fully investigated to see if controls can be improved and if any disciplinary action against staff is appropriate.

Throughout the year there has been new guidance issued and other policies have been revised and issued to staff. These included:

- issuing revised guidance on Information Transfers;
- revised Generic Accreditation Guidance;
- revised NI Civil Service Laptop Policy and Electronic Device and Electronic Storage Media Policy;
- revised Information Security Policy;
- revised Information Risk Policy; and
- new guidance was also developed in relation to End User Computing and use of the Courier Service.

Security Audits were also carried out to check compliance levels with the Clear Desk Policy. Email content filtering in respect of Agency information being sent outside the secure network was further developed by using lower levels of filtering. An added feature to enhance email content filtering was introduced. This involved a ‘tag’ being included in all DOI email signatures. Including this tag means that any emails which are sent outside the secure network are automatically blocked and the sender receives a message informing them of the block.

Ongoing developments in relation to improved data protection and information assurance governance in the Agency have included the following:

- Social Security Agency Information Asset Owner attends the Departmental Information Asset Owner's Forum twice a year;
- Completion of Information Asset Register's and associated quarterly risk assessments on all information assets.

Contingency Plans

Following two successive winters (2009-10 and 2010-11) which tested the Agency's contingency plans to the full, the Agency carried out a comprehensive review of its business continuity plans and undertook rehearsals of those plans at both corporate and local level. The plans were also the subject of internal and independent audits during the year and minor recommendations implemented. In addition, the Agency's Flu Pandemic Contingency Plan was routinely reviewed and updated to take account of latest developments which could impact on service delivery. The Agency also contributed to cross departmental contingency planning led by the Civil Contingencies Group in OFMDFM.

Freedom of Information Act 2000 and Environmental Information Regulations

The Agency is fully committed to meeting its obligations under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, which came into force in January 2005.

Sustainability Report

A Sustainability Report is produced by the Department and this is contained within its 2011-12 Resource Accounts. The DSD Action Plan can be accessed on the DSD Internet Site in the following location:

http://www.dsdni.gov.uk/dsd-sustainable-development-action-plan.doc

Our People

Staff Engagement

The Agency's successful performance during 2011-12 is due to the skills, commitment and motivation of its staff. The Agency introduced staff engagement as one of its key business priorities during 2011-12. The two key issues which the Agency examined were how effective it is in engaging with its staff, and what action it needs to take to ensure that staff are fully engaged. In line with wider developments in the Department, the Agency took forward the implementation of the Departmental Employee Engagement Action Plan and set a specific business target to achieve improvements in the level of staff engagement during 2011-12.

Over the last 12 months the Agency has implemented a number of actions under its Employee Engagement action plan. The Agency completed a review of its Team Time brief to ensure its effectiveness as a key staff engagement vehicle.

The Agency Management Board has encouraged widespread consultation and exchange of information at all levels within the Agency through meetings, team briefings, circulars, newsletters and the Agency intranet. A number of workshops were held with senior and middle managers and two Board members spent a week, as part of a very successful 'back to the floor' placement, working on the frontline.

Agency Management Board and Strategic Outlook Forum meetings were held outside the Belfast area and the meetings were combined with local staff engagement activities. Work has started on the development of an Internal Communications Strategy which will build on staff engagement actions and set out our plans for improving communications across the Agency.

The Department has published its results from the NICS Staff Attitude Survey 2011. The Agency did not achieve its target to improve the level of employee engagements as measured in the Staff Survey. Agency's senior managers have reviewed the results and a programme of staff engagement activities will be developed to address the concerns and issues raised by staff.

Learning and Development Unit (LDU)

The Agency recognises that its success depends on having a highly skilled and effective workforce and links all learning and development activities to its Business Plan. It is important to ensure that staff are properly trained and are sensitive to the needs of our customers. We believe that if they are given the right support and training, our people will deliver the high quality service our customers deserve.

During the year LDU developed and implemented a new service delivery model for Core Business. Business as usual training requirements are now captured on a quarterly basis and delivered within a quarter. This has allowed the unit to be more responsive to urgent training requirements and lends visibility to the unit's ability to address emerging training needs. Work has been ongoing to capture detailed statistical information on things like the number of trainees, type of training, cost of training etc. This information will be shared throughout the year with operational managers so they are aware of their investment in training and associated costs. This statistical information will feed into the unit's new annual training report which will cover the training year September 2011 to August 2012.

During 2010-11 Core Business training accounted for 88% of the total number of Agency trainees, with 86% of these coming from Operations Directorate. In terms of training days delivered this amounted to 14,479 days. Modernisation training accounted for 9% of the total number of Agency trainees, with 98% of these coming from Operations Directorate. In terms of training days delivered this amounted to 1,297 days. For 2010-11 the Agency's investment in training expressed as a percentage of salary costs was 3.5%. Detailed information on training delivered and costs is contained within the SSA Annual Learning and Development Training Report 2010-11.

Leadership Programme

During the year the Agency developed and piloted a Leadership Programme for its middle managers. The aim of this programme is to build a "community" of inspired and inspiring Leaders who can lead and manage the Agency successfully through future changes. The Leadership Programme will be rolled out across the Deputy Principal and Staff Officer Grades during 2012-13. The programme will run for three days and will allow the participants to demonstrate their leadership skills and behaviours by using "real" work situations. The pilot commenced in February 2012 and will be fully evaluated before full roll out.

Further Education

The Department continued to support staff through the Further Education Scheme, which provides financial support for course fees, books and equipment. During the 2011-12 academic year, 22 staff from the Social Security Agency have been supported by the Department through the Further Education Scheme at a total cost £13,021.

Investors in People (IiP)

The Agency received IiP re-accreditation in October 2011 and work is underway with managers to take forward recommendations from the Assessors' report.

Corporate Responsibility

During 2011, a total of 12 Agency staff participated in two Employer Supported Volunteering challenges hosted by Business in the Community and co-ordinated by the Department. A total of 8 challenges were completed by staff across the Department, including Agency staff. These were carried out at the National Trust sites at Mount Stewart and Minnowburn, the Donkey Sanctuary in Templepatrick, the Praxis Secret Garden in Hillsborough and Holy Rosary Primary School. Tasks included cutting back coppicing, weeding, pond work and clearing wooded area in Mount Stewart and Minnowburn, preparing organic beds for winter in the Secret Garden, building and decorating a Santa's Grotto at the Donkey Sanctuary and painting a portacabin and weeding at Holy Rosary Primary School. The hours volunteered by staff amounted to 412 which was matched by the same number of hours donated by the Department.

During the year, 14 Agency staff were seconded to voluntary bodies including Royal National Institute of Blind People, the Prince's Trust and Disability Action, making a positive contribution to the community. Over 1,300 staff in the Agency made charitable donations through the payroll system amounting to a total of over £103,000 in the year.

This year the Agency celebrated 20 years of delivering quality public services to the people of Northern Ireland. Agency Staff used the 20th Anniversary celebrations to continue with their fundraising efforts. A total of 48 events have taken place including coffee mornings, Teddy Bears Picnics, Mad Hatters Tea Party, Big Breakfast, Bacon Butty morning and a Christmas Fair, and to date £25,000 has been raised for charities across Northern Ireland.

Human Resources

All transactional activities associated with Human Resource services are now delivered through an outsourced Shared Service Centre. The Departmental Human Resources Division, which is located in the Core Department, delivers strategic services across the Department. The Agency has nominated Business Partners to support/advise the Agency Management Board and managers on human resource policy, and to take forward specific human resource objectives and action to support their business, and a senior member of the DHR team sits on the Agency Management Board.

Managing Attendance

Effective Absence Management is a priority for all of the Agency management teams. The overall Agency target for 2011-12 is 12.8 working days lost per member of staff. While final authoritative figures are not yet available, the Agency looks set to achieve this target and, based on the information to date, the downward trend experienced in recent years is continuing.

The Attendance Management Unit (AMU) continues to support managers in the application of the Attendance Management procedures through the use of case management, including regular case conferences for long-term sickness absence cases. The work of AMU has also included the implementation of workplace adjustments, along with support to managers and staff from the Stress Enquiry team and Disability Liaison staff.

Health and Wellbeing

The Agency is committed to supporting the health and wellbeing of its staff. The Departmental Human Resources Division, which provides HR services for the Agency, has developed a Health and Wellbeing Strategy to provide a new approach to supporting staff in managing their own health and wellbeing.

Developed along three corporate themes of "Prevention, Early Intervention and Responsibility", the strategy provides an opportunity to improve employee wellbeing, satisfaction and engagement. At the same time, it identifies action that managers and staff in the Agency can take to promote and maintain healthy lifestyles, prevent ill-health and reduce staff absence levels.

Disabled Employees

The Agency recognises the valuable contribution that staff with disabilities make to the organisation and the Departmental Human Resources Division's Disability Liaison Team promotes opportunity and a positive attitude towards staff with disabilities. Support, guidance and advice on disability-related issues is provided to those staff and their managers. This ensures that the Agency discharges its responsibilities in line with the Disability Discrimination Act (1995) and the Disability Discrimination Northern Ireland

Order (2006). Adjustments for staff with disabilities are made where it is reasonable to do so. Physical adjustments made have included the provision of specialised furniture and computer equipment and adaptations to buildings and, where appropriate, non-physical adjustments are also considered.

Dignity at Work

The Agency is an equal opportunities employer, committed to promoting and maintaining a harmonious working environment for all. Managers regularly communicate Equal Opportunities awareness to all of the Agency's staff. Staff are also made aware of their responsibilities through regular circulation of the Dignity at Work Policy. Any breach of the Dignity at Work Policy is taken very seriously, with formal investigations carried out by HRConnect when appropriate.

The New Northern Ireland Civil Service mandatory training package "Diversity Now", which builds upon the Agency's commitment to equality, is being delivered to all Agency staff.

Industrial Relations

The Agency's commitment to good industrial relations throughout its business areas continues to be of paramount importance and regular meetings took place during the year between ATUS and senior management to discuss the various programmes of work within the Agency.

A review of industrial relations arrangements across the different business areas of the Department for Social Development is currently being taken forward and representatives from the Agency are involved in this work. The aim of the review is to develop a new Industrial Relations Framework that will set out a uniform approach for conducting industrial relations across all constituent parts of the Department including the Agency.

Recruitment and Workforce Planning

The Agency continues to apply the Workforce Planning Model, developed in conjunction with Northern Ireland Statistics and Research Agency, and has revised the analysis process with an increasing focus on future demand and supply in order to better inform planning. This, in turn, will provide more robust projections for staff turnover across the grades and facilitate better planning for the significant changes faced by the Agency in the coming years.

Financial Performance

Resource and Programme Expenditure

The 2011-12 Agency accounts include both Resource Departmental Expenditure Limit (DEL) expenditure, and Annually Managed Expenditure (AME) derived from the DSD Request for Resources A.

AME expenditure includes social security benefits and grants and loans administered by the Agency. DEL expenditure includes the costs of administering the benefits. Non Contributory benefits, Social Fund funding payments and DEL expenditure are voted by the Assembly. Contributory benefits are funded by the National Insurance Fund. Further information on this is included in the notes to the financial statements.

These Agency accounts will also form part of the DSD Resource Accounts.

Performance Targets

The Agency succeeded in meeting its key corporate financial targets set by the Minister. Details of the Agency's performance against these targets are set out in Note 23 to the accounts.

Business Review and Results for the Year

The Agency is a supply-financed Executive Agency of the Department for Social Development and as such is subject to Gross Expenditure Control under the Parliamentary Vote system.

A full review of the Agency's activities during the year is given within this Annual Report.

The Statement of Comprehensive Net Expenditure on page 77 shows the net operating cost of the Agency.

The net cost of operations for the year was £4.598bn (2010-11: £4.437bn). Expenditure on Non–current assets for the financial year amounted to £1.568m (2010-11: £0.176m).

The net cost of operations has been calculated after inclusion of a number of notional costs which are currently outside the scope of the Agency's Departmental Expenditure Limits and Annually Managed Expenditure. Notional costs are detailed per Note 3**.**

There have been no post Statement of Financial Position events from the financial year-end date, to the date the financial statements were approved.

Property, plant and equipment and Intangible assets (non-current assets) owned by the Agency are valued at net book value (Note 9 and Note 10). During the year there has been no substantial investment in non-current assets. Details of the revaluations to non-current assets for the financial year are included in the Statement of Comprehensive Net Expenditure, Note 9 and Note 10 in the accounts.

The Agency's current estate management strategy is to maintain buildings for current use. In accordance with IAS 16 Property, Plant and Equipment, land and buildings are stated at current value, using a professional valuation completed every five years, and with appropriate indices used in the intervening years. The last professional valuation completed in 2008-09 placed an Alternative Use Value (AUV) of £14.5m on land and buildings. In 2011-12 Land and Property Services advised that a negative indexation of -8% should be applied to the Agency's buildings due to the current market conditions. This resulted in an impairment of £0.637m and is included in Note 3 and Note 12 in the accounts.

Remote Contingent Liabilities

There are no contingent liabilities that are not required to be disclosed under IAS 37 but are required to be disclosed for parliamentary reporting and accounting purposes.

Political and Charitable Donations

The Agency made no political or charitable donations during the year (2010-11: £nil).

Payments to Suppliers

The NICS is committed to the Better Payments Practice Code, as set out in Annex 4.6 of Managing Public Money, and is subject to the Late Payment of Commercial Debt Regulations 2002. Payment is regarded as late if it is made outside the agreed terms, or 30 days after receipt of a valid invoice where no terms are agreed.

In response to the challenging economic position the Department for Business Enterprise and Regulatory Reform (BERR) announced on 21 October 2008 that *"central Government has committed to paying businesses within 10 days - and we're urgently speaking to the wider public sector to extend this commitment."*

The Agency is committed to a prompt payment within 30 days.

Regular reviews conducted to measure how promptly the Agency pays its bills found that approximately:

Number of invoices paid during the year	9089
Number paid on time	8921
Percentage paid on time	98.15%

The Late Payment of Commercial Debts (Interest) Act 1998 provides small businesses with a statutory right to claim interest on the late payment of commercial debt. In 2011-12 the Agency made no payments (2010-11: £NIL) arising from the Late Payment of Commercial Debt (Interest) Act.

Payment Accuracy

The Agency's Annual Report and Accounts includes a Payment Accuracy note which contains information on the way the Agency regularly monitors and reports on the estimated levels of fraud and error within the administration of social security benefits. This disclosure is included under Note 26 to the Agency's Notes to the Accounts.

Future Developments

The Agency will continue its focus on delivering quality public services to its customers by ensuring financial support is available to people who find themselves out of work, are too ill to work or who have a disability which impacts on their mobility. We will also ensure that pensioners receive the level of pension to which they are entitled and, we will continue to provide financial assistance to people in real need or who face financial emergencies. The next 12 months will see the Agency continue to be at the forefront of preparing for the delivery of a major programme of reform in Northern Ireland as the Welfare Reform Bill goes through the Assembly. We will engage with our customers and key stakeholders as we move to the implementation phase of the welfare reform initiatives.

Universal Credit is intended to replace a set of existing social welfare benefits, including Job Seekers Allowance, Employment and Support Allowance, Child and Working Tax Credits and Housing Benefit, which will impact the qualifying criteria for a number of passported benefits administered by other Northern Ireland government departments. Developing and implementing the programme of work to enable the introduction of Universal Credit for fresh claims from October 2013, is a significant organisational and management challenge for the Agency. It is being taken forward in partnership with the Department for Work and Pensions, other Northern Ireland government departments and with Her Majesty's Revenue and Customs (HMRC). This will include developing appropriate delivery mechanisms for Universal Credit with the primary focus being on developing an on-line service for our customers. Whilst the launch site for delivery has been identified there remains significant work to be taken forward in staffing the new service. Existing working age customers will migrate to Universal Credit between 2014 and 2017.

Disability Living Allowance will be reformed for working age people (16- 64) through the introduction of the new Personal Independence Payment in June 2013 and all existing Disability Living Allowance working age customers will be invited to claim and be assessed for Personal Independence Payment beginning in October 2013. The new arrangements are intended to ensure the funding for the new payment is targeted at those who most need it and is also expected to lead to a reduction in overall benefit spending on Disability Living Allowance. The Agency has been working closely with DWP in the design of the new benefit to ensure that Northern Ireland factors are fully taken into account.

The Agency will continue with the development of a new Northern Ireland discretionary support provision to replace Community Care Grants and Crisis Loans for living expenses and household items which are to become obsolete as part of the proposed Northern Ireland Welfare Reform Bill. It is planned that a new discretionary service should be in place by April 2013. The design of new discretionary support is currently underway and reflects feedback from Phase 1 of the Social Fund Reform research study and the outcome of the Phase 2 consideration of delivery options.

The Northern Ireland Welfare Reform Bill includes two changes to contribution-based Employment and Support Allowance. The first significant change is the introduction of a time limit for people in receipt of contribution-based Employment and Support Allowance who are in the Work Related Activity Group (or Assessment Phase) to 365 days. The second change to Employment and Support Allowance removes the special contribution conditions that allowed some young people to qualify for contribution-based Employment and Support Allowance without paying National Insurance contributions. The Agency continues to work towards an implementation date of May 2013 for the introduction of the changes in Northern Ireland, subject to Assembly approval of the Northern Ireland Welfare Reform Bill.

When introducing Employment and Support Allowance provision was made for an independent review of the Work Capability Assessment on a yearly basis over a 5 year period. The aim of this Independent Review is to improve the fairness and effectiveness of the Work Capability Assessment. Professor Malcolm Harrington, an occupational health specialist, was appointed to undertake the reviews. To date he has completed two reviews and has commenced work on his third. The Agency will continue to work with Professor Harrington to assist in his third review and to implement the recommendations he has made to improve the Work Capability Assessment.

The Agency will also take forward a range of projects over the next year aimed at modernising service delivery and improving accessibility for benefit customers. These will include the Digital Services project covering the Benefit Enquiry Service Online and Electronic Signing which will allow some of our customers to access an on-line enquiry facility and provide the potential to move much of this customer contact to the online channel. The proposed Welfare Reform Bill will introduce changes to the way that appeals against benefit entitlement decisions are resolved. In this context the Agency will take forward a project to develop a new operating model for appeals in Northern Ireland.

The launch of Universal Credit and Personal Independent Payment and the reform of Social Fund alongside the current programme of work demonstrates the scale of change which the Agency will have to manage over the Spending Review 2010 period. There will be significant human resource and financial issues associated with this programme of work. This will require clarity on how the Agency plans to deliver its business in the medium term including achieving the right levels of staffing, with the appropriate skills and that the Agency is able to secure the necessary resources to fund the service and the appropriate contractual and commercial arrangements to support the implementation of the Welfare Reform programme. The Agency will continue to develop strategic financial models which assess the impact on the costs of administration and delivery and benefit related spending on Northern Ireland.

The Agency's key priorities for the year ahead are:

- **Enhancing customer service**
- **Delivering a reformed and modernised welfare system**
- **Encouraging benefit entitlement**
- **Sustaining performance on fraud and error and debt recovery**
- **Working in partnership**
- **Staff engagement**

A copy of the Agency's Business Plan for 2012-13 can be accessed on the DSD internet site in the following location:

www.dsdni.gov.uk

Remuneration Report Part 3

Remuneration Report

Remuneration Policy

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

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

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

Service Contracts

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

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

Further information about the work of the Civil Service Commissioners can be found at
www.nicscommissioners.org

Salary and Pension Entitlements

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

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

The banded remuneration of the highest-paid director in the SSA in the financial year 2011-12 was *£100k - £105k* (2010-11, *£100k - £105k*). This was 4.69 times (2010-11, 4.93) the median remuneration of the workforce, which was £21,835 (2010-11, *£20,799*).

No employee received remuneration in excess of the highest-paid director in 2011-12, nor in 2010-11. Remuneration ranged from £15,619 (£14,981 2010-11) to £103,300.

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

The Change in the pay multiple ratio between 2010-11 and 2011-12 is due to a pay freeze in senior pay, which did not affect the majority of staff, who got a pay rise.

Remuneration (Audited)

	2011-12			2010-11		
Officials	**Salary £'000**	**Bonus Payments £'000**	**Benefits in kind (to nearest £100)**	**Salary £'000**	**Bonus Payments £'000**	**Benefits in kind (to nearest £100)**
Tommy O'Reilly Chief Executive	100-105	N/A	N/A	65-70 (100-105 full year equivalent)	N/A	N/A
Dr Colin Sullivan Director for Universal Credit	80-85	N/A	N/A	80-85	N/A	N/A
Joyce Bill Director of Financial and Commercial Services	55-60	N/A	N/A	55-60	N/A	N/A
John O'Neill Acting Director of Pensions, Disability and Corporate Services (From 01/04/11 to 29/04/11)	0-5 (55-60 full year equivalent)	N/A	N/A	N/A	N/A	N/A
John McKervill Director of Pensions, Disability and Corporate Services (From 03/05/11)	55-60 (65-70 full year equivalent)	N/A	N/A	N/A	N/A	N/A
Mickey Kelly Acting Director of Working Age Services (From 01/04/11 to 30/09/11)	25-30 (60-65 full year equivalent)	N/A	N/A	0-5 (55-60 full year equivalent)	N/A	N/A
Brian Doherty Director of Working Age Services (From 03/10/11)	30-35 (60-65 full year equivalent)	N/A	N/A	N/A	N/A	N/A
Band of Highest Paid Director's Total Remuneration	100-105	N/A	N/A	100-105	N/A	N/A
Median Total Remuneration	21,835	N/A	N/A	20,799	N/A	N/A
Ratio	4.7	N/A	N/A	5.0	N/A	N/A

Salary

'Salary' includes gross salary; 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.

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.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses paid in the 2010-11 or 2011-12 years.

Pension Entitlements (Audited)

Officials	Accrued pension at age 60 as at 31/03/12 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/03/12	CETV at 31/03/11*	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Tommy O'Reilly Chief Executive	35-40 plus lump sum of 110-115	0-2.5 Plus lump sum of 0-2.5	712	647	10	N/A
Dr Colin Sullivan Director for Universal Credit	5-10 (no lump sum)	0-2.5 (no lump sum)	64	45	12	N/A
Joyce Bill Director of Financial and Commercial Services	5-10 Plus lump sum of 20-25	0-2.5 Plus lump sum of 0-2.5	102	90	4	N/A
John O'Neill Acting Director of Pensions, Disability and Corporate Services (From 01/04/11 to 29/04/11)	15-20 Plus lump sum of 50-55	0-2.5 Plus lump sum of 0-2.5	292	279	5	N/A
John McKervill Director of Pensions, Disability and Corporate Services (From 03/05/11)	20-25 Plus lump sum of 70-75	(0-2.5) Plus lump sum of (0-2.5)	433	407	(7)	N/A
Mickey Kelly Acting Director of Working Age Services (From 01/04/11 to 30/09/11)	20-25 Plus lump sum of 60-65	0-2.5 Plus lump sum of 2.5-5	373	328	28	N/A
Brian Doherty Director of Working Age Services (From 03/10/11)	20-25 Plus lump sum of 65-70	0-2.5 Plus lump sum of 0-2.	360	348	2	N/A

*The actuarial factors used to calculate CETVs were changed in 2011/12. The CETVs at 31/3/11 and 31/3/12 have both been calculated using the new factors, for consistency. The CETV at 31/3/11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Northern Ireland Civil Service (NICS) Pension Arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the CPI. For 2011, public service pensions will be increased by 5.2% with effect from 9 April.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

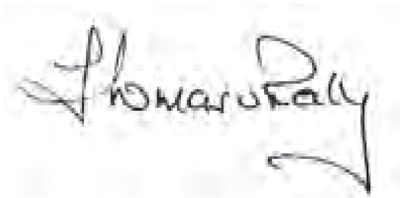
The actuarial factors that are used in the CETV calculation were changed during 2011, due to changes in demographic assumptions. This means that the CETV in this year's report for 31 March 2011 will not be the same as the corresponding figure shown in last year's report.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

There was no compensation paid to serving or former serving managers (for loss of office) during 2011-12.



Tommy O'Reilly
Chief Executive

27 June 2012

List of Annexes

List of Annexes

The Role of the Social Security Agency

Services provided to the people of Northern Ireland

We are responsible for managing the following **Social Security Benefits and Payments**.

- Attendance Allowance
- Disability Living Allowance
- Incapacity Benefit
- Income Support
- Benefits under the Industrial Injuries Scheme
- Carer's Allowance
- Jobseeker's Allowance (income and contribution based)
- Lump-sum payments (Christmas Bonus, Winter Fuel Payments)
- Maternity Allowance
- State Pension Credit
- State Pension
- Over 80s Pension
- Severe Disablement Allowance
- Social Fund payments, grants and loans
- Bereavement Benefits
- Cold Weather Payments
- Employment and Support Allowance (income related and contribution based)
- Carers Credit (from April 2010)
- Job Grant

We are also responsible for:

- providing information, advice and help to MPs/MLAs, the advice sector, the general public and employers;
- providing input to Northern Ireland Assembly debates;
- answering Assembly questions;
- recovering Social Fund loans and Funeral Payments;
- preparing and presenting appeals to appeals tribunals;
- deciding on operational policy relating to social security fraud and for developing and putting in place a strategy to prevent and detect social security fraud and abuse and prosecuting offenders;
- preventing, raising and recovering overpayments of benefits;
- recovering social security payments from compensation awards;

- working with social security authorities in other countries to decide who is entitled to benefits for those who are living, or have lived, abroad; and
- reassessment of existing claimants for Incapacity Benefit, Severe Disablement Allowance and Income Support (paid on the grounds of incapacity).

Services Provided for the Department for Work and Pensions in Great Britain

Belfast Benefit Centre (including Lisahally Processing Unit) currently deliver full end to end processing for IS, JSA, IB, ESA and IBR project for DWP customers living in parts of West, South and North London.

In addition Belfast Benefit Centre undertakes the role of the Centralised Referral Team (Debt) for all of the London and Home Counties Group.

Belfast Benefit Centre has recently commenced end to end processing of IS on behalf of Basildon Benefit Centre.

Other Services

We are responsible for handling the following services:

- **Health service charges** – we assess and issue certificates of entitlement to help with dental treatment, travel to hospital for treatment, sight tests and vouchers for glasses or contact lenses on behalf of the Department for Health and Social Services and Public Safety.
- **Prison Visit Scheme** – we assess entitlement and pay allowable travelling expenses for visits to a spouse/partner or close relative in prison on behalf of the Northern Ireland Prison Service.
- **Housing and fuel costs** – for customers who have been supplied with housing or fuel credit, we deduct the repayments from their benefits and pay directly to the organisations concerned.
- **Legal Aid Assessment** – we assess customers' financial circumstances if they are applying for Civil Legal Aid and confirm if a customer is receiving a social security benefit if they are applying for Criminal Legal Aid or assistance under the Green Form Scheme.
- **We provide Information and Guidance** on how to claim Tax Credits for HMRC.
- **We are able to provide** members of the public with an estimated potential entitlement to a range of benefits and tax credits through the Better Off Calculator (BOC) and the Benefit Adviser Service (BAS).
- **We provide relevant information** to employers and other organisations to help them to decide on entitlement to, and payment of, Housing Benefit, Statutory Sick Pay, Statutory Maternity Pay, Criminal Injuries Compensation, free school meals and educational clothing.
- **We provide** a National Insurance Number application and allocation service on behalf of the HM Revenue and Customs.
- **We provide information** on and pay Disability Living Allowance (higher-rate

mobility component) to Motability.

- **Vehicle Excise Duty Exemption** – we issue certificates of entitlement to people who receive Disability Living Allowance (higher-rate mobility component).
- **Training Allowance** – we pay benefit based training allowances on behalf of the Department for Employment and Learning to those taking part in recognised Department for Employment and Learning schemes.
- **Data Sharing with other Government Departments** – we may give information to certain other organisations as the law permits, to check the accuracy of the information, prevent or detect crime, protect public funds and use in research statistics.
- **Data gather for other Departments** – the Employment and Support Allowance Centre completes a data gather on behalf of the Northern Ireland Housing Executive and for Land and Property Services.
- **Signpost customers to CMED -** Gathering information from single parents who could benefit from the services provided by CMED. This includes arranging for the Child Maintenance Choices (the new name for CMED's Information and Support Service) to contact customers, seeking to use their services, directly.
- **Issue application forms for other benefits –** the Employment and Support Allowance Centre can, for customers making an Employment and Support Allowance new claim by telephone, issue application forms for Carers Allowance, Bereavement Benefit, Maternity Allowance and Industrial Injuries Benefit.

The services listed above may vary in line with amendments to legislation and as directed by Minister.

How to Contact Us

Annex 2

Phone Services	Number	Opening Hours	Description
Benefit Enquiry Line (BEL)	Free phone: 0800 220 674 Minicom: 0800 243 787 (freecall)	This service is available 24 hours a day where a message can be left and customers are called back as soon as possible during office hours (Monday, Tuesday, Wednesday and Friday 9.00am to 5.00pm and Thursday 10.00am to 5.00pm).	The BEL is an answer phone service which provides general information and advice on Attendance Allowance, Disability Living Allowance, Carer's Allowance along with the phone completion of Attendance Allowance, Disability Living Allowance and Carer's Allowance claim forms. Appointments have to be made to have these forms completed.
Benefits Investigation Services (Northern Ireland) Fraud Phone Line	Free phone: 0800 975 6050 Textphone: 02890 556991 (freecall)	Monday – Friday 9.00am – 5.00pm	Phone number to receive allegations of social security benefit fraud from the public. No details of caller required and confidentiality is guaranteed.
Employment and Support Allowance	Free phone: 0800 085 6318 Enquiry Line: 0845 602 7301 Textphone: 0800 328 3419	Monday, Tuesday, Wednesday and Friday 9.00am – 5.00pm Thursday 10.00am – 5.00pm	A quick and easy way for making new applications to Employment and Support Allowance. For general Employment Support and Allowance enquiries e.g. enquiring about an application, or reporting a change of circumstances.
Incapacity Benefits and Industrial Injuries Benefits	Telephone: 02890 336000 Textphone: 02890 336206	Monday, Tuesday, Wednesday and Friday 9.00am - 5.00pm Thursday 10.00am – 5.00pm	Customers can use these numbers to make enquiries about or to make a claim to Industrial Injuries or Incapacity Benefits or to make enquiries about Incapacity Benefit.
Benefit Shop	Telephone: 02890 336958 Textphone: 02890 336206	Monday, Tuesday, Wednesday and Friday 9.00am - 4.30pm Thursday 10.00am – 4.30pm	A One Stop Shop which provides help, information and advice on all Social Security benefits, and where possible, deal with queries an individual may have in relation to other organisations and public services.
National Benefit Fraud Line	Free phone: 0800 854 440 Textphone: 0800 328 0512	7.00am - 11.00pm 7 days a week	National free phone service for reporting allegations of benefit fraud.
Benefit Leaflet Issuing Service	Phone Number: 0845 605 2020 (local rates apply)	24 hours 7 days a week	The Benefit Leaflet Information Service is a 24 hour fully automated telephone service for requesting leaflets.

Crisis Loans Claim Line	Free phone: 0800 028 8822	Monday, Tuesday, Wednesday and Friday 9.00am - 4.30pm Thursday 10.00am – 4.30pm	A Crisis Loan is there to help you in an emergency or as a consequence of a disaster. A Social Fund officer will process your claim over the telephone.
State Pensions Service Tele-Claims	Free phone: 0808 100 2658 Textphone: 0808 100 2198 (freecall)	Monday – Friday 9.00am – 5.00pm	A quick and easy way for making new applications to State Pension.
Pension Credit Application Line	Free phone: 0808 100 6165 Textphone: 0808 100 1165 (freecall) Fax Number: 02871 274643	Monday, Tuesday, Wednesday and Friday 9.00am – 5.00pm Thursday 9.00am – 2.00pm and 3.00pm – 5.00pm	A quick and easy way for making new applications to Pension Credit. Application forms completed for the Customer.
Pensions Service Enquiry Line	Phone Number: 0845 601 8821 Textphone: 0808 100 2198 (freecall) Fax Number: 02871 274643	Monday-Friday 9.00am – 5.00pm	For general State Pension or Pension Credit enquires e.g. enquiring about an application, or reporting a change of circumstances.

SSA Internet Address: **www.nidirect.gov.uk**

The following table shows the breakdown of public spending for those social security benefits we are responsible for.

Net Spending on Benefits 2011-12

Benefits taken from Northern Ireland Consolidated Fund	£'000
Non-contributory retirement pension	2,567
Christmas bonus (pensioners)	1,412
Pension Benefit - other	2
Attendance Allowance	197,185
Carer's Allowance	111,219
Severe Disablement Allowance	40,865
Disability Living Allowance	800,107
Disability Working Allowance	-
Industrial Injuries Benefits	29,357
Income Support for the elderly	3,767
Pension Credit	349,355
Family Credit, Child Support Maintenance Bonus	-5
Income Support – non-pensioners	381,433
Jobseeker's Allowance (income based)	174,802
Age Related payments	-
Employment and Support Allowance (Income Based)	83,432
Periodicity and Paydays	-3
Job grant	1,693
Total: Northern Ireland Consolidated Fund	**2,177,188**

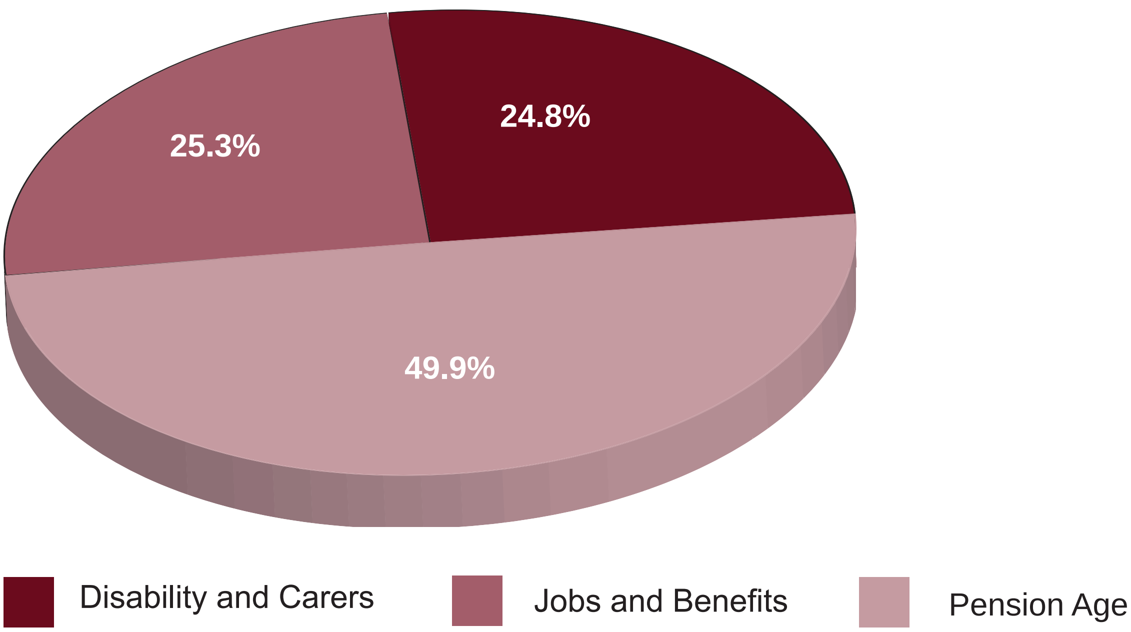
Benefits taken from the Northern Ireland National Insurance Fund	£'000
Retirement Pension	1,782,356
Christmas Bonus	3,441
Widow's Benefits	21,253
Incapacity Benefit	273,804
Maternity Allowance	10,797
Employment and Support Allowance (Contribution Based)	64,511
Periodicity and Paydays	20
Jobseeker's Allowance (contribution based)1	23,823
Total: Northern Ireland National Insurance Fund	**2,180,005**

Social Fund	£'000
Budgeting loans	50,006
Crisis loans	14,074
Community care grants	13,694
Maternity payments	2,048
Funeral payments	2,501
Cold-weather payments	47
Winter Fuel Payments	54,312
Repayment of loans and other receipts	-62,041
Total: Social Fund	**74,641**
Total public spending on benefits for which we are responsible	**4,431,834**

1 - Spending on Jobseeker's Allowance is taken from the Department for Social Development's Vote (Request for Resources A) and the contributory element is repaid by the National Insurance Fund.

2 - Figures for Crisis Loans, Budget Loans and Funeral Payments represent amounts for new loans issued in the year. These amounts are included with Receivables, Note 13 in the notes to the financial statements.

Spending on Benefits by broad groups of beneficiaries 2011-12

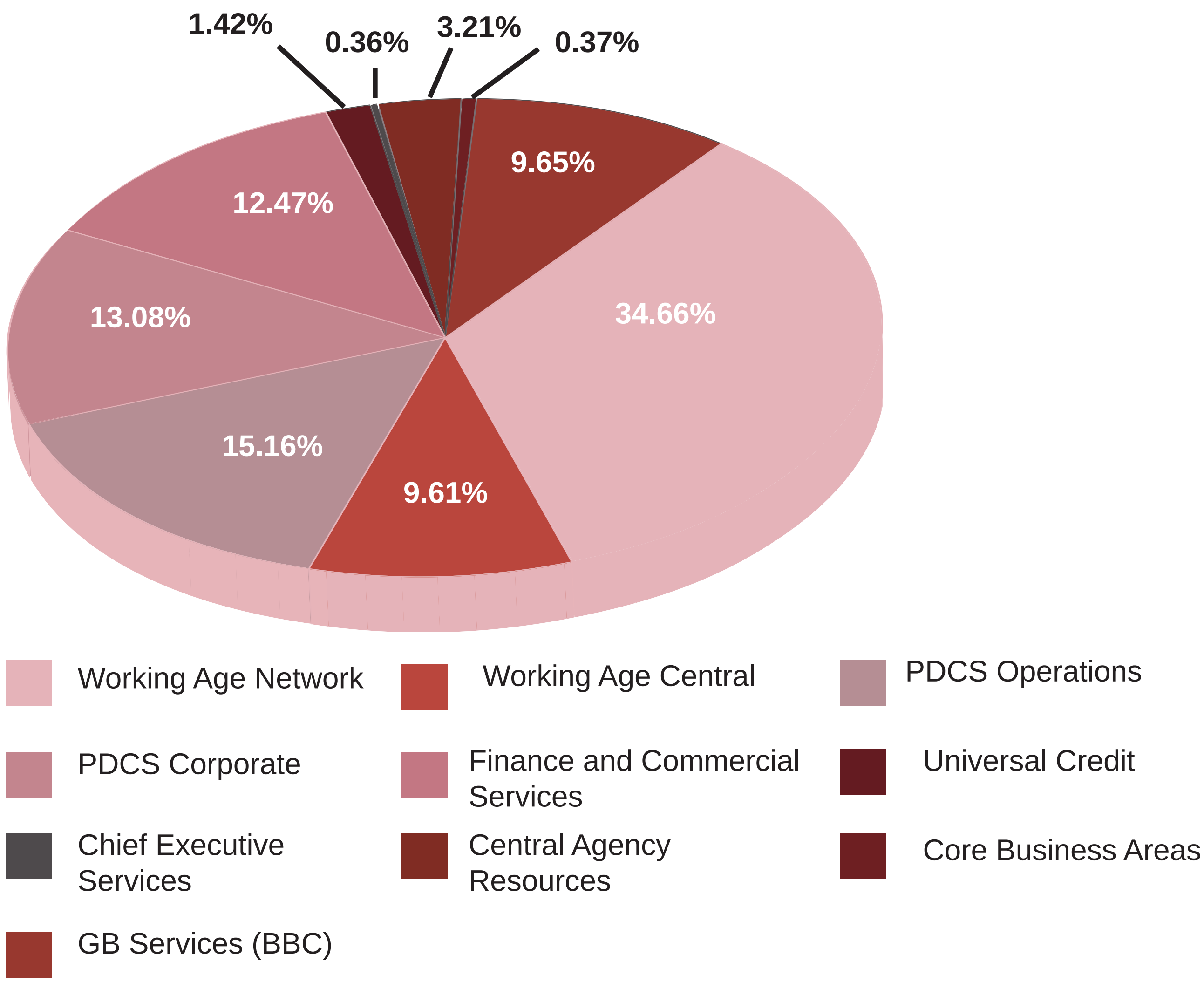


Spending on Benefits = 1

	Percentages	Values
		£'000
Disability and Carers	24.8%	1,108,511
Jobs and Benefits	25.3%	1,118,375
Pension Age	49.9%	2,200,408

1- The above figure for spending on benefits £4,427,294k, does not include the amounts for Crisis Loans, Budget Loans and Funeral Payments and does not include repayments of loans and other receipts.

Patterns of Spending by Business Area 2011-12

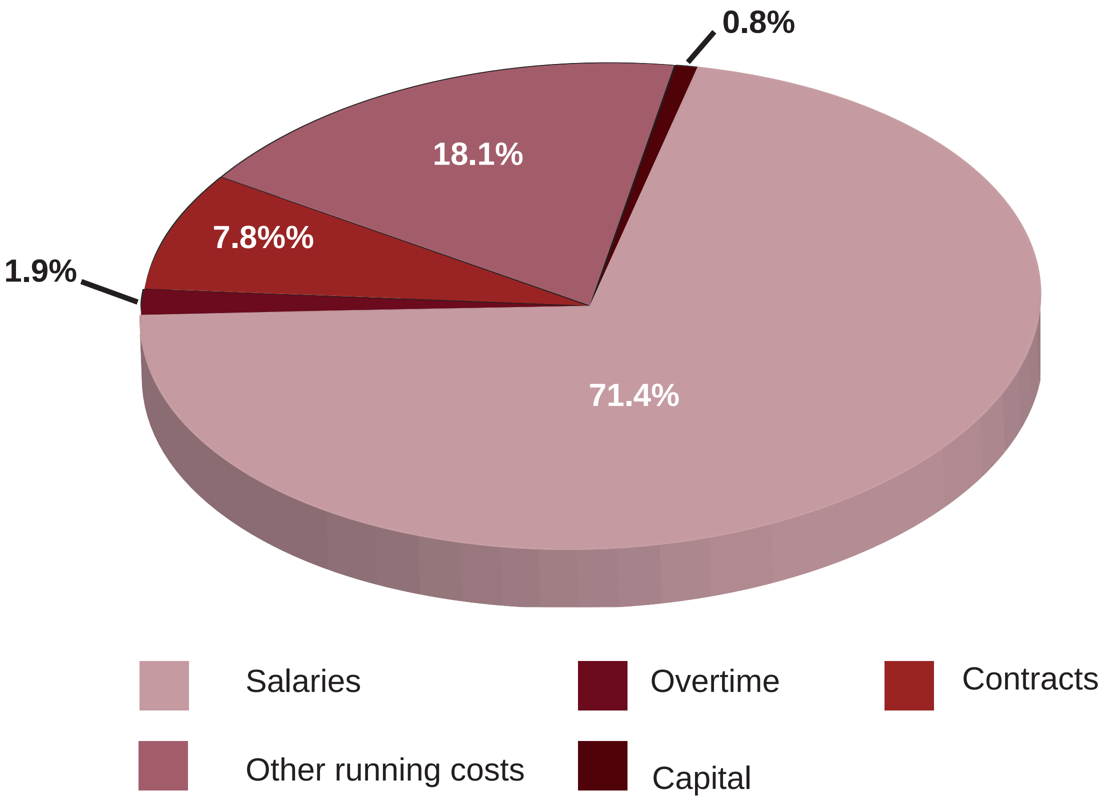


Working Age Benefits Network	34.66%
Working Age Benefits Central	9.61%
Pensions Disability & Carers Service Operations	15.16%
Pensions Disability & Carers Service Corporate	13.08%
Finance and Commercial Services	12.47%
Universal Credit	1.42%
Chief Executive Services	0.36%
Central Agency Resources	3.21%
Core Business Areas	0.37%
GB Services (BBC)	9.65%

Notes:

1. The spending figure for Great Britain Services includes the costs associated with handling the Belfast Benefit Centre.
2. Welfare Reform spending is included in the figures shown for each of the directorates.

Patterns of Spending by type 2011-12



Salaries	71.4%
Overtime	1.9%
Contracts	7.8%
Other Running Costs	18.1%
Capital	0.8%

Total spending = £191.8 million (£190.232 million Resource costs and £1.568 million Capital costs)

NB. Non-Cash figures are excluded from above spends

Annual Accounts 2011-2012 Part 4

Contents

Statement of Accounting Officer’s Responsibilities

Under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Northern Ireland Social Security Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Northern Ireland Social Security Agency and of its income and expenditure, changes in taxpayers 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 the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Department for Social Development has appointed the Chief Executive of the Northern Ireland Social Security Agency as Accounting Officer for the Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Northern Ireland Social Security Agency’s assets are set out in the Accounting Officers’ Memorandum.
This is issued by the Department of Finance and Personnel and published in “Managing Public Money Northern Ireland”.

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Agency's and the Department'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.

All relevant internal control considerations, including any issues of risk, are taken into account with regard to the achievement of Agency policies, aims and objectives and, where necessary, are brought to the attention of the Minister and the Permanent Secretary.

To enable me to complete this Statement on Internal Control I have also drawn on assurances received from the Permanent Secretary in the Department of Finance and Personnel on the various components of Enterprise Shared Services including Account NI which is responsible for the Agency's transaction processing arrangements, HR Connect which is responsible for the Agency's Human Resource management arrangements and IT Assist which is responsible for providing IT support services in the Agency.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts, and accords with Department of Finance and Personnel (DFP) guidance.

3. Capacity to handle risk

As Accounting Officer, I have responsibility for ensuring that a robust risk management process is in place to ensure that the risks faced by the Agency are identified, managed and that appropriate controls are in existence and utilised accordingly.

Risk management is integrated within all aspects of the Agency's business. Directors and senior management provide leadership to the risk management process in their particular area of responsibility and corporately through their involvement in the Agency's Management Board.

Progress on the management of risks is reported to, and reviewed quarterly by, the Agency Management Board. In addition, the risk management process is supported by reports from Internal Audit and independent scrutiny provided by the Agency's Audit Committee.

The Agency's Risk Management Framework, which is based on HM Treasury and best practice guidance, is communicated to staff and is available on the Agency's intranet site. The risk management process is supported by a Governance and Planning team who provide advice and are the central liaison point on all risk management matters.

4. The risk and control framework

The Agency's Risk Management Framework details the risk policy, approach and operating procedures for managing risks within the Agency. The Agency's Risk Management Framework includes:

- a risk identification process which helps develop a clear and common understanding amongst senior managers of the risks facing the Agency's business;

- ownership of key risks assigned at Director level with the responsibility and authority for implementing controls and assigning resources to manage them;

- a risk evaluation criteria to determine the impact and confidence in controlling key risks; and

- risk assurance through the Agency's monitoring and reporting mechanisms, e.g. Agency Annual Review, Internal Audit annual reviews and the work of the Agency Audit Committee.

The Agency has integrated risk management within all aspects of its business and through its planning, monitoring and reporting cycles. The Agency Corporate Risk Register is formally reviewed quarterly by both the Agency Management Board and the Agency Audit Committee. In addition, updates and assurance on risk management are provided at individual Grade 7 level to the appropriate Director on a monthly basis.

The Agency's Corporate Governance Framework, which is reviewed annually, details the systems of internal control for the organisation. This includes additional arrangements designed to help ensure the effectiveness of the Agency's risk management processes; an Agency Audit Committee chaired by an independent member; a Finance Director's post as required by Managing Public Money Northern Ireland; a Governance and Planning Branch that plays a key role in facilitating the Agency's strategic management; and a Fraud and Error Reduction Board steering and overseeing the work of the Agency's specialist counter fraud and error teams.

The Agency is responsible for the processing and storage of a significant amount of personal and sensitive information, provided by its customers in order that they may avail of its' services. When dealing with this information, Data Protection legislation requirements are considered at all times.

The Agency dovetails its' information risk management with the policies and processes adopted by the Department. The Department has a Senior Information Risk Owner at Board level and Information Asset Owner's across all Departmental business areas to ensure that risks to information are identified and managed at an appropriate level. The Agency, therefore, has an Information Asset Owner who represents the Agency in the Department's Information Asset Owner's forum.

The Agency reflects the significance of its information management responsibilities by including a risk on its' Agency Corporate Risk Register. As Accounting Officer, I also receive regular assurance that the information held by the Agency is being handled appropriately and have put in place additional processes to manage the security of information risk, including:

- confirmation that the Departmental Information Security Policy, Information Risk Policy, Information Transfer Guidance and Personal Information Policy are being used throughout the Agency;

- security accreditation of computer systems, this includes the accreditation of specific NI systems used by the Agency in line with HM government standards; and

- deployment of Security Specialists to monitor existing operational procedures, provide assurance that management controls are in place and operating effectively, that systems are secure and being used appropriately and that all relevant guidance is being adhered to.

Welfare Reform and Universal Credit

The Welfare Reform programme and the introduction of Universal Credit represent the most substantial and widespread changes to the welfare system in the last sixty years. The principles and policy intent include simplifying the benefit system, to make work pay, and to control the costs of the social welfare system. The delivery of the programmes and the new reforms involve significant challenges both in terms of timescales, and the impact of change on the existing Agency structure, operational and IT delivery models and funding arrangements. In addition to the wide scale changes for the Agency there are also external bodies and enablers whose input is essential to ensure the successful delivery of the new programmes.

Universal Credit is a DSD led programme. A Senior Sponsorship Group, chaired by the DSD Permanent Secretary has been established to raise the strategic profile of Universal Credit across other government departments and to provide input into the strategic direction of the programme ensuring strategies are aligned with other Government objectives. As the Agency's Chief Executive, I have been appointed the Senior Responsible Officer of the Universal Credit project reporting to the DSD Permanent Secretary. A monthly Programme Board is held to review progress with the key project milestones and to ensure that updates and issues are clearly communicated and visible to all key stakeholders. In addition an Executive Sub-Committee on Welfare Reform has been established by the Northern Ireland Assembly with meetings held on a monthly basis to discuss the progress on the various initiatives within the reform programme.

The governance arrangements surrounding the Welfare Reform/Modernisation Programme have been refined to incorporate best practice in programme and project management. The governance structure in place provides the necessary assurance to Agency senior management and also ensures that arrangements are in accordance with Department of Finance and Personnel (DFP) guidance.

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 executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, the work of the internal auditors, and comments made by the external auditors in their report to those charged with governance and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board and the Agency Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

As Accounting Officer, my review of the effectiveness of the system of internal control is supported by:

- an Agency Management Board, which meets monthly to consider the plans, performance and strategic direction of the Agency against its Business Plan targets;
- a Standards Committee, which provides me with independent advice on the quality of the Agency's decision making;
- a Fraud and Error Reduction Board which provides strategic focus and direction to the planning and delivery of error reduction activity across all benefits; and
- a Modernisation Board, which meets monthly, which has overall responsibility for the Agency's Modernisation Programme.

An Agency Audit Committee supports me as Accounting Officer in my responsibilities for issues of risk, control and governance and associated assurance. The Audit Committee:

- meets four times a year, with the option to convene additional meetings as it deems necessary;

- has an independent Chairperson;

- is attended by the Head of Internal Audit and representatives from the Northern Ireland Audit Office;

- reviews all changes to the Agency's Risk Register and provides a level of assurance that the risk management and review processes are effective and appropriate;

- provides assurances relating to the Agency's corporate governance requirements; and

- provides advice on the adequacy of management responses to issues as identified by audit activity, and to any separate concerns as raised by the Audit Committee itself.

In addition, the Department's Internal Audit Unit provides me with an independent and objective opinion on risk management, control and governance within the Agency.

The Agency conducts an annual review of its Corporate Governance Framework to ensure that the document both reflects the changes to the Agency's governance and internal control systems and adheres to best practice and DFP guidance. A New Risk Management Framework was introduced for 2011-12.

In line with best practice guidance set out by the National Audit Office (NAO), the Agency Audit Committee conducted a self-assessment review in August 2011. The self–assessment checklist was based on the NAO Financial Management and Governance Practice checklist. The acting chair of the Audit Committee presented the outcome of the assessment to Agency Management Board in November 2011. To further strengthen the Agency's system of internal control, I appointed an independent member of the Departmental board as Chair of the Social Security Agency's Audit Committee from February 2012.

6. Significant internal control issues

For the 2011-12 financial statements, the NI Comptroller and Auditor General (C&AG) has again qualified his opinion on the regularity of benefit expenditure, with the exception of State Pension (SP), because of the level of overpayments attributable to fraud and error which have not been applied to the purposes intended by the Assembly and because of the level of over and underpayments in such benefit expenditure which are not in conformity with the relevant authorities.

During 2011-12, the reduction of fraud and error remained one of the Agency's key business priorities. The regular monitoring and measuring of Official Error, Customer Error and Customer Fraud continued through the Agency's Financial Accuracy and Benefit Review processes.

The Agency's Fraud and Error Reduction Board continues to closely monitor the effectiveness of the Agency's overall counter fraud and error operations.

For 2011, the Agency achieved an improved performance in the reported estimates for overpayments and underpayments (the Agency reviews the position on a calendar year basis). This is a considerable achievement for the organisation in light of the already existing low levels of fraud and error and the ongoing pace of change with the implementation of the various Welfare Reform and modernisation initiatives. In addition, a Benefit Review was completed on the Employment and Support Allowance benefit for the first time in 2011, meaning that specific customer fraud and customer error estimates for this benefit are now included in the year-end results. The Agency's estimates for 2011 are as follows:

- Estimated overpayments of £39.9m or 0.9% of total benefit spend. (2010: £48.2m or 1.1%); and

- Estimated underpayments of £19.9m or 0.4% of total benefit spend. (2010: £20.7m or 0.5%).

A range of activities including Accuracy Improvement Planning, Direct Intervention Error Reduction activities, Quality Forums, Customer Compliance interviews and Criminal Investigations are in place to reduce social security benefit fraud and error. This ensures the Agency is making the most effective use of resources, maximising the impact of work to increase financial accuracy levels and to reduce fraud and error. The Agency has now also embedded the Northern Ireland Audit Office's (NIAO) National Fraud Initiative (NFI) exercises within its business as usual activities. During 2011-12 the Agency's Fraud and Error Reduction Board continued to closely monitor the effectiveness of the Agency's overall counter fraud and error operation.

For 2011-12, the Agency continued its' targeted error reduction activity, which is additional to its normal checking procedures. This resulted in increased awards of over £15m for 8.6k cases and identified overpayments of over £21.7m in 6k cases.

During 2011 the Agency's new Customer Compliance Team became fully operational and, in 2011-12, this team engaged with 3.3k customers whose cases were identified as being at risk of error or potentially fraudulent. This activity resulted in benefit adjustments of £3.7m.

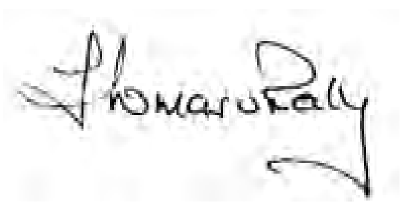
The Agency's counter fraud work has resulted in 519 people being convicted in the Courts for fraud totaling £4.52m. The Agency also imposed 506 Administrative Penalties. In addition, investigations carried out by Benefit Security Services (BSS) during the year involved overpayments amounting to £8.09m, as well as £0.57m losses identified through cheque fraud.

While maintaining a close watch on current counter fraud and error activity, the Agency is also taking forward a significant fraud and error modernisation programme. The Agency is implementing similar proposals to those published in the joint DWP and Her Majesty's Revenue and Customs (HMRC) strategy (published in October 2010) to tackle fraud and error in the benefit and tax credits systems. This will help to ensure the Agency maintains its focus on tackling both loss and underpayments within the benefit system, with the aim of maintaining, or improving further, the current low levels of benefit fraud and error within Northern Ireland. The Agency is also undertaking specific work in preparing for Universal Credit to ensure the necessary infrastructure is in place to deal promptly and effectively with fraud or error within the new benefit.

The Agency is responsible for the production of the NI Social Fund White Paper accounts. The accounts for 2010-11 were also qualified on the basis of irregularity arising from error in benefit expenditure. However the previous qualification concerning the limitation in audit scope on the existence and valuation of the debt balances at the year end was removed for the 2010-11 financial year, reflecting the work completed by the Agency in adopting a new Social Fund accounts production methodology. The Agency will continue to investigate the underlying issues associated with the irregularity qualification.

The Agency Annual Internal Audit Report 2011-12 has been finalised. In relation to the areas of risk management and corporate governance control and review processes DSD Internal Audit have taken assurance from the previous year's audit completed in this area which awarded substantial assurance. In relation to both programme and resource expenditure the work by DSD Internal Audit confirmed satisfactory assurance, and that there was an adequate and effective level of control in place. One audit report in relation to Jobseekers Allowance West District received a limited assurance rating. Actions are in place to address the issues raised within this report and ensure the audit recommendations for the social security office are implemented appropriately.

The Welfare Reform Bill is the key enabling legislation for the Welfare Reform measures. Any delay in the passage of the Bill will significantly impact on the Agency's ability to implement a wide range of reforms. This may have ramifications, both in operational costs and the capacity of the Agency to deliver its' business. The Agency Management Board is closely monitoring progress with this issue.



Tommy O'Reilly
Chief Executive
27 June 2012

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Northern Ireland Social Security Agency for the year ended 31 March 2012 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as 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 examine, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with 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 Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Basis for Qualified Opinion on Regularity arising from erroneous benefit awards and payment of fraudulent claims

The total amount paid in benefits is £4.4 billion, of which £1.7 billion relates to expenditure on State Pension which has a low level of fraud and error and on which I have not qualified my opinion on regularity. In respect of the other benefits amounting to £2.7 billion, the levels of fraud and error, as reported in Note 26 to the accounts resulted in total overpayments of £39.4 million and underpayments due to official error of £10.3 million. The benefit overpayments are irregular as the expenditure has not been applied in accordance with the purposes intended by the Northern Ireland Assembly and also because fraudulent transactions are by definition irregular since they are without proper authority. In addition both over and underpayments arising because of official error are irregular because the Agency is required to calculate benefits in accordance with primary legislation which specifies the entitlement criteria for each benefit and the method used to calculate the amount of benefit to be paid.

I have therefore qualified my opinion on the regularity of benefit expenditure other than State Pension because of the level of overpayments attributable to fraud and error which have not been applied to the purposes intended by the Northern Ireland Assembly and because of the level of overpayments and underpayments due to official error in such benefit expenditure which are not in conformity with the relevant authorities.

Qualified Opinion on Regularity

In my opinion, except for the £49.7 million of incorrect benefit expenditure attributable to fraud and error referred to above, 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 Agency's affairs as at 31 March 2012 and of the net operating cost, cash flows and changes in taxpayers' equity 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.

Opinion on other matters

In my opinion:

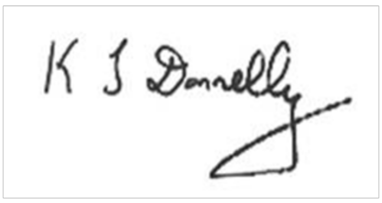
- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Chief Executive's Report, the Directors' Report and Management Commentary 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 and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

My detailed observations are included in my report attached to the financial statements.



K J Donnelly

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

28 June 2012

Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

		2011-12			2010-11		
		£'000			£000		
	Note	Staff Costs	Other Costs	Income	Staff Costs	Other Costs	Income
Resource Costs:							
Staff Costs	2	138,544			135,595		
Other resource costs	3		73,097			71,205	
Operating Income	8			(42,427)			(48,940)
Programme Costs							
Staff Costs	2	-			-		
Programme Costs	4		4,434,553			4,285,731	
Income	8			(5,817)			(6,832)
Totals		138,544	4,507,650	(48,244)	135,595	4,356,936	(55,772)
Net Operating Cost				4,597,950			4,436,759

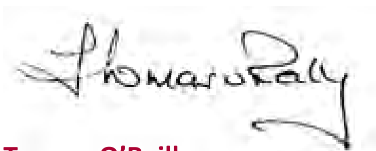
Statement of Comprehensive Net Expenditure for the year ended 31 March 2012 (cont.)

		2011-12			2010-11		
		£'000			£000		
Other comprehensive Expediture	**Note**	**Staff Costs**	**Other Costs**	**Income**	Staff Costs	Other Costs	Income
Net gain/(loss) on revaluation of property, Plant and Equipment	**9**			(328)			(727)
Net gain/(loss) on revaluation of intangibles	**10**			30			8
Net gain/(loss) on revaluation of available for sales financial assets				**-**			-
				(298)			(719)
Total comprehensive Expenditure for the year ended 31 March 2012				**4,598,248**			4,437,478
The notes on pages 83 to 156 form part of these accounts							

Statement of Financial Position as at 31 March 2012

	Note	31 March 2012 £'000		Restated 31 March 2011 £'000	
Non-Current Assets:					
Property, Plant and Equipment	9	11,368		11,785	
Intangible Assets	10	666		252	
Trade and Other Receivables	13	84,394		74,438	
Total non-current assets			96,428		86,475
Current Assets:					
Trade and Other Receivables	13	102,705		88,029	
Cash and Cash Equivalents	14	2,171		2,840	
Total Current Assets			104,876		90,869
Total Assets			201,304		177,344
Current Liabilities					
Trade and Other Payables	15	(116,860)		(81,635)	
Provisions	16	(542)		(2,124)	
Total Current Liabilities			(117,402)		(83,759)
Non-current assets plus/less net current assets/liabilities			83,902		93,585
Non Current Liabilities					
Provisions			(401)		(20)
Total Non Current Liabilities			(401)		(20)
Assets less liabilities			83,501		93,565
Taxpayers Equity:					
General Fund			81,763		91,519
Revaluation Reserve			1,738		2,046
Total Taxpayer's Equity			83,501		93,565

The notes on the pages 83 to 156 form part of these accounts



Tommy O'Reilly
Chief Executive
27 June 2012

Statement of Cash Flows for the year ended 31 March 2012

			Restated
	Note	**Year Ended 31-Mar 2012 £'000**	Year Ended 31-Mar 2011 £'000
Cash flows from operating activities			
Net Operating Cost		**(4,597,950)**	(4,436,759)
Adjustment for non-cash transactions	**3,4,16**	**21,395**	23,666
(Increase)/decrease in net trade and other receivables	**13**	**(24,632)**	15,134
(Increase)/decrease in paying agents	**14**	**669**	222
Increase/(decrease) in net trade and other payables	**15**	**35,225**	(30,126)
Use of provisions	**16**	**(162)**	(45,311)
Net cash outflow from operating activities		**(4,565,455)**	(4,473,174)
Cash flows from investing activities			
Purchase of property, plant and equipment	**9**	**(1,057)**	(64)
Purchase of intangible assets	**10**	**(511)**	(112)
Net cash outflows from investing activities		**(1,568)**	(176)
Cash flows from financing activities			
Request for Resources A		**2,301,029**	2,279,515
National Insurance Fund		**2,178,019**	2,066,744
Social Fund		**75,646**	114,062
Amounts due from/(to) consolidated fund - financing	**13, 15**	**3,541**	3,681
Amounts due from the consolidated fund - financing NIF	**13**	**8,788**	9,348
Net Financing		**4,567,023**	4,473,350
Cash and cash equivalents at the beginning of the period	**14.2**	**-**	-
Cash and cash equivalents at the end of the period	**14.2**	**-**	-

The notes on pages 83 to 156 form part of these accounts.

Statement of Changes in Taxpayers’ Equity for the Year ended 31 March 2012

	Note	General Fund £’000	Revaluation Reserve £’000	Total Reserves £’000
Balance at 31 March 2010		**24,999**	**10,488**	**35,487**
Opening Balance Adjustment		7,704	(7,704)	**-**
Restated Opening Balance at 1st April 2010		**32,703**	**2,784**	**35,487**
Changes in taxpayers’ equity for 2010-11				
Net gain/(loss) on revaluation of land, buildings, information technology & furniture and fittings	**9**	-	(727)	**(727)**
Net gain/(loss) on revaluation of intangible assets	**10**	-	8	**8**
Net cash inflow from financing		4,473,349	-	**4,473,349**
CFERs payable to the Consolidated Fund		-	-	**-**
Comprehensive Expenditure for the Year		(4,436,759)	-	**(4,436,759)**
Non-cash changes - auditor’s remuneration	**3**	129	-	**129**
Non-cash changes - other notional charges	**3**	22,078	-	**22,078**
Movements in Reserves		-	-	**-**
Additions		-	-	**-**
Recognised in Statement of Comprehensive Expenditure		-	-	**-**
Transfer between Reserves		19	(19)	**-**
Restated Balance at 31 March 2011		**91,519**	**2,046**	**93,565**

Statement of Changes in Taxpayers' Equity for the Year ended 31 March 2012 (Cont.)

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Changes in Taxpayers' Equity for 2011-12				
Balance at 31 March 2011		**91,519**	**2,046**	**93,565**
Net gain/(loss) on revaluation of land, buildings, information technology & furniture and fittings	**9**	-	(329)	**(329)**
Net gain/(loss) on revaluation of intangible assets	**10**	-	29	**29**
Net cash inflow from financing		4,567,023	-	**4,567,023**
CFERs payable to the Consolidated Fund		-	-	**-**
Comprehensive Expenditure for the Year		(4,597,950)	-	**(4,597,950)**
Non-cash changes - auditor's remuneration	**3**	115	-	**115**
Non-cash changes - other notional charges	**3**	21,106	-	**21,106**
Movements in Reserves		-	-	**-**
Additions		-	-	**-**
Recognised in Statement of Comprehensive Expenditure		-	-	**-**
InterCompany Fixed Asset Transfers	**9**	(57)		**(57)**
Trsf between Reserves for Realised Depreciation on Impairment exercise		8	(8)	**-**
Balance at 31 March 2012		**81,763**	**1,738**	**83,501**
The notes on pages 83 to 156 form part of these accounts.				

Notes to the Accounts

for the year ended 31 March 2012

1 Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel (DFP). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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 Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency for the year ending 31 March 2012 are described below. They have been applied consistently in dealing with items considered material in relation to the financial statements.

Accounting Standards that have been issued but have not yet been adopted

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.

1.1 Accounting Convention

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

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies (NI) Order 1986 and 1990, IFRSs' issued or adopted by the Accounting Standards Board, and accounting and disclosure requirements issued by the DFP as far as those requirements are appropriate.

1.2 Financial Instruments

The following are the key accounting policies used from 1 April 2011 to reflect the adoption of Financial Instruments under the IFRS (IAS 32, IAS 39 and IFRS 7).

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when, it is extinguished.

Financial Instruments are initially recognised at fair value unless otherwise stated. Fair value is the amount at which such an instrument could be exchanged in an arm's length transaction between informed and willing parties.

Financial Instruments are subsequently carried at amortised cost using the effective interest method, with changes in value between the 1 April 2011 - 31 March 2012 recognised in the Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

The Agency categorises the following account balances to be Financial Instruments:

(i) Cash and Cash Equivalents

- Programme and Resource Financing
- Cash with Paying Agents
- Encashment Control
- NIF Debtor
- Cash In Transit

Cash and cash equivalents comprise of cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Cash and cash equivalents also comprise of funding voted by the Assembly to meet the Agency's resource requirements (Programme and Resource Financing), Encashment Control, and Cash with Paying Agents. Cash with Paying Agents are monies deposited with Santander Corporate Banking to facilitate benefit payments to customers and so result from funding arrangements. The NIF debtor represents the balance at the year end of the funding provided to the Agency by Her Majesty's Revenue and Customs (HMRC) for the payment of contributory benefits. The Encashment Control represents the balance of cheques outstanding at the year end. The Cash in Transit amount reflects purely a timing difference at the financial year-end in the funding and payment of benefit expenditure. See Note 1.12.

These amounts are due within one year and have no impairment indicators.

(ii) Loans and Receivables

- Benefit Overpayment Receivables
- Social Fund Loans

Loans and receivables are non derivative financial assets with fixed or determinable payments which are not quoted on an active market and which are not classified as available for sale. Loans and Receivables are assessed at the end of each accounting period and reduced, where appropriate to its estimated recoverable amount through making an impairment based on forecast cash and benefit deduction recoveries. In addition, the Agency applies a discount factor to estimate the present value of the cash flows.

(iii) Other Liabilities

- Programme and Resource payables and accruals

Contractual Programme and Resource payables and accruals are non-derivative Financial Instruments. These amounts are due within one year and have no impairment indicators.

The Agency assesses at the end of the accounting period whether there is objective evidence that financial assets are impaired as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the accounting period end date and whether such events have had an impact on the estimated future cash flows of the Financial Instrument and can be reliably estimated. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the terms of the asset being evaluated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Future cash flows for a group of Financial Instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the assets and historical loss experience for assets with credit risk characteristics similar to those in the group.

Interest determined, impairment losses and translation differences on monetary items are recognised in the Statement of Comprehensive Net Expenditure.

Risk Management

The principal financial risks to which the Agency is exposed follow below.

Liquidity Price Risk

The Agency's Resource and Programme expenditure requirements are financed by funds voted by the Assembly and Parliament as is its non-current asset expenditure. It is not, therefore, exposed to significant liquidity risks.

Credit Risk

The Agency manages its exposure to credit risk via credit risk management policies. Credit policies cover exposures generated from Benefit Overpayment Receivables and Social Fund Loans. The Agency has an active recovery process in place in relation to these receivables and details of this process are in Note 1.3.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the Statement of Financial Position. For Benefit Overpayment Receivables and Social Fund Loans the exposure to credit risk is the amount of the receivable or loan not recovered from benefit customers. As of the reporting date the maximum amount that the Agency is exposed to is the balance of the net Benefit Overpayment Receivables and the net Social Fund Loans, disclosed in Note 13 of the accounts.

The Agency has a statutory obligation to issue Social Fund Loans and seek repayments in line with legislation. The Agency is not permitted to withhold loans on the basis of poor credit rating nor is it able to seek collateral. The Agency is therefore exposed to risk that some Social Fund Loans will not be repaid.

The economic downturn may also increase the amount of credit risk the Agency is exposed to for future reporting periods. This may potentially impact on the recoverability of Benefit Overpayment Receivables and Social Fund Loans from customers.

Interest Rate Risk

Interest rate risk primarily occurs when there are changes in the market interest rates. The Agency has discounted the forecast future cash flows for estimated recoveries and write offs for Benefit Overpayment Receivables and Social Fund Loans. The discount rate applied is the Treasury's real rate of 3.5%. The Treasury's discount rate is substantially independent of changes in market interest rates.

Sensitivity Analysis

The Treasury's discount rate is substantially independent of changes in market interest rates therefore sensitivity analysis is not appropriate.

1.3 Benefit Overpayment Receivables

Benefit overpayment receivables arise when a benefit overpayment occurs. The gross benefit receivable amount recognised is valued at the difference between the amount paid to the customer by the Agency and the actual benefit entitlement due. The value is communicated to the customer by an overpayment decision letter. The Agency regards this letter as sufficient and appropriate evidence to support the initial or original valuation and the existence of debt. Customers have the right of appeal against an overpayment decision.

Overpayments are referred to Debt Centre Northern Ireland (DCNI) for collection using overpayment recovery procedures appropriate to the respective nature of the overpayment.

The Benefit Overpayment Receivable balance is assessed at the end of each accounting period and reduced to its estimated recoverable amount through making an impairment based on forecast cash and benefit deduction recoveries. In addition, the Agency includes impairment in respect of an element of benefit overpayment receivables that could be subject to challenge and consequently written off. A discount factor is also applied to the benefit receivables balance at the end of the accounting period to estimate the present value of cash flows.

Certain categories of identified overpayment are not recognised as a receivable, including:

(i) Those due to official error where there is no statutory right of recovery;

(ii) Cases satisfying Agency waivers policies; and/or

(iii) The customer is deceased and there is insufficient estate to recover debt.

(Categories (ii) and (iii) are initially recorded as receivables and are subsequently written off, when relevant criteria is met).

Receivable write-off policy has been agreed with the DFP. To ensure it is applied consistently, detailed guidance is given in the Departmental Discretion Guide and Managing Public Money Northern Ireland.

Agency Waivers are decided within Debt Centre (DCNI). Other write-off categories are also decided within DCNI and are subject to management review and agreement. The Agency also undertakes additional management reviews on the quality and consistency of write-off decisions through periodic business management and risk assurance checks. Any performance issues resulting from this assurance process are formally addressed through revised guidance and training.

1.4 Estimation Techniques

Financial Instruments - Fair Value Adjustment:

(i) The fair value adjustment of a Financial Instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties. Where the classification of a Financial Instrument requires it to be stated at fair value, fair value is determined using expected cash flows discounted back to present value.

(ii) The fair value adjustment for payments made to the Agency in respect of Compensation Recovery Unit is based on likely future write-offs and is calculated on a case by case basis.

Benefit Overpayment Receivables

The estimation technique employed in the calculation of Benefit Overpayment Receivable is disclosed in Note 1.3.

Employee Benefits

The estimation technique employed in the calculation of Employee Benefits is disclosed in Note 1.17.

Provisions

The estimation technique employed in the calculation of Provisions is disclosed in Note 1.19.

NHS Trusts' balance

An exercise is completed each year by the Agency's Compensation Recovery Unit (CRU) to estimate the potential value of those claims awaiting settlement from the insurance companies and due to the Health Service Trusts (HST). The CRU collects the monies due from the insurance companies on behalf of the HST, and those amounts are then forwarded to the Trusts themselves. The CRU estimate is based on the number of claims outstanding and the associated medical costs applicable to each claim. For clarity and transparency purposes the amount due to the HST is disclosed in Note 13, although not accounted for.

1.5 Property, Plant and Equipment (PPE) and Intangible Assets

Expenditure on Property, Plant and Equipment (PPE) and Intangible Assets costing more than the prescribed capitalisation level for each asset category, and which has an expected useful life of more than one year, is treated as a non-current asset.

The capitalisation levels adopted across the Agency are £1,000 for furniture and fittings, and for office machinery (which is included within the Information Technology PPE category). For property improvements (the land and buildings excluding dwellings PPE category), cabling, (information technology PPE category) the capitalisation threshold is £5,000. For computer equipment the capitalisation threshold is £1,000. Computer equipment is disclosed within the information technology category of PPE.

Externally and internally developed computer software costing greater than the £5,000 capitalisation threshold is classified as non-current Intangible Assets.

Internally developed computer software is capitalised if it meets the criteria in IAS 38 Intangible Assets. Where appropriate, costs are classified as assets under construction until the asset is available for use when the asset is then transferred to its relevant asset class. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Costs associated with the maintenance of software are also recognised as an expense when incurred.

On initial recognition property, plant and equipment and intangible assets are measured at cost including any expenditure, such as installation, directly attributable to bring them into working condition. It is not the Agency's policy to pool assets. PPE and Intangible Assets are then included in the Statement of Financial Position at their net current replacement cost.

Land and Buildings have been restated at current cost using professional valuations applied by the Land and Property Services (LPS) every five years and appropriate indices in intervening years. The valuations are carried out by members of the Royal Institute of Chartered Surveyors (RICS) in accordance with procedures laid out in the RICS Appraisal and Valuation Manual. The last valuation was at the 31 March 2009.

Land and buildings, property, plant and equipment and intangible assets are revalued by reference to appropriate HM Treasury approved indices. The revaluations for the 2011-12 financial year were based on indices applicable at December 2011. (For the previous financial year the December 2010 indices were used.)

1.6 Depreciation and Amortisation

Property, plant and equipment and intangible assets are depreciated and amortised respectively at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation/amortisation is charged when an asset is available for use, and not in the month of disposal.

The estimated useful economic lives used to calculate depreciation are:

Buildings and property improvements	5 to 60 years
Information technology	3 to 10 years
Furniture and fittings	3 to 10 years
Computer software	3 to 5 years

The overall useful life of the Agency's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on these assets at the same rate as if separate components had been identified and depreciated at different rates.

No depreciation is provided on freehold land.

1.7 Land and Buildings and Property Improvements

Land and buildings within the Statement of Financial Position include the Belfast Benefit Centre located at 31 Chichester Street, Belfast, and the Lisahally Processing Unit located at 28 Temple Road, Lisahally.

All of the work carried out by the Belfast Benefit Centre relates to processing services provided to the Department for Work and Pensions (DWP) in Great Britain (GB).

Most of the remaining buildings occupied by the Agency form part of the Government Estate. An assessment of the rent which would be payable on an open market basis is charged to the Agency's Statement of Comprehensive Net Expenditure within notional costs (Note 3.3).

1.8 Income

Resource income is income relating directly to the Agency's operating activities. It principally comprises of fees and charges for services provided to government departments in GB and includes Her Majesty's Revenue & Customs (HMRC) and DWP.

Programme income comprises of repayments of benefits recouped from Child Maintenance Enforcement Division (CMED) Income, and from insurance companies which is referred to as Compensation Recovery Unit (CRU) Income.

Operating income is stated net of VAT.

1.9 Resource and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between resource and programme costs. The classification of expenditure and income as resource or programme follows the definitions set out in FReM.

Resource costs reflect the costs of running the Agency and are controlled under the resource cost control regime through the Departmental Expenditure Limit (DEL), together with associated operating income.

Programme expenditure comprises of statutory payments including non-contributory benefit expenditure which is within the supply process, contributory expenditure which is funded from the National Insurance Fund (NIF) and expenditure which is borne by the Social Fund. This is Annually Managed Expenditure (AME). Separate White Paper accounts are produced for both NIF and Social Fund benefit expenditure.

The NI Social Fund White Paper Accounts are prepared by the Agency. These are cash based accounts and comprise of a receipts and payments account, a statement of balances and the related notes including a breakdown of Social Fund loan balances outstanding. The NI NIF White Paper Accounts are cash based accounts and are prepared by HMRC. The Agency provides financial information to HMRC to facilitate the NI NIF accounts production process.

1.10 National Insurance Fund (NIF)

Contributory benefits funded from the NIF and the costs to the Agency of administering the NIF are included in the Statement of Comprehensive Net Expenditure under programme and resource costs respectively. The NIF provides financing to the Agency to cover the contributory benefit expenditure and the balance at the year end is included within Trade Receivables, Note 13. Per Note 1.8, NIF financing for resource costs incurred by the Agency is included within Income in the Statement of Comprehensive Net Expenditure. The financing from the NIF shown in the Statement of Cash Flows is the net financing due to the Agency for the contributory benefits funded by the NIF.

1.11 Inventories

Inventories consist solely of consumable items and are therefore expensed in the year of purchase to the Statement of Comprehensive Net Expenditure.

1.12 Cash and Cash Equivalents

Due to funding requirements it is Departmental policy to hold and manage centrally all operational bank accounts including those used by the Agency. For openness and transparency the Agency shows its attributable proportion of the Departmental bank account balance for both resource and programme expenditure. Accordingly the attributable proportion of the centrally held bank balances for the Agency are disclosed under receivables/payables in the accounts as 'Resource or Programme Financing - Amounts due to/from the Department' (Notes 13 & 15).

The total of the centrally held bank balances are disclosed in the Departmental Resource Accounts.

In the 2011-12 financial year, the NISSA CPS Faster Payment bank account was opened on behalf of the Agency under an existing DWP contract with HSBC. This account facilitates the processing of faster payments to Agency customers through the Central Payment System (CPS). The NISSA bank account is funded through the Departmental bank accounts.

Cash in Transit - During the 2011-12 financial year the Agency commenced its migration to a new benefit payment and accounting system, the Central Payment System (CPS). The CPS processes benefit payments to customers' bank accounts through the Bank Automated Clearing System (BACS) and this process normally takes approximately three working days to complete.

The CPS accounts for the benefit expenditure on the first day of the BACS payment cycle i.e. BACS Day 1, although the payment amount does not transfer to the customer's bank account until BACS Day 3. The two day difference in the recording of the expenditure, and the movement of the funds to make the payments creates a payables (or creditor) balance within CPS known as the 'Cash in Transit' balance.

The Cash in Transit (CIT) balance represents purely a timing difference between the transactions that take place on BACS Day 1 and BACS Day 3. The CIT balance at the end of the 31 March 2012 financial year was £27.729m and is included within Note 15 - Trade payables and other current liabilities. There is no comparative year figure as this is a process specific to the new CPS payment and accounting system.

1.13 VAT

All items in these accounts are exclusive of VAT, which is recoverable on a Departmental basis.

1.14 Leasing

The leases the Agency currently holds are all regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the lease term. Details of these charges are included in Note 3.2.

1.15 Pension Costs

Agency staff are covered by the Principal Civil Service Pension Scheme PCSPS(NI) which is essentially non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS(NI). The Agency makes employer contributions towards the cost of pension cover for its staff and these are charged to the Statement of Comprehensive Net Expenditure as they accrue. There is a separate scheme statement for the PCSPS(NI) as a whole.

1.16 Early Departure Costs

The Agency must meet the additional costs of benefits beyond the normal PCSPS(NI) benefits for employees who retire early from the date of their retirement until they reach normal pensionable age. The Agency provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes. The total costs are recognised in the year in which the announcement is made and the obligation is binding on the Agency. The estimated payments are discounted at the Treasury discount rate of 2.8% in real terms.

1.17 Employee Benefits

Under the requirements of IAS 19 Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end.

The employee benefit accrual is based on information from the HR Connect Payroll System. The accrual is calculated based on the actual leave amount outstanding per employee as at 31 March 2012, multiplied by the actual staff salary rate. Employers NIC costs at 10.4% and Employers Pension at 22% are added to this amount to provide the total employee benefit accrual figure for the financial year end.

1.18 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency 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 the Northern Ireland Assembly 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 the Northern Ireland Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Northern Ireland Assembly.

1.19 Provisions

The Agency provides for legal or constructive obligations, which are of uncertain timing or amount at the accounting period end date on the basis of the best estimate of the expenditure required to settle the obligation where this can be determined. Provisions can relate to early retirement costs, superannuation contributions, potential legal actions and provision for future liabilities in respect of contracts, as the Agency considers appropriate. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury currently 2.2%, (2010-11 2.2%) for Personal Injury and Equal Opportunities and 2.8% (2010-11 2.2%) for Early Departures.

The Compensation Recovery Unit (CRU) provision is an amount which is estimated by the Agency for CRU overpayments which the Agency may not be able to fully recover. The estimate is based on the value of appeal and review cases outstanding at the financial year end. The provision is calculated using a percentage amount based on the historical trends of past cases.

1.20 Funding from the Assembly vote

Vote funding is not treated as income on the face of the Statement of Comprehensive Net Expenditure, instead cash voted and drawn down is credited to the Agency's General Fund.

1.21 Operating Segments

IFRS 8 Operating Segments requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Agency's Chief Operating Decision Maker (CODM) in order to allocate resources to the segment and assess its performance.

The Agency has completed a review against the criteria set out in IFRS 8 and considers that the disclosure format within the accounts meets IFRS 8 criteria. The Agency's 'Resource' expenditure represents 3.5% of total spend and therefore does not meet the 10% threshold set out in IFRS 8. The Agency's 'Programme' expenditure represents the remaining 96.5%.

This expenditure is reported to the Agency Management Board and details the spend for each of the main six social security benefits. The Agency's annual accounts provide more detailed information on Programme expenditure than that provided to the Agency Management Board.

1.22 Payment Accuracy

In Note 26 to the accounts, 'Payment Accuracy' the Agency has detailed the estimated amounts for the calendar year 1 January 2011 to 31 December 2011 of overpayments and underpayments arising from social security benefit fraud and error. The note details the methodology used to determine the estimated over and underpayments, highlights any recent changes to the methodology used, and provides a breakdown for the current and prior year of the total over and under payments attributable to official error, customer error and customer fraud.

1.23 Benefit Expenditure

When the Agency identifies a benefit overpayment an adjustment to benefit expenditure is made in the financial year in which the overpayment has been identified, to recognise the overpayment as a benefit receivable. See Note 4.1b.

1.24 Health Service Trusts

The Agency included within the 2010-11 accounts an estimate of the potential value of those claims awaiting settlement from insurance compensators and due to the Health Service Trusts (HST). The potential value was disclosed as a receivable (from the insurance compensators) and a corresponding payable (to the HST). The estimate was determined by the Agency's Compensation Recovery Unit and was based on the number of claims outstanding and the associated medical costs applicable to each claim.

This accounting approach was reviewed by the Agency for the 2011-12 financial year and it was decided to disclose the relevant amount within the notes to the accounts, instead of including this as a receivable and payable balance. (See Note 13).

As a consequence of the revised approach a Prior Period Adjustment (PPA) has been made in the 2011-12 accounts. In addition to the receivables and payables notes, the PPA has impacted on the comparative year figures included in the following Primary Financial Statements within the accounts.

Statement of Cash Flows: Comparative figures for the following SoCF headings (Increase)/decrease in net trade and other receivables - An adjustment of £25.594m (Increase/ (decrease) in net trade and other payables - An adjustment of (£25.594m)

Statement of Financial Position

(S of FP): Comparative figures against the following S of FP headings

Non-Current Assets: Trade and Other Receivables - An adjustment of (£18.288m)
Total non-current assets - An adjustment of (£18.288m)
Current Assets: Trade and Other Receivables - An adjustment of (£7.306m)
Total Current Assets - An adjustment of (£7.306m)
Total Assets - An adjustment of (£25.594m)
Current Liabilities: Trade and Other Payables - An adjustment of (£7.306m)
Total Current Liabilities - An adjustment of (£7.306m)
Non-current assets plus/less net current assets/liabilities - An adjustment of (18.288m)
Non-Current Liabilities: Other Payables (no equivalent line in 2011-12 S of FP) - An adjustment of (£18.288m)
Total Non-Current Liabilities - An adjustment of (£18.288m)

2 Staff numbers and related costs

2.1 Staff costs comprise:

	2011-12			2010-11		
	Total £'000	**Permanently employed staff £'000**	**Others £'000**	Total £'000	Permanently employed staff £'000	Others £'000
Wages and salaries	**112,090**	**110,690**	**1,400**	108,926	107,416	1,510
Social security costs	**7,202**	**7,202**	**-**	7,189	7,189	-
Other pension costs	**19,300**	**19,300**	**-**	19,480	19,480	-
Sub Total	**138,592**	**137,192**	**1,400**	135,595	134,085	1,510
Less recoveries in respect of outward secondments	**(48)**	**(48)**	**-**	-	-	-
Total net costs	**138,544**	**137,144**	**1,400**	135,595	134,085	1,510

Staff costs exclude £0.115m charged to capital projects during the year (2010-11: £0.112m)

Superannuation scheme

Employees of the Agency are Northern Ireland Civil Servants to whom the conditions of the Superannuation (NI) Order 1972 and subsequent amendments apply. The Agency staff are members of the Principal Civil Service Pension Scheme (PCSPS) (NI), which is essentially non-contributory.

The PCSPS(NI) is an unfunded multi-employer defined benefit scheme which produces its own resource accounts, but the Agency cannot be provided with its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007.
In accordance with FReM, full actuarial valuations should be carried out every four years. However, formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pension provision. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates, and these are currently being determined under the new scheme design. Details can be found in the PCSPS(NI) resource accounts.

For 2011-12, employer contributions of £19.300m were payable to the PCSPS (NI) (2010-11: £19.480m) at one of four rates in the range 18% to 25% of pensionable pay (2010-11: 18% to 25%), based on salary bands.

The contribution rates were reviewed for 2011-12 and have remain 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 joining after 1 October 2002 could opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employer contributions of £0.020m (2010-11: £0.027m) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3% (2010-11: 3%) to 12.5% (2010-11: 12.5%) of pensionable pay. Employers also match employee contributions up to 3% (2010-11: 3%) of pensionable pay. In addition, employer contributions of £0.002m (2010-11: £0.001m), 0.8% (2010-11: 0.8%) of pensionable pay, were payable to the PCSPS (NI) 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 31 March 2012 were £nil (31 March 2011: £nil).

In 2011-12, 28 individuals (2010-11: 29) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £0.038m (2010-11: £0.042m).

2.2 Average number of persons employed

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

	2011-12			2010-11		
	Total	**Permanent staff**	**Others**	Total	Permanent staff	Others
Directly employed	**4,843**	**4,843**	**-**	5,143	5,143	-
Other	**99**	**-**	**99**	94	-	94
Staff engaged on capital projects	**-**	**-**	**-**	-	-	-
Total	**4,942**	**4,843**	**99**	5,237	5,143	94

2.3 Early departure costs

There was 2 early retirements from the Agency during 2011-12 (2010-11: 1). The total pension cost of this decision, which will be funded in full by the Agency is £0.037m (2010-11: £0.036m). The amount owed to DFP in respect of early retirement costs prior to 31 March 2012 is £0.009m (2010-11: £0.025m) and is included within 'other payables'. In accordance with FReM the entire amount payable from 1 April 2011 to the date of retirement would be discounted using the Treasury rate of 2.8% and included within provisions for liabilities and charges (Note 16).

2.4 Employee Benefits

Under the requirements of IAS 19 Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. For the 2011-12 financial year the employee benefit accrual is based on information from the HR Connect Payroll System. The accrual is calculated based on the actual leave amount outstanding per employee as at 31 March 2012 multiplied by the actual staff salary rate. Employers NIC costs at 10.4% and Employers Pension at 22% are added to this amount to provide the total employee benefit accrual figure for the financial year end.

The total amount for the Agency's Employee Benefits is included within Resource trade payables and other current liabilities falling due within one year, (Note 15). The movement in year is reflected within the Agency's Statement of Comprehensive Net Expenditure within the staff costs.

2.5 Reporting of Civil Service and other compensation schemes - exit packages 2011-12

	2011-12			2010-2011		
Exit package cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band (total cost) (£)**	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band total cost) (£)
< £10,000	-	**19**	**39,377**	-	7	18,198
£10,000 - £25,000	-	**1**	**22,356**	-	2	25,617
£25,000 - £50,000	-	**6**	**211,263**	-	8	305,657
£50,000 - £100,000	-	**1**	**74,576**	-	-	-
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
Total number of exit packages by type (total cost)	-	**27**	-	-	17	-
Total Resource Cost	-	-	**347,572**	-	-	349,472

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure.

Where the Department has agreed early retirements on behalf of the Agency, the additional costs are met by the Agency and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

3 Other Resource costs

	Note	2011-12 £'000	2010-11 £'000
Service charges	3.4	11,647	2,093
Travel and subsistence		1,226	1,251
Staff training		149	399
Contracted services		11,846	13,010
Accommodation and related services		3,127	2,552
Rent and service charges		66	57
SSBA charges	3.2	13,537	15,443
Postage		2,181	2,205
Printing and stationery		1,282	1,112
Telecommunication		1,068	1,264
Information technology costs		1,412	2,136
Medical adjudication		1,909	3,452
Management consulting		165	2
Miscellaneous expenditure		2,261	2,147
Non-cash items:			
Permanent diminution	9,10	637	1,296
Depreciation	9	446	525
Amortisation	10	128	79
Cost of capital charge		-	-
Loss on disposal of property, plant and equipment	9,10	3	-
Auditor's remuneration	3.1	115	129
Provision provided in year	16	60	182
Provisions not required written back		(1,255)	(192)
Unwinding of discount	16	(19)	(16)
Notional costs	3.3	21,106	22,079
		73,097	71,205

3.1 The audit fee represents the cost for the audit of the Agency's financial statements carried out by the Northern Ireland Audit Office. There was no remuneration paid for non-audit work during the year.

3.2 Operating leases

The amount of rentals paid under operating leases which are included within operating costs are as follows:

	2011-12 £'000	2010-11 £'000
Land and buildings	**-**	-
Other operating leases	**76**	151
SSBA Charges	**13,537**	15,443
Total	**13,613**	15,594

3.3 Notional costs

Certain services are received by the Agency without the transfer of cash. The notional audit fee is disclosed at 3.1. Other notional amounts included in the net cost of operations are as follows

	Note	**2011-12 £'000**	2010-11 £'000
Rent		**16,382**	16,967
Other indirect charges & services	(a)	**4,724**	5,112
Total		**21,106**	22,079

(a) Other indirect charges and services are as detailed below

	2011-12 £'000	2010-11 £'000
Services provided and costs incurred by:		
DSD headquarters on behalf of the Social Security Agency	**1,415**	1,490
Other departments	**3,309**	3,622
Total indirect charges and services	**4,724**	5,112

Services from other departments include telecommunications, personnel and salary payment processing, training, finance and statistical services, financial processing and reporting services, and IT services provided to the Agency by DFP.

3.4 Service charge expenditure in 2011-12 of £11.647m (2010-11: £2.093m) includes £8.659m (2010-11: £nil) in respect of costs paid to ATOS for the provision of medical support services. Included within Service charges is £0.065m representing payments to private sector collection agencies for the recovery of benefit overpayment receivables (2010-11: £0.073m).

4 Programme Costs

4.1 Analysis of Programme expenditure

Benefits funded by Consolidated Fund	Note	2011-12 £'000	2010-11 £'000
Benefits paid	4.1b	2,165,987	2,093,017
Fair value adjustments	4.1a	1,781	3,495
Impairment of programme debt written off	4.2/21	13,449	13,112
Movement on CRU provision		47	(220)
Programme expenditure	5	2,181,264	2,109,404

Benefits funded by National Insurance Fund		2011-12 £'000	2010-11 £'000
Benefits paid	4.1b	2,176,110	2,069,553
Fair value adjustments	4.1a	1,670	1,026
Impairment of programme debt written off	4.2/21	4,001	1,904
Movement on CRU provision		(35)	(212)
Programme expenditure	6	2,181,746	2,072,271

Benefits funded by Social Fund		2011-12 £'000	2010-11 £'000
Benefits paid	4.1b	70,101	105,173
Fair value adjustments	4.1a	(803)	(2,336)
Impairment of programme debt written off	4.2/21	2,245	1,219
Programme expenditure	7	71,543	104,056
Total Programme Expenditure		4,434,553	4,285,731

4.1a The fair value adjustments are in relation to benefit overpayment receivables and Social Fund Loan balances and are required as per the application of IAS 32, IAS 39 and IFRS 7 during the 2011-12 financial year. For further information see Accounting Policy Note 1.2.

4.1b When the Agency identifies a benefit overpayment an adjustment to benefit expenditure is made in the financial year in which the overpayment has been identified, to recognise the benefit overpayment as a benefit receivable. The amount of the adjustment made in 2011-12 was £42.438m, (2010-11: £29.554m); of which £32.207m (2010-11: £24.255m) is attributable to the Consolidated Fund, £10.226m (2010-11: £5.247m) is attributable to the National Insurance Fund and £0.005m (2010-11: £0.052m) is attributable to the Social Fund.

The amounts for benefits funded by the Consolidated Fund and the National

Insurance Fund for both the 2011-12 and 2010-11 financial years now include the amounts for CRU income which comprises of benefits which are due to be recovered from insurance compensators. This process is facilitated through the Agency's Compensation Recovery Unit (CRU). The amounts due from the insurance compensators are now included within Programme Income and these are for 2011-12 £5.089m, (2010-11: £6.115m). (Note 8 also refers).

4.2 Impairment of debt written off

The impairment of debts written off consist of the write-off of overpayments of the following benefits:

	Note	2011-12 £'000	2010-11 £'000
Non-contributory benefits			
Disability benefits		**2,245**	3,347
Income support		**3,763**	3,303
Pension benefits		**5,160**	3,916
Other	**4.2a**	**2,281**	2,546
		13,449	13,112
Contributory benefits			
Pension benefits		**2,280**	507
Incapacity benefits		**1,304**	1,112
Other	**4.2b**	**417**	285
		4,001	1,904
Total		**17,450**	15,016

The impairment of debts written off consist of the write-off of the following Social Fund Loans:

	Note	2011-12 £'000	Restated 2010-11 £'000
Social Fund Loans			
Funeral grants		**2,004**	1,060
Other	**4.2c**	**241**	159
Total		**2,245**	1,219

4.2a Other non-contributory benefits include, Industrial Injuries, Industrial Death Benefit, Jobseeker's Allowance (JSA) (Non-contributory), and Employment Support Allowance (ESA) (Non-Contributory).

4.2b Other contributory benefits include Unemployment Benefit, Sickness Benefit, Bereavement Allowance, JSA (Contributory) and Employment Support Allowance (ESA) (Contributory).

4.2c Other Social Fund includes Budgeting Loans and Crisis Loans. See also Note 21, (Losses and Special Payments).

5. Benefit expenditure paid from the Consolidated Fund

	2011-12			2010-11		
	Programme expenditure £'000	**Programme Income £'000**	**Net expenditure £'000**	Programme expenditure £'000	Programme Income £'000	Net expenditure £'000
Non-Contributory and means tested benefits						
- Pension benefits	**3,982**	**-**	**3,982**	3,713	-	3,713
- Disability benefits	**1,150,956**	**(1,580)**	**1,149,376**	1,093,878	(2,029)	1,091,849
- Industrial injuries benefits	**30,042**	**(686)**	**29,356**	29,333	(680)	28,653
- Income support for the elderly	**3,767**	**-**	**3,767**	3,848	-	3,848
- Pension credit	**349,354**	**-**	**349,354**	351,996	-	351,996
- Family Benefits	**(5)**	**-**	**(5)**	5	-	5
Income support - non-Pensioners and Jobseekers allowance						
- Income support - non-pensioners	**382,869**	**(1,436)**	**381,433**	416,753	(1,663)	415,090
- Jobseeker's allowance (income based)	**174,826**	**(23)**	**174,803**	157,878	(71)	157,807
- Employment Support Allowance (non contributory)	**83,783**	**(351)**	**83,432**	50,515	(148)	50,367
Job Grant	**1,693**	**-**	**1,693**	1,442	-	1,442
Periodicity and pay days	**(3)**	**-**	**(3)**	43	-	43
5a	**2,181,264**	**(4,076)**	**2,177,188**	2,109,404	(4,591)	2,104,813

5a The figure for programme expenditure includes Fair Value adjustments, Impairment of programme debt written off, and Movement on Compensation Recovery Unit (CRU) provision. See Note 4.1.

5b Programme income includes Child Maintenance Enforcement Division (CMED) Income, and Compensation Recovery Unit (CRU) Income which comprises of benefits paid and which are due to be recovered from insurance companies, see Note 8.2.

6. Benefit expenditure paid from the National Insurance Fund

	2011-12			2010-11		
	Programme expenditure £'000	**Programme income £'000**	**Net expenditure £'000**	Programme expenditure £'000	Programme income £'000	Net expenditure £'000
Pension benefits						
Retirement pension						
- basic element	**1,436,536**	**-**	**1,436,536**	1,347,821	-	1,347,821
- additional component	**345,821**	**-**	**345,821**	317,444	-	317,444
Christmas bonus	**3,441**	**-**	**3,441**	3,430	-	3,430
Widow's benefit						
- basic element	**13,989**	**-**	**13,989**	13,872	-	13,872
- additional component	**2,276**	**-**	**2,276**	2,435	-	2,435
- widow's payment	**4,988**	**-**	**4,988**	5,309	-	5,309
Unemployment, Invalidity and Sickness benefits	**39**	**-**	**39**	(48)	-	(48)
Unemployment, incapacity and other benefits						
Jobseeker's Allowance - Contributions Based	**23,833**	**(10)**	**23,823**	26,681	(15)	26,666
Employment Support Allowance -Contributions Based	**64,874**	**(363)**	**64,511**	44,360	(151)	44,209
Incapacity Benefit						
- basic element	**269,932**	**(1,368)**	**268,564**	295,035	(2,075)	292,960
- additional component	**5,200**	**-**	**5,200**	5,848	-	5,848
Family Benefits						
- Maternity Allowance	**10,797**	**-**	**10,797**	10,083	-	10,083
Periodicity and pay days	**20**	**-**	**20**	1	-	1
6a	**2,181,746**	**(1,741)**	**2,180,005**	2,072,271	(2,241)	2,070,030

6a The figure for programme expenditure includes Fair Value adjustments, Impairment of programme debt written off, and Movement on Compensation Recovery Unit (CRU) provision. See Note 4.1.

6b Programme income includes Child Maintenance Enforcement Division (CMED) Income, and Compensation Recovery Unit (CRU) Income which comprises of benefits paid and which are due to be recovered from insurance companies, see Note 8.2.

7. Benefit expenditure paid from the Social Fund

	2011-12			2010-11		
	Programme expenditure £'000	**Programme Income £'000**	**Net expenditure £'000**	Programme expenditure £'000	Programme Income £'000	Net expenditure £'000
Funeral payments - fair value adjustments and Impairment of debt written of **7b**	**2,263**	**-**	**2,263**	2,484	-	2,484
Cold weather payments	**47**	**-**	**47**	16,813	-	16,813
Maternity payments	**2,048**	**-**	**2,048**	5,357	-	5,357
Community care payments	**13,694**	**-**	**13,694**	13,819	-	13,819
Winter fuel payments	**54,313**	**-**	**54,313**	69,185	-	69,185
Other - fair value adjustments and impairment of debt written off	**(822)**	**-**	**(822)**	(3,602)	-	(3,602)
7a	**71,543**	**-**	**71,543**	104,056	-	104,056

7a The figure for programme expenditure includes Fair Value adjustments and Impairment of programme debt written off. See Note 4.1.

7b The closing balances outstanding as at 31 March 2012 for Budget Loans, Crisis Loans and Funeral Loans are disclosed in Note 13.

The NI Social Fund White Paper accounts shows the cash receipts and payments for Social Fund expenditure in the relevant financial year.

8 Income

8.1 Resource income

	2011-12 £'000	2010-11 £'000
Administration of the National Insurance Fund	**23,045**	30,136
Services to the Department for Work and Pensions	**18,515**	18,021
Mortgage Interest Direct Scheme	**42**	89
Other resource income	**825**	694
	42,427	48,940

8.2 Programme Income

An analysis of programme income for the Consolidated Fund, £4.076m (2010-11: £4.591m), is shown in Note 5. An analysis of programme income for the National Insurance Fund (NIF) £1.741m (2010-11 £2.241m) shown in Note 6.

	Note	2011-12 £'000	2010-11 £'000
CMED Income	**8.2i**	**728**	717
CRU Income	**8.2ii**	**5,089**	6,115
		5,817	6,832

8.2i Child Maintenance Enforcement Division (CMED) income is the reimbursement of costs incurred by the Agency and recovered by CMED from the absent parent.

8.2ii Compensation Recovery Unit (CRU) income is the recoverable amount from the insurance companies in respect of benefits paid. The amounts are recovered by CRU within the Agency.

9 Property, plant and equipment

	Note	Year Ending 31 March 2012				
		Land £'000	Buildings £'000	Information Technology £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation						
At 1 April 2011		4,175	8,407	752	90	13,424
Adjustment	**9a**		(2)	(1)	1	(2)
Additions		-	471	581	5	1,057
Disposals		-	-	(85)	(5)	(90)
Impairment		(3)	(651)	(54)	-	(708)
Reclassifications		-	-	-	-	-
Revaluations		(331)	7	-	-	(324)
Transfers	**9b**	-	-	-	(59)	(59)
At 31 March 2012		**3,841**	**8,232**	**1,193**	**32**	**13,298**
Depreciation						
At 1 April 2011		-	914	694	31	1,639
Adjustment	**9a**		(1)	(2)	1	(2)
Charge for year		-	340	104	2	446
Disposals		-	-	(82)	(5)	(87)
Impairment		-	(54)	(14)	-	(68)
Reclassifications		-	-	-	-	-
Revaluations		-	4	-	-	4
Transfers		-	-	-	(2)	(2)
At 31 March 2012		0	**1,203**	**700**	**27**	**1,930**
Carrying amount						
At 31 March 2012		**3,841**	**7,029**	**493**	**5**	**11,368**
At 31 March 2011		4,175	7,493	58	59	11,785
Asset Financing:						
Owned		3,841	7,029	493	5	11,368
Finance Leased on Balance Sheet (SoFP) PFI and other service concession arrangements						
Carrying amount at 31 March 2012		**3,841**	**7,029**	**493**	**5**	**11,368**

9a The adjustment to the opening balance relates to the correction of rounding errors from previous years.

9b The transfers represent inter-departmental movements.

	Note	Year Ending 31 March 2011				
		Land £'000	Buildings £'000	Information Technology £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation						
At 1 April 2010		4,912	9,774	771	30	15,487
Additions		-	-	5	59	64
Disposals		-	-	(23)	-	(23)
Impairment		(5)	(1,373)	8	-	(1,370)
Revaluations		(732)	6	1	2	(732)
Transfers	9c	-	-	(10)	(1)	(11)
At 31 March 2011		**4,175**	**8,407**	**752**	**90**	**13,424**
Depreciation						
At 1 April 2010		-	653	533	30	1,216
Charge for year		-	336	188	1	525
Disposals		-	-	(23)	-	(23)
Impairment		-	(78)	6	-	(72)
Revaluations		-	3	-	-	3
Transfers	9c	-	-	(10)	-	(10)
At 31 March 2010		-	**914**	**694**	**31**	**1,639**
Carrying amount						
At 31 March 2012		**4,175**	**7,493**	**58**	**59**	**11,785**
At 31 March 2010		4,912	9,121	238	-	14,271
Asset Financing:						
Owned		4,175	7,493	58	59	11,785
Finance Leased on Balance Sheet (SoFP) PFI and other service concession arrangements						
Carrying amount at 31 March 2011		**4,175**	**7,493**	**58**	**59**	**11,785**

9c The transfers represent inter-departmental movements.

10 Intangible Assets

Intangible assets comprise of software licences and developed software:

31 March 2012				
	Note	Software Licences £'000	Development Expenditure £'000	Total £'000
Cost or valuation				
At 1 April 2011		321	386	707
Adjustment	**10a**	(2)	-	(2)
Additions		127	384	511
Disposals		-	-	-
Impairments		3	2	5
Reclassifications		-	-	-
Revaluations		6	34	40
At 31 March 2012		**455**	**806**	**1,261**
Amortisation				
At 1 April 2011		300	155	455
Adjustment	**10a**	(1)	-	(1)
Charged in year		29	99	128
Disposals		-	-	-
Impairments		3	-	3
Reclassifications		-	-	-
Revaluations		-	10	10
At 31 March 2012		**331**	**264**	**595**
Carrying amount at 31 March 2012		**124**	**542**	**666**
Carrying amount at 31 March 2011		20	231	252
Asset Financing:				
Owned		124	542	666
Finance Leased On Balance Sheet (SoFP) PFI and other service concession arrangements				-
Carrying amount at 31 March 2012		**124**	**542**	**666**

10a The adjustment to the opening balance relates to the correction of rounding errors from previous years.

Intangible assets comprise of software licences and developed software:

31 March 2011				
	Note	Software Licences £'000	Development Expenditure £'000	Total £'000
Cost or valuation				
At 1 April 2010		341	259	600
Additions		-	112	112
Disposals		(22)	-	(22)
Impairments		2	3	5
Reclassifications		-	-	-
Revaluations		-	12	12
At 31 March 2011		**321**	**386**	**707**
Amortisation				
At 1 April 2010		287	104	391
Charged in year		33	46	79
Disposals		(22)	-	(22)
Impairments		2	1	3
Reclassifications		-	-	-
Revaluations		-	4	4
At 31 March 2011		**300**	**155**	**455**
Carrying amount at 31 March 2011		**21**	**231**	**252**
Carrying amount at 31 March 2010		54	155	209
Asset Financing:				
Owned		21	231	252
Finance Leased On Balance Sheet (SoFP) PFI and other service conces-sion arrangements				-
Carrying amount at 31 March 2011		**21**	**231**	**252**

11 Financial Instruments

As the cash requirements of the Agency 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 in connection with social security benefit eligibility and entitlement which are governed by the appropriate social security legislation and regulatory requirements. The Agency is therefore exposed to little credit, liquidity or market risk. Further details on the Agency's assessment and application of the Financial Instrument IFRS and financial risk is detailed in Note 1.2.

Credit Risk

The Agency manages its exposure to credit risk via credit risk management policies. Credit policies cover exposures generated from Benefit Overpayment Receivables and Social Fund Loans, and are embedded within the regulations governing Social Security benefits.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the Statement of Financial Position. For Benefit Overpayment Receivables and Social Fund Loans the exposure to credit risk is the amount of receivable or loan not recovered from benefit customers.

This risk is limited to the extent that the receivable can be recovered from benefit payments e.g. from State Pension Benefit and even from the estate on death. Some risk still remains as the level that can be recovered from each benefit payment is restricted to avoid causing hardship, and customers do not always have sufficient funds in their estate to cover the receivable. However, the Agency has an active recovery process in place, in order to maximise the amounts recovered.

Liquidity Risk

The Agency's resource requirements are financed by resources voted by the Assembly and Parliament. Its capital expenditure is voted by the Assembly only. It is not, therefore, exposed to significant liquidity risks.

Interest Rate Risk

Interest rate risk primarily occurs when there are changes in the market interest rates. The Agency has discounted the forecast future cash flows for estimated recoveries and write offs for Benefit Overpayment Receivables and Social Fund Loans. The discount rate applied is the Treasury's real rate for the cost of capital 3.5%. The Treasury's discount rate is substantially independent of changes in market interest rates. The Agency categorises the following account balances to be financial instruments:

(i) Cash and cash equivalents

- Programme and Resource Financing
- Cash with Paying Agents
- Encashment Control
- NIF Debtor
- Cash In Transit

Cash and cash equivalents are classified as Financial Instruments under IAS 32, IAS 39 and IFRS 7 criteria. The fair value for these approximates to the current value stated in the Statement of Financial Position owing to the short term maturity of this instrument.

(ii) Loans and Receivables

- Benefit Overpayment Receivables
- Social Fund Loans

The Benefit Overpayment Receivables and Social Fund Loans are classified as Financial Instruments under IAS 32, IAS 39 and IFRS 7 criteria. These standards require these amounts to be stated in the Statement of Financial Position at their fair value. Financial Instruments are subsequently carried at amortised cost using the effective interest method, with changes in value between the 1 April 2011 - 31 March 2012 recognised in the Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

The amounts included in the year from 1 April 2011 to 31 March 2012 are:

Statement of Financial Position	Gross Receivables £'000	Impairment & Discounting Debt £'000	Net Receivable £'000
Receivables (amounts falling due less than one year): Note 13.1			
Contributory Benefits	815	(266)	549
Non-contributory Benefits	8,583	(2,328)	6,255
Funeral Loans	102	(1,986)	(1,884)
Other Loans	49,315	(237)	49,078
CRU Debt	999	(470)	529
Receivables (amounts falling due more than one year): Note 13.2			
Contributory Benefits	9,907	(7,442)	2,465
Non-contributory Benefits	84,735	(49,597)	35,138
Funeral Loans	8,549	(6,537)	2,012
Other Loans	44,797	(7,165)	37,632
	207,802	(76,028)	131,774

(iii) Other Liabilities

Programme and Resource payables and accruals

Contractual Programme and Resource payables and accruals are non-derivative Financial Instruments. These amounts are due within one year and have no impairment indicators.

The Agency has reviewed all contracts including Service Level Agreements and Letter of Offer with Third Parties for any embedded derivatives. The review concluded that no embedded derivatives existed.

12 Impairments

	2011-12 £'000	2010-11 £'000
Amount charged to Statement of Comprehensive Net Expenditure	**(637)**	(1,296)
Amount taken to the Revaluation Reserve	**(298)**	(739)
Total Impairment charge for the year	**(935)**	(2,035)

13 Trade receivables and other current assets

13.1 Amounts falling due within one year

Resource	Note	31 March 2012 £'000	31 March 2011 £'000
Amounts due from the Department - Resource Financing	13a	2,545	3,162
Prepayments		2,347	30
VAT		551	311
Other Resource Receivables	13b	3,344	3,381
Total Resource Receivables	13.3	8,787	6,884

Programme	Note	31 March 2012			Restated 31 March 2011		
		Gross receivables £'000	Impairment & Discounting £'000	Net receivables £'000	Gross receivables £'000	Impairment & Discounting £'000	Net receivables £'000
Benefit overpayments							
- Contributory benefits	13f	815	(266)	549	684	(99)	585
- Non-contributory benefits	13f	8,583	(2,328)	6,255	7,647	(1,647)	6,000
- Social Fund		177	-	177	192	-	192
- Other		-	-	-	-	-	-
Benefit prepayments							
- Contributory benefits		23,132	-	23,132	9,505	-	9,505
- Non-contributory benefits		5,184	-	5,184	6,836	-	6,836
Social Fund loans							
- Funeral loans	13g	102	(1,986)	(1,884)	40	(40)	-
- Other loans	13c	49,315	(237)	49,078	48,336	(2,160)	46,176
Amounts due from the Department - NIF receivable	13d	8,788	-	8,788	9,348	-	9,348
Other programme receivables	13e	2,113	(470)	1,643	2,354	(370)	1,984
NHS Trusts		-	-	-	-	-	-
Amounts due from the Department - Programme Financing	13a	996	-	996	519	-	519
	13.3	99,205	(5,287)	93,918	85,461	(4,316)	81,145
Total amounts falling due within one year		107,992	(5,287)	102,705	92,345	(4,316)	88,029

13a The Agency's attributable proportion of the Departmental bank balance for both resource and programme expenditure is shown as 'Amounts due from the Department'. For the year ended 31 March 2012 the Agency's resource bank balance of £2.545m is composed of an amount held within the DSD Group account of £2.533m (2010-11 £3.148m) and £0.012m (2010-11:£0.014) of petty cash, held throughout Agency offices.

The Agency programme bank balance is disclosed under 'Amounts due from the Department' - Programme financing, and is £0.996m, (2010-11: £0.519m) (see note 15c)).

Note (i)
The Agency programme bank balance includes an amount of £1.245m (2010-11: £1.261m) that is due to be paid to the Health Service Trusts (see note 15d).

Programme and Resource Financing are classified as Financial Instruments (FI) under IAS 32, IAS 39 and IFRS 7 criteria. The fair value for the Resource and Programme amounts are the current value stated in the Statement of Financial Position owing to the short term maturity of these FI.

13b Other resource receivables include Belfast Benefit Centre £1.548m (2010-11: £1.845m), Inter DSD account £1.398m (2010-11 £1.275m) and the balance of £0.398m (2010-11: £0.261m) is made up of other sundry receivables.

13c Other Social Fund loans consist of: Budgeting Loans £37.155m gross (2010-11: £36.523m gross), and Crisis Loans £12.160m gross (2010-11: £11.813m gross). Social Fund Loans are classified as Financial Instruments under IAS 32, IAS 39 and IFRS7 criteria. These standards require Social Fund Loans to be stated in the statement of financial position at their fair value. The impairment and discounting adjustment to the gross receivable amounts provide the fair value.

13d Part of the Agency's attributable proportion of the centrally held bank balances at 31 March 2012 represent amounts due to the Department/Agency in respect of NIF benefits. This balance represents amounts due from Her Majesty's Revenue and Customs (HMRC) for the payment of contributory benefits. The balance at the year ended 31 March 2012 is £8.788m, (2010-11: £9.348m).

13e Other programme receivables consist of: Overseas Governments £0.088m (2010-11: £0.258m),Compensation Recovery Unit (see Note (i) below) £0.999m (2010-11: £1.111m), others £0.111m, (2010-11: £0.017m), unadjudicated benefit receivables (see Note (ii) below) £0.690m (2010-11: £0.520m), DWP (see note (iii) below) £0.186m (2010- 11: £0.448m), HMRC £0.039m (2010-11 £0.0m), Impairment -£0.470m, (2010-11: -£0.370m).

Note (i)

This balance represents social security benefits recoverable from insurance compensation claims. This receivable is only recognised in the Statement of Financial Position at the point at which a settlement is notified to the Compensation Recovery Unit by the compensator.

Certificates of recoverable benefit are issued upon request to compensators (primarily insurance companies) where a compensation claim is made as a result of an accident or injury. Until there is acceptance of liability by the compensator and a payment made for compensation, the Agency has no right to demand recovery of benefit payments made as a consequence of this accident or injury. Therefore, no acknowledgement is made in the Agency's Statement of Financial Position, apart from those cases that have been settled but where the recoverable benefit element has not yet been received.

As an indication of the cash generated from this income stream for the Agency for the year ended 31 March 2012, £5.089m (2010-11: £6.115m), has been included in the Statement of Comprehensive Net Expenditure (SOCNE) as a reduction to gross expenditure. There is no information to suggest that this level of cash generated will differ significantly in the next financial year.

NHS Trusts

An exercise is completed each year by the Agency's Compensation Recovery Unit (CRU) to estimate the potential value of those claims awaiting settlement from the insurance compensators and due to the Health Service Trusts (HST). The CRU collects the monies due from the insurance compensators on behalf of the HST, and those amounts are then forwarded to the Trusts themselves. The CRU estimate is based on the number of claims outstanding and the associated medical costs applicable to each claim. The value for the potential balance due at 31 March 2012 is estimated to be £26.311m (2010-11: £25.594m).

The total payments made from the Agency to the HST in respect of claims recovered by the Compensation Recovery Unit (CRU) from insurance companies for the year ended 31 March 2012 were £11.058m (2010-11: £9.851m).

As at 31st March 2012, the Agency is due to collect £0.887m on behalf of the HST representing monies owed by compensators following settlement but not yet paid over.

CRU - Agency Recoveries

The CRU exercise also identifies potential recoveries from the insurance compensators on behalf of the Agency for the payment of social security benefits. The value for the potential balance due at 31 March 2012 is estimated to be £28.874m (2010-11: no comparative figure available).

Note (ii)

The Agency undertakes an exercise to value the potential benefit overpayment receivable not yet notified to DCNI and held at local and central benefit offices. This exercise was completed for the financial year ended 31 March 2012. The valuation of the unadjudicated receivable is based on a stock count of benefit cases at 31 March 2012, an analysis based on historical trends of the percentage of overpayment receivable determined to be recoverable, and an estimation of the average value of an overpayment receivable case again based on historical analysis.

The value for the potential receivable balance at 31 March 2012 is estimated to be £7.837m (2010-11: £5.199m) and is disclosed as £0.690m (2010-11: £0.520m) within other programme receivables less than one year, and £7.147m (2010-11: £4.679m) within other programme receivables falling due after more than one year (see Note 13j).

Note (iii)

For this financial year the equivalent amount of the receivables transferred between NI and DWP (GB) have been recorded as DWP receivables and payables balances. Accordingly, within the total balance for other programme receivables of £2.113m there is an amount of £0.186m which represents the balance owing from DWP to the Agency for benefit overpayment receivables that have transferred from NI to GB.

13f Benefit Overpayment Receivables are classified as a Financial Instrument under IAS 32, IAS 39 and IFRS 7 criteria. These standards require Benefit Overpayment receivables to be stated in the Statement of Financial Position at their fair value. The impairment and discounting adjustment to the gross receivable amounts provide the fair value. Included within Benefit Overpayment Receivables is an amount of £7.955m which private sector collection agencies are seeking to recover on behalf of the Agency. (2010-11: £8.314m).

13g Social Fund Funeral Loans are classified as a Financial Instrument under IAS 32, IAS 39 and IFRS 7 criteria. These standards require Social Fund Loans to be stated in the Statement of Financial Position at their fair value. The impairment and discounting adjustment to the gross receivable amounts provide the fair value.

Funeral Loans are recoverable only from the estate of the deceased, but in the majority of cases the estate is insufficient for the funeral Loan to be recovered. The impairment amount for the Funeral Loans less than one year is greater than the receivable amount. This reflects the high level of uncertainty surrounding the recovery of Funeral Loans.

Funeral Loans due after more than one year are shown in the table below at Note 13.2. The total net receivable for all Funeral Loans after impairment and discounting is £0.128m (2010-11:£0.051m).

13.2 Amounts falling due after more than one year

Resource	31 March 2012 £'000	31 March 2011 £'000
Prepayments	-	-
Other Receivalbes	-	*
	-	-

Programme	Note	31 March 2012			Restated 31 March 2011		
		Gross receivables £'000	Impairment & Discounting £'000	Net receivables £'000	Gross receivables £'000	Impairment & Discounting £'000	Net receivables £'000
Benefit overpayments							
- Contributory benefits	13h	9,907	(7,442)	2,465	7,629	(5,951)	1,678
- Non-contributory benefits	13h	84,735	(49,597)	35,138	79,105	(48,583)	30,522
- Social Fund		-	-	-	-	-	-
Benefit prepayments							
- Contributory benefits		-	-	-	-	-	-
- Non-contributory benefits		-	-	-	-	-	-
Social Fund loans							
- Funeral loans	13k	8,549	(6,537)	2,012	8,274	(8,223)	51
- Other loans	13i	44,797	(7,165)	37,632	43,813	(6,305)	37,508
Other programme receivables	13j	7,147	-	7,147	4,679	-	4,679
NHS Trusts		-	-	-	-	-	-
Total amounts falling due after more than one year		**155,135**	**(70,741)**	**84,394**	143,500	(69,062)	74,438
Total trade receivables and other current assets				**187,099**			162,467

13h Benefit Overpayment receivables are classified as a Financial Instrument under IAS 32, IAS 39 and IFRS 7 criteria. These standards require Benefit Overpayment receivables to be stated in the Statement of Financial Position at fair value. The impairment and discounting adjustments to the gross receivable amounts provide the fair value.

13i Other Social Fund loans consist of Budgeting Loans £26.832m gross (2010-11: £26.830m gross), and Crisis Loans £17.965m gross (2010-11: £16.983m gross). Social Fund Loans are classified as a Financial Instrument under IAS 32, IAS 39 and IFRS 7 criteria. The standards require Social Fund Loans to be stated in the Statement of Financial Position at their fair value. The impairment and discounting adjustment to the gross receivable amounts provide the fair value.

13j Other programme receivables consists of £7.147m (2010-11: £4.679m), relating to the valuation of the potential benefit receivable balance at 31 March 2012.(See Note 13e(ii)).

13k Social Fund Funeral Loans are classified as a Financial Instrument under IAS

32, IAS 39 and IFRS 7 criteria. These standards require Social Fund Loans to be stated in the Statement of Financial Position at their fair value. The impairment and discounting adjustment to the gross receivable amounts provide the fair value.

13.3 Intra-Government Balances Resource

	Note	Amounts falling due within one year (Net)		Amounts falling due in more than one year (Net)	
		31 March 2012 £'000	Restated 31 March 2011 £'000	**31 March 2012 £'000**	Restated 31 March 2011 £'000
Balances with other central government bodies	**(i)**	**6,139**	6,584	-	**-**
Balances with local authorities	**(ii)**	**4**	1	**-**	**-**
Balances with public corporations and trading funds		**-**	**-**	**-**	**-**
Subtotal: intra-government balances		**6,143**	6,585	-	**-**
Balances with bodies external to government		**2,644**	299	-	**-**
Total receivables at 31 March		**8,787**	6,884	-	**-**

Intra - Government Balances Programe

	Note	Amounts falling due within one year (Net)		Amounts falling due in more than one year (Net)	
		31 March 2012 £'000	Restated 31 March 2011 £'000	**31 March 2012 £'000**	Restated 31 March 2011 £'000
Balances with other central government bodies	**(i)**	**10,106**	10,316		
Balances with local authorities			**-**	**-**	**-**
Balances with NHS trusts		**-**			
Balances with public corporations and trading funds		**-**	**-**	**-**	**-**
Subtotal: intra-government balances		**10,106**	10,316	**-**	-
Balances with bodies external to government		**84,478**	70,829	**83,728**	74,437
Total receivables at 31 March		**94,584**	81,145	**83,728**	74,437

(i) Resource receivable balances with other central government bodies includes the 'Department - Resource Financing' bank balance £2.545m (2010-11: £3.162m), BBC £1.548m (2010-11: £1.845m), HMRC £0.596m (2010-11: £0.311m), Inter DSD £1.398m (2010-11: £1.255m), accrued receipts from DWP £0.049m (2010-11: £0.010m), NIO £0.001m (2010-11: £0.001m), DEL £0.001m (2010-11: £nil), DVA £0.001m (2010-11: £nil).

Programme receivable balances with other central government bodies include NIF receivable £8.788m (2010-11: £9.348m), the ‘Department - programme financing ‘ bank balance £0.996m (2010-11: £0.519m DWP receivable £0.186m (2010-11: £0.449m), Others £0.136m (2010-11:£nil).

(ii) Resource receivable balances with local authorities for the year ended 31 March 2012 are £0.004m (2010-11: £0.001m).

14 Cash and cash equivalents

14.1 Cash with paying agents

	Note	31 March 2012 £'000	31 March 2011 £'000
Santander Commercial Bank PLC	14a	2,171	2,840
		2,171	2,840

14a As at 31 March 2012 the balance held with the Santander Commercial Bank plc is £2.171m (2010-11: £2.840m). Cash with paying agents is classified as a Financial Instrument under IAS 32, IAS 39 and IFRS 7 criteria. The fair value for cash with paying agents approximates to the current value stated in the Statement of Financial Position owing to the short term maturity of this instrument.

14.2 Cash and cash equivalents

	31 March 2012 £'000	31 March 2011 £'000
Balance at 1 April	-	-
Net change in cash and cash equivalent balances	-	-
Balance at 31 March	-	-

The following balances at 31 March are held at:

	31 March 2012 £'000	31 March 2011 £'000
Commercial bank balances	-	-
Cash at bank and in hand	-	-
Balance at 31 March	-	-

15 Trade payables and other current liabilities

15.1 Amounts falling due within one year:

Resource	Note	31 March 2012 £'000	31 March 2011 £'000
Accruals	15a	9,688	9,660
Other payables	15b	4,794	2,181
Amounts due to the Department - Resource Financing	15c	-	-
Total Resource		14,482	11,841

Programme	Note	31 March 2012 £'000	31 March 2011 £'000
Benefit Accruals			
- Contributory benefits		25,252	29,087
- Non - Contibutory benefits		42,086	32,414
- Social Fund		135	54
Encashment control	15f	2,245	3,260
Other programme payables	15d	4,931	4,979
Cash in Transit	15e	27,729	
Amounts due from the department - financing programme	15c	-	-
Total Programme		102,378	69,794
Total amounts falling due within one year		116,860	81,635

15a Included within Resource Accruals is £2.362m (2010-11: £1.919m), for Employee Benefits.

15b Other resource payables include Belfast Benefit Centre £nil, (2010-11: £nil), Consolidated Fund Extra Receipts, £0.007m (2010-11: £0.029m), and other sundry payables £4.787m (2010-11: £2.152m),

15c The Agency's attributable proportion of the Departmental bank balance for both resource and programme expenditure is shown as 'Amounts due to/from the Department'. For the year ended 31 March 2012 the Agency's resource bank balance held within the Departmental bank accounts is a debit balance of £2.545m disclosed in note 13, (2010-11: £3.162m debit balance disclosed in note 13). The Agency's programme bank balance held within the Departmental bank balance is a debit balance £0.996m disclosed in note 13 (2010-11: £0.519m).

Programme and Resource Financing are classified as Financial Instruments under IAS 32, IAS 39 and IFRS 7 criteria. The fair value for the Resource and Programme financing amounts to the current value stated in the Statement of Financial Position owing to the short term maturity of this instrument.

15d Other programme payables consist of HMRC £0.227m (2010-11: £0.254m), DWP £0.141m (2010-11: £0.409m), DEL £0.169m (2010-11 £0.590m), Health Service Trusts £1.245m (2010-11: £1.261m), Overseas Governments £0.009m, (2010-11: £0.040m), Third Party £1.090m (2010-11: £0.837m), Sundry £0.602m (2010-11: £0.034m), Consolidated Fund Extra Receipts £0.0m (2010-11: £nil) CSA £0.050m (2010-11 £0.279m), Inter DSD £1.398m (2010-11: £1.275m).

There are certain balances within other programme payables that are contractual and are therefore classified as Financial Instruments under IAS 32, IAS 39 and IFRS 7 criteria. The fair value for contractual other programme payables amounts to the current value stated in the Statement of Financial Position owing to the short term maturity of these instruments.

15e Cash in Transit - During the 2011-12 financial year the Agency commenced its migration to a new benefit payment and accounting system, the Central Payment System (CPS). The CPS processes benefit payments to customers' bank accounts through the Bank Automated Clearing System (BACS) and this process normally takes approximately three working days to complete.

The CPS accounts for the benefit expenditure on the first day of the BACS payment cycle i.e. BACS Day 1, although the payment amount does not transfer to the customer's bank account until BACS Day 3. The two day difference in the recording of the expenditure, and the movement of the funds to make the payments creates a payables (or creditor) balance within CPS known as the 'Cash in Transit' balance. The Cash in Transit (CIT) balance represents purely a timing difference between the transactions that take place on BACS Day 1 and BACS Day 3. The CIT balance at the end of the 31 March 2012 financial year was £27.729m and is included above. There is no comparative year figure as this is a process specific to the new CPS payment and accounting system.

15f The Encashment control payable is classified as a Financial Instrument under IAS 32, IAS 39 and IFRS 7 criteria. The fair value for the encashment control payable approximates to the current value stated in the Statement of Financial Position owing to the short term maturity of this instrument.

15.2 Intra-Government Balances Resource

	Note	Amounts falling due within one year	
		31 March 2012 £'000	Restated 31 March 2011 £'000
Balances with other central government bodies	**(i)**	**4,841**	2,346
Balances with local authorities			
Balances with public corporations and trading funds	**(ii)**	**443**	471
Subtotal: intra-government balances		**5,284**	2,817
Balances with bodies external to government		**9,918**	9,024
Total payables at 31 March		**14,482**	11,841

Intra-Government Balances Programme

	Note	Amounts falling due within one year		Amounts falling due after one year	
		31 March 2012 £'000	Restated 31 March 2011 £'000	**31 March 2012 £'000**	Restated 31 March 2011 £'000
Balances with other central government bodies	**(i)**	**2,056**	2,826	-	-
Balances with local authorities		-	-	-	-
Balances with NHS trusts		**1,245**	1,261	-	-
Balances with public corporations and trading funds		**-**	-	**-**	-
Subtotal: intra-government balances		**3,301**	4,087	**-**	-
Balances with bodies external to government		**85,966**	65,707	**-**	-
Total payables at 31 March		**89,267**	69,794	**-**	-

(i) Resource payable balances with other central government bodies includes DWP payables £4.617m, (2010-11: £2.316m), Department - 'resource financing' bank balance £nil (2010-11: £nil), Consolidated Fund Extra Receipts £0.007m (2010-11: £0.029m), Public Prosecution Service £0.055m (2010-11 £nil), Department of Justice 0.001m (2010-11 £nil) and the Department for Finance and Personnel £0.161m (2010-11 £nil).

Programme payable balances with other central government bodies includes HMRC £0.227m (2010-11: £0.254m), Inter DSD £1.398m (2010-11: £1.274m), DEL £0.169m (2010-11: £0.590m) DWP Creditor £0.141m (2010-11: £0.409m), Sundry £0.071m (2010-11: Sundry £0.019m), CSA £0.050m (2010-11: £0.280m).

(ii) Resource payable balances with public corporations includes Royal Mail £0.428m (2010-11 £0.463m), NI Water £0.010m (2010-11 £0.004m) and NI Housing Executive £0.005m (2010-11 £0.004m).

16 Provisions for liabilities and charges

	2011-2012				
	Early Departure Costs £'000	**Other Resource £'000**	**Equal Pay £'000**	**Programme £'000**	**Total £'000**
Balance as at 1 April	**34**	**647**	**961**	**502**	**2,144**
Provided in year	**37**	**23**	**-**	**12**	**72**
Provision not required written back		**(315)**	**(890)**		**(1,205)**
Under provision	**2**	**111**		**-**	**113**
Provision utilised in the year	**(22)**	**(69)**	**(71)**	**-**	**(162)**
Unwinding of discount	**(2)**	**(17)**		**-**	**(19)**
Balance as at 31 March	**49**	**380**	**0**	**514**	**943**

Provisions for liabilities and charges

	2010-11				
	Early Departure Costs £'000	Other Resource £'000	Equal Pay £'000	Programme £'000	Total £'000
Balance at 1 April	-	793	46,170	933	47,896
Provided in year	36	146	-	-	182
Provision not required written back	-	(192)	-	(431)	(623)
Under provision	-	-	-	-	-
Provision utilised in the year	-	(86)	(45,209)	-	(45,295)
Unwinding of discount	(2)	(14)	-	-	(16)
Balance as at 31 March	34	647	961	502	2,144

Analysis of expected timing of discounted flows

	2011-2012				
	Early Departure Costs £'000	**Other Resource £'000**	**Equal Pay £'000**	**Programme £'000**	**Total £'000**
Not later than one year	**28**			**514**	**542**
Later than one year and not later than five	**21**	**380**	**-**	**-**	**401**
Later than 5 years	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**
Balance at 31 March	**49**	**380**	**-**	**514**	**943**

	2010-11				
	Early Departure Costs £'000	Other Resource £'000	Equal Pay £000	Programme £'000	Total £000
Not later than one year	14	647	961	502	2,124
Later than one year and not later than five	20	-	-	-	20
Later than 5 years	-	-	-	-	-
	-	-	-	-	-
Balance at 31 March	34	647	961	502	2,144

16.1 Resource provisions include:

(i) Early departure costs £0.049m (2010-11: £0.034m).

(ii) Personal injury cases £0.290m (2010-11: £0.534m).

(iii) Equal opportunity cases £0.090m (2010-11: £0.113m).

(iv) Equal Pay £nil (2010-11: £0.961m). This provision represents the Agency'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.

Other resource provisions are based on estimates provided by the Departmental Solicitors Office (DSO).

The DSO provide probabilities for the best case, worst case and average scenario, these figures are then used based on the weighted average.

The Agency meets the additional costs of benefits beyond the normal (PCSPS NI) in respect of employees who retire early by paying the required amounts annually to the pension scheme over the period between early departure and normal retirement date. The Agency provides for this in fully when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.8 per cent in real terms.

16.2 Programme provisions include:

(i) Compensation Recovery Unit cases appealed and unprocessed amounted to £0.514m (2010-11: £0.502m). The Agency must meet the cost of Compensation Recovery Unit cases that are successfully appealed. At any point in time, there are a certain number of cases for which appeals or reviews have not been processed. The Agency provides for the estimated adjustment to recoveries in respect of unprocessed appeals and reviews.

17 Capital Commitments

Belfast Benefit Centre

All of the work carried out by the Belfast Benefit Centre (BBC) relates to processing services provided to the Department for Work and Pensions (DWP) in Great Britain and all expenditure incurred on behalf of the BBC in the financial year is therefore charged to the Agency’s Statement of Comprehensive Net Expenditure. The Agency has therefore no capital commitments contracted for but not provided at 31 March 2012 on behalf of the BBC.

Medical Support Services (MSS)/ ATOS Contract

The Agency signed a contract in January 2011 with Atos Origin IT Services UK Ltd. for the provision of medical support services. During 2011-12 the Agency completed the transition of the delivery of medical advice and assessment services in Northern Ireland to Atos Origin IT Services UK Ltd. Atos Healthcare are responsible for carrying out customer medical examinations required for assessing entitlement to a range of benefits including Employment Support Allowance and Disability Living Allowance. The contract arrangements commenced in June 2011. The total contract costs include charges for medical experts, administrative staff, accommodation and ICT infrastructure costs.

The ICT infrastructure costs within the ATOS contract are for cabling, servers and other IT equipment that is required to facilitate the operation of the new IT computer system. This ICT infrastructure will be required for all Medical Examination Centres (MEC’s) utilised by the contractor.

The capital cost for this work is estimated to be as follows over the reminder of the contract term:

	£m
2012-13	-
2013-14	-
2014-15	-
2015-16	0.02
2016-17	0.01
2017-18	0.24
2018-19	-

18 Commitments under leases

18.1 Operating leases

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

	Note	2011-12 £'000	2010-11 £'000
Obligations under operating leases comprise:			
Land:			
Not later than one year		**-**	-
Later than one year and not later than five years		**-**	-
Later than five years		**-**	-
Total		**-**	-
Buildings:			
Not later than one year		**-**	-
Later than one year and not later than five years		**-**	-
Later than five years		**-**	-
Total		**-**	-
Other:			
Not later than one year		**30**	68
Later than one year and not later than five years		**42**	7
Later than five years			-
Total		**72**	75
Total obligations under operating leases		**72**	75

There were no finance leases during 2011-12 (2010-11: Nil).

19 Other Financial Commitments

Standard Service Business Allocation (SSBA)

The Department for Work and Pensions (DWP) has entered into contracts for Information Technology Services to support the administration and delivery of social security benefits. The Department for Social Development (DSD) acting for and on behalf of the Social Security Agency is treated as a 'related organisation' for some of these DWP contracts. One of these DWP contracts is the Standard Services Business Allocation (SSBA) contract. The Agency is not a signatory to the SSBA contract. The Agency effectively buys a service from the contract, under the DWP contract terms and arrangements and DWP pass on the costs for the Agency's share of the services it has consumed via a monthly re-charge.

The charges for the Standard Services Business Allocation contract for 2011-12 are £13.537m (2010-11: £15.443m).

As above the Agency costs for the SSBA contract are charged on a monthly basis depending on the Agency's usage of the relevant IT services.

The anticipated charges for the 2012-13 financial year for the Standard Services Business Allocation (SSBA) arrangements are estimated to be in the region of £13m. This amount is subject to fluctuation and is dependant upon the volumetric usage of the contract by the Agency throughout the year.

Post Office Card Account

The Department for Social Development (DSD) acting for and on behalf of the Social Security Agency (SSA) is a party to the DWP contract for the provision of Post Office Card Accounts with Post Office Ltd (commonly known as the Post Office Card Account contract). The Post Office Card Account service is a simple bank account service for recipients of benefits and tax credits which is contracted out to Post Office Ltd. The Government departments who utilise the contract are invoiced directly by Post Office Ltd on a monthly basis. The running costs of the contract are apportioned between the Government departments based on the volume of payments made to the Post Office card accounts in the preceding month.

The charges under the Post Office Card Account contracts for 2011-12 are £5.221m (2010-11: £6.035m).

As above the Agency costs for the Post Office card account contract are charged on a monthly basis depending on the volume of Agency payments made to the Post Office card accounts.

The anticipated charges for the 2012-13 financial year for the Post Office card account (POCA) arrangements are estimated to be in the region of £5.37m. This amount is subject to fluctuation and is dependant upon the volumetric usage of the contract by the Agency throughout the year. The POCA charges will also rise in line with the Consumer Price Index percentage for April 2012 (published May 2012).

Medical Support Services (MSS)/ATOS Contract

The Agency signed a contract in January 2011 with Atos Origin IT Services UK Ltd. for the provision of medical support services. During 2011-12 the Agency completed the transition of the delivery of medical advice and assessment services in Northern Ireland to Atos Origin IT Services UK Ltd. Atos Healthcare are responsible for carrying out customer medical examinations required for assessing entitlement to a range of benefits including Employment Support Allowance and Disability Living Allowance.

The contract arrangements commenced in June 2011. The total contract costs include charges for medical experts, administrative staff, accommodation and ICT infrastructure costs.

Estimated charges for the remainder of the contract term are as follows:

	£m
2012-13	12.0
2013-14	12.0
2014-15	11.0
2015-16	11.0
2016-17	11.0
2017-18	11.0
2018-19	2.0

20 Contingent liabilities disclosed under IAS 37

Home Responsibilities Protection Error Initiative

Home Responsibilities Protection (HRP) was introduced in 1978 and reduces the number of qualifying years required in order to receive a full basic State Pension. HRP should be allocated if the customer receives child benefit for a child under the age of 16. It should be recorded automatically on the child benefit payee's account on the National Insurance and PAYE system (NPS) by means of a data feed from the Child Benefit Computer system. However, it emerged that there had been a significant weakness in the system. Many cases had to be clerically matched because neither the individual's national insurance number nor date of birth was included in the child benefit details. As a result, the correct number of HRP years had not been included in some records, affecting State Pension entitlement. This weakness has now been removed for new claims to child benefit from 2000 onwards as customers are required to provide their national insurance numbers.

A special exercise commenced in July 2009 to review existing State Pension awards for women and was completed in February 2012. As at 31 March 2012, total State Pension arrears of £3,249,506 had been paid, plus total compensation of £603,094. All 6,000 cases identified by the initiative have now been reviewed, with an error rate of 21% reported.

No further work for this exercise is required to be carried forward to the 2012-13 financial year.

Additional Pension Exercise

Following work done to correct erroneous up-rating of Guaranteed Minimum Pensions (GMP) in public sector schemes, Her Majesty's Revenue and Customs have requested further checks on cases suspected of having further errors in the calculation of GMP. Initial analysis suggests that there are no predominant types of error. The overall error rate is relatively low, considering the complexity of GMP (estimated at around 3% of the Additional Payment (AP) caseload). However, the size of the AP caseload and the initial estimates of the monetary value of error prompted a review of cases which started in January 2011 and was originally planned to end in March 2012. The review has now been extended until March 2013 in Northern Ireland because there are still cases outstanding from the original DWP sample to be scrutinised and corrected where appropriate. During 2011-12, special compensation payments were made to customers totalling £79,308. While the value of future compensation payments may vary and cannot be estimated reliably, approximately a further £72k in special payments may be incurred during 2012-13.

Transfer of State Pensions and Benefits

The Transfer of State Pensions and Benefits Regulations 2007 allows for a person's rights to contributory benefits, which have accrued by virtue of National Insurance contributions to be transferred to the Pension Scheme for Officials and Servants of Community Institutions and a transfer payment made accordingly by the Department. Until the transfer value has been calculated, by all the various parties involved, and taking into account the individual's specific circumstances, it is not possible to provide a reliable estimate of the financial effect.

Lump sum compensation payments in respect of pneumoconiosis and certain other dust related diseases

The Agency is accountable for lump sum compensation payments in relation to pneumoconiosis and certain other dust related diseases.

Payments due under the Pneumoconiosis, etc., (Workers' Compensation) (Northern Ireland) Order 1979 compensate those suffering from certain dust diseases where, at the time of submitting their claim to the scheme, they are unable to claim compensation by way of civil action in the courts. Award of Industrial Injuries Disablement Benefit (IIDB) is a precondition for payments to all sufferers and most dependants under this scheme.

Compensation payments due under the Mesothelioma, etc., Act (Northern Ireland) 2008 are made through the Mesothelioma Scheme (2008). This scheme was introduced on 1 October 2008 and compensates sufferers from mesothelioma who are not eligible for help from the 1979 Order. Payments made under this scheme are financed by recovery from civil damages paid to sufferers claiming under both schemes, and contributions from DWP towards meeting the costs of the Scheme in Northern Ireland.

The diseases covered by both schemes have a long latency period which makes the number of years over which claims will continue to be made unclear. No reliable estimate of the financial effect can therefore be given.

21 Losses and special payments

The information presented here is on a cash basis.

	2011-12			2010-11		
	Resource £'000	**Programme £'000**	**Total £'000**	Resource £'000	Programme £'000	Total £'000
Losses						
Total (2 Cases)	**1**	**-**	**1**	10	-	10
Special payments						
Total (12,745 cases)	**-**	**2,188**	**2,188**	-	2,768	2,768
Comprising:						
Ex-Gratia Payments (659 cases)	**-**	**498**	**498**	-	1,322	1,322
Extra-Statutory Payments (12,086 cases)	**-**	**1,690**	**1,690**	-	1,446	1,446
Social Security - Administered by the Social Security Agency						
Losses - Impairment of Receivables Written Off (approx 45,583 cases) (per Note 4.2)	**-**	**17,450**	**17,450**	-	15,016	15,016
Overpayments of Income Support and JSA Child Premium arising from Child Tax Credit (approx 234 cases)	**-**	**201**	**201**	-	220	220
Losses - Social Fund Loans Written Off						
Total (approx 3,424 cases), (Per note 4.2)	**-**	**2,245**	**2,245**	-	1,219	1,219
Losses in relation to Post Office Card Accounts Total (approx 119 cases)	**-**	**42**	**42**	-	38	38

22 Related party transactions

During the year, the Agency has taken part in various material transactions with the parent Department and also with other bodies where DSD is regarded as the parent Department. Examples include CMED, Resource Housing and Social Security Group and the Urban Regeneration and Community Development Group as well as independent statutory bodies.

In addition, the Agency has taken part in various material transactions with other government departments and other central government bodies. Most of these transactions have been with the Department of Health, Social Services and Public Safety. Other entities include the Department for Employment and Learning and the Department of Finance and Personnel in Northern Ireland, and the Department for Work and Pensions, and Her Majesty's Revenue and Customs in Great Britain.

During the year, none of the board members, members of the key management staff or other related parties has undertaken any material transactions with the Agency.

23 Key corporate financial targets

The Northern Ireland Social Security Agency was set the key corporate financial target of managing the Agency's resources to deliver its business plan within the funds voted by the Northern Ireland Assembly. The table below shows that the Agency contained its spending within budget.

Budget target table

	Year 2011-12		
Budget type	**Business Plan target £'000**	**Revised target £'000**	**Outturn**
Resource and other current	204,540	192,098	190,233
Capital	3,250	1,630	1,567
Non Cash	8,551	1,801	1,210
Benefits paid from the Northern Ireland Consolidated Fund	2,340,252	2,270,798	2,177,188
Benefits paid from the Northern Ireland National Insurance Fund	2,142,639	2,194,076	2,180,005
Benefits paid from the Social Fund	81,485	88,201	71,543

Resource:

"Business Plan Target" amounts represent initial allocation figures and do not take into account of amounts that have been transferred in-year during the monitoring rounds.

The "revised target" and "outturn" figures represents the best estimate of the target and outturn for the year based on information available at 31 March 2012, taking into account monitoring round transfers in and out of the Agency.

Programme:

"Business Plan Target" amounts represent initial allocation figures in the Northern Ireland Estimates.

The "revised target" represent the revised allocation in the Spring Supplementary Estimates.

The "outturn" figures represent the actual expenditure in year.

24 Fees and charges information

Financial objective: Full cost recovery

Name of service: Mortgage Interest Direct (resource charges)

	2011-12 £'000	2010-11 £'000
Full cost	**(151)**	(131)
Income	**42**	89
Surplus/(Deficit)	**(109)**	(42)

Income from pre-set transaction charges was not sufficient to cover the costs incurred in administering the Mortgage Interest Direct Scheme (MIDS) in the year to 31 March 2012.

The methodology for calculating the full cost for MIDS (resource cost charges) was updated during 2004-05. A benchmarking exercise was undertaken to establish a cost for the volume of transaction processing undertaken in providing this service. This cost methodology has been used to calculate the full cost reported for 2011-12.

25 Post Statement of Financial Position Events

There were no post statement of financial position events which could have had a material effect on the state of affairs of the Agency as at 31 March 2012 or the results for the year ended on that date, which have not been adequately provided for or disclosed.

The Accounting Officer authorised these financial statements for issue on 27 June 2012.

26. Payment Accuracy

The Agency aims to pay the right money to the right person at the right time. Social Security legislation lays out the basis on which the Agency calculates and pays benefits. However, the complexity of the benefit systems and inherent risks associated with the award and payment of benefits result in inaccurate payments being made in a proportion of the awards made. The Agency has a robust security strategy in place to tackle incorrectness and measure results. The focus is on:-

- Getting it right - by preventing fraud and error entering the benefit system at the point of application;

- Keeping it right - by reviewing cases regularly and systematically in order to detect and eliminate fraud and error that has entered the system;

- Putting it right - by identifying claims that have become erroneous and taking prompt action to correct them; by detecting and preventing fraud through the provision of a proactive and reactive investigative service; taking appropriate action to apply sanctions on deliberate offenders; and,

- Making sure the strategy works - by monitoring progress and regularly evaluating the strengths and weaknesses within the strategy and adjusting practices as appropriate.

The Agency currently administers 33 benefits including over 960,478 claims at any one time. Processing volumes related to this are approximately 30 million benefit payments per year, with 612,163 fresh claims and 903,794 changes in customer circumstances. Any benefit system that pays out money in response to given circumstances will always be vulnerable to fraud, and a system that relies on human input will be more susceptible to both customer and official error. Despite these challenges the majority of the Agency's benefit expenditure is paid correctly.

During the calendar year 2011 the Agency has continued its regular monitoring and measurement of the levels of fraud and error. Essentially this involves two main activities.

(i) Financial Accuracy Monitoring

(ii) Benefit Reviews

An estimate of total fraud and error is derived by combining the results from Financial Accuracy monitoring, which provides a measure of Official Error, with results from the Benefit Reviews which provide a measure of Customer Fraud and Customer Error.

For clarity additional tables have also been included within the 2011 Payment Accuracy note to show the totals of estimated overpayments and underpayments for the last calendar year.

Notes to the Tables for Official Error, Customer Error and Customer Fraud

Confidence Intervals

The Department reviews a sample of claims and this sampling approach introduces statistical uncertainty into the figures. This uncertainty is quantified with 95% confidence interval. These give the range in which the Agency can be 95% sure that the true value lies for each of the estimates presented. They allow for the additional uncertainty that comes from the use of older measurements.

Official Error: The official error estimates for 2011 are based on the results of the Agency's Financial Accuracy Exercises completed in 2011.

Customer Error and Customer Fraud: 2011 Customer error and customer fraud estimates for Employment and Support Allowance, Jobseeker's Allowance and State Pension Credit are based on results from the Benefit Review completed in 2011. As ESA replaced IB and IS, the levels of customer error and customer fraud in these benefits were used to calculate proxy estimates for ESA in 2010. The customer error and customer fraud 2011 estimates for Carer's Allowance and Income Support are based on the results of the Benefit Reviews completed in 2010 updated. 2011 Customer error and customer fraud estimates for Incapacity Benefit and State Pension are based on the results of the Benefit Reviews in 2009 updated. Customer error and customer fraud estimates for Disability Living Allowance are based on the results of the Benefit Review in 2008 updated.

Benefit Expenditure: In summary the total expenditure stated for 2011 includes expenditure on the 11 benefits reviewed as part of the Financial Accuracy and Benefit Review exercises, a total of £4,310 million, plus an amount of £146 million on other benefit expenditure in year, total annual expenditure £4,456 million.

Within the overall benefit expenditure totals in the tables below other benefit expenditure for the calendar year 2011 includes, Industrial Injuries Benefit £29.2 million, Severe Disablement Allowance £40.7 million, Christmas Bonus £4.9 million, Maternity Allowance £10.6 million, Cold Weather Payments £1.8 million, Winter Fuel Payments £55 million and sundry expenditure of £4.1 million. Other benefit expenditure for the calendar year 2010 includes, Industrial Injuries Benefit £28.5 million, Severe Disablement Allowance £41.5 million, Christmas Bonus £4.8 million, Maternity Allowance £10 million, Cold Weather Payments £25.7 million, Winter Fuel Payments £68.8 million and sundry expenditure of £3.7 million.

Jobseeker's Allowance Training Allowances: The figures quoted in the tables below for the annual benefit expenditure amounts for Jobseeker's Allowance include the associated expenditure for Jobseeker's Training Allowances as provided by the Agency. The respective annual amounts for these Training Allowances are not included within the Agency's programme operating costs in the accounts but are instead netted off from the respective debtor or creditor balance held with the Department for Employment and Learning (DEL) at the financial year-end.

Instrument of Payment (IOP) Fraud: The IOP figures in 2011 and 2010 relate to duplicate encashment of cheques. Up to 31 October 2009 all cases received in IOP Support Unit were registered on the Benefit Investigation Services Management Information System (BISMIS) and the monetary value was recorded at this stage. That meant that once duplicate encashment had been established, the monetary value was available irrespective of whether an outcome of the investigation had been reached. From 1 November 2009 only cases where duplicate encashment has been established are registered on Fraud Referral and Intervention Management System (FRAIMS) however no monetary value is recorded until the outcome of the investigation has been reached and the case is prepared for closure. It is therefore possible to do a year on year comparison for IOP as the figures for IOP in the 2011 and 2010 tables are both based on cases closed on FRAIMS.

A: Overpayments

Benefit Overpayments

The table below shows the estimates of benefit overpayments for the last two years, 2011 and 2010.

Comparisons between the two years show that the Agency's performance has improved with total losses, in percentage terms, from fraud and error reducing from 1.1% in 2010 to 0.9% in 2011.

Estimates of benefit overpayments for 2011 and 2010

2011	Expenditure £	Monetary Value of Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Error as % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval
Official Error	4,456,380,471	13,172,097	10,318,630	17,147,815	0.3%	0.2%	0.4%
Customer Error	4,456,380,471	7,304,081	2,559,677	13,253,988	0.2%	0.1%	0.3%
Customer Fraud	4,456,380,471	19,443,126	9,169,009	32,813,425	0.4%	0.2%	0.7%
Total Overpayment 2011	4,456,380,471	39,919,303	28,248,437	55,084,152	0.9%	0.6%	1.2%

2010	Expenditure £	Monetary Value of Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Error as % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval
Official Error	4,352,113,140	21,177,947	16,834,053	26,847,375	0.5%	0.4%	0.6%
Customer Error	4,352,113,140	6,537,162	1,536,872	12,734,899	0.2%	0.0%	0.3%
Customer Fraud	4,352,113,140	20,455,221	11,099,137	32,248,733	0.5%	0.3%	0.7%
Total Overpayment 2010	4,352,113,140	48,170,330	36,706,970	62,649,324	1.1%	0.8%	1.4%

The Agency estimates that there was approximately £39.9 million overpaid through fraud and error in social security benefits for 2011. This represents approximately 0.9% of the total benefit expenditure for 2011, of which £19.4 million (0.4%) is Customer Fraud, £7.3 million (0.2%) is Customer Error and £13.2 million (0.3%) is Official Error.

1 The confidence intervals quoted for each error category relate to the individual error category Monetary Value of Error. The table also quotes a total Monetary Value of Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Error. The upper confidence interval quoted or the total Monetary Value of Error should not equal the sum of the upper confidence interval for each individual benefit Monetary value of error.

The comparative estimate for 2010 is that there was approximately £48.2 million overpaid through fraud and error in social security benefits. This represents approximately 1.1% of the total benefit expenditure for 2010, of which £20.5 million (0.5%) is Customer Fraud, £6.5 million (0.2%) is Customer Error and £21.2 million (0.5%) is Official Error. Thus, while total benefit expenditure has increased from £4,352 million in 2010, to £4,456 million in 2011, there has been a decrease in fraud and error overpayments from 1.1% to 0.9% of expenditure for the year.

A detailed breakdown of the total overpayment amount for 2011 of £39.9 million is disclosed in the following tables. The tables are produced to depict the individual totals arising from the three main elements of benefit overpayments, i.e. Official Error, Customer Error and Customer Fraud. Figures for the 2010 year are also included for comparative purposes. In addition tables are also included that disclose the estimated amount of underpayments that have arisen from both Official and Customer Error in the 2011 and the 2010 years.

Official Error

Official Error occurs when benefit awards are miscalculated as a result of an official not applying the benefit specific rules correctly or not taking into account all the circumstances applicable to an individual. The table below sets out the estimate of Official Error in 2011. Estimates of Official Error in 2010 are also shown for comparative purposes.

Estimates of benefit overpayments due to Official Error in 2011

Benefit	Expenditure £	Monetary Value of Official Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Error as a % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval	Period of Financial Accuracy Review
Disability Living Allowance	786,625,742	865,320	-	2,382,665	0.1%	0.0%	0.3%	Jan 11 - Dec 11
Employment and Support Allowance	128,803,939	2,753,026	2,005,287	3,563,740	2.1%	1.6%	2.8%	Jan 11 - Dec 11
Incapacity Benefit	283,017,447	-	-	-	0.0%	0.0%	0.0%	Jan 11 - Dec 11
Income Support	395,588,554	1,438,694	120,141	3,635,809	0.4%	0.0%	0.9%	Jan 11 - Dec 11
Jobseeker's Allowance	206,831,141	1,230,963	401,847	2,297,790	0.6%	0.2%	1.1%	Jan 11 - Dec 11
State Pension	1,749,117,597	517,369	69,295	1,060,978	0.0%	0.0%	0.1%	Jan 11 - Dec 11
State Pension Credit	349,014,999	4,497,998	2,575,631	6,860,010	1.3%	0.7%	2.0%	Jan 11 - Dec 11
Attendance Allowance	195,208,350	-	-	-	0.0%	0.0%	0.0%	Jan 11 - Dec 11
Carer's Allowance	108,700,685	307,086	-	955,391	0.3%	0.0%	0.9%	Jan 11 - Dec 11
Social Fund	86,137,896	1,453,866	815,499	2,195,522	1.7%	0.9%	2.5%	Jan 11 - Dec 11
Widow's Benefit/Bereavement Benefit	21,136,298	107,775	6,345	298,408	0.5%	0.0%	1.4%	Jan 11 - Dec 11
Instrument of Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	146,197,822	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**4,456,380,471**	**13,172,097**	**10,318,630**	**17,147,815**	**0.3%**	**0.2%**	**0.4%**	

1 The confidence intervals quoted for each benefit relate to the individual benefit Monetary Value of Official Error. The table also quotes a total Monetary Value of Official Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Official Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Official Error. The upper confidence interval quoted for the total Monetary Value of Official Error should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Official Error.

Estimates of benefit overpayments due to Official Error in 2010

Benefit	Expenditure £	Monetary Value of Official Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Error as a % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval	Period of Financial Accuracy Review
Disability Living Allowance	750,272,008	1,449,168	223,978	3,118,385	0.2%	0.0%	0.4%	Jan - Dec 10
Employment and Support Allowance	84,777,310	2,560,772	1,819,631	3,363,487	3.0%	2.1%	4.0%	Jan - Dec 10
Incapacity Benefit	303,229,889	3,219,716	755,877	6,630,867	1.1%	0.2%	2.2%	Jan - Dec 10
Income Support	428,056,340	3,383,463	1,231,052	5,945,774	0.8%	0.3%	1.4%	Jan - Dec 10
Jobseeker's Allowance	191,133,166	1,067,337	320,046	1,986,121	0.6%	0.2%	1.0%	Jan - Dec 10
State Pension	1,649,270,638	652,165	156,156	1,320,131	0.0%	0.0%	0.1%	Jan - Dec 10
State Pension Credit	358,483,702	6,331,605	4,313,548	8,857,147	1.8%	1.2%	2.5%	Jan - Dec 10
Attendance Allowance	195,212,759	399,612	-	1,219,894	0.2%	0.0%	0.6%	Jan - Dec 10
Carer's Allowance	102,019,428	903,744	-	2,212,526	0.9%	0.0%	2.2%	Jan - Dec 10
Social Fund	84,536,391	975,942	504,212	1,536,430	1.2%	0.6%	1.8%	Jan - Dec 10
Widow's Benefit/Bereavement Benefit	22,041,416	234,423	35,272	610,940	1.1%	0.2%	2.8%	Jan - Dec 10
Instrument of Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	183,080,093	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**4,352,113,140**	**21,177,947**	**16,834,053**	**26,847,375**	**0.5%**	**0.4%**	**0.6%**	

1 The confidence intervals quoted for each benefit relate to the individual benefit Monetary Value of Official Error. The table also quotes a total Monetary Value of Official Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Official Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Official Error. The upper confidence interval quoted for the total Monetary Value of Official Error should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Official Error.

Customer Error

Customer error occurs where there has been a failure by the customer to notify a reportable change that affects the benefit in payment but there is no suspicion of fraud/fraudulent intent. The table below sets out the estimate of Customer Error in 2011. Estimates of Customer Error in 2010 are also shown for comparative purposes.

Estimates of benefit overpayments due to Customer Error in 2011

Benefit	Expenditure £	Monetary Value of Customer Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Customer Error as a % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval	Period of Benefit Review
Disability Living Allowance	786,625,742	0	0	0	0.0%	0.0%	0.0%	Jan 08 - Dec 08 updated
Employment and Support Allowance	128,803,939	1,258,260	787,009	1,839,951	1.0%	0.6%	1.4%	Jan 11 - Dec 11
Incapacity Benefit	283,017,447	2,818,998	0	8,318,373	1.0%	0.0%	2.9%	Jan 09 - Dec 09 updated
Income Support	395,588,554	624,463	0	2,310,003	0.2%	0.0%	0.6%	Jan 10 - Dec 10 updated
Jobseeker's Allowance	206,831,141	189,093	0	534,302	0.1%	0.0%	0.3%	Jan 11 - Dec 11
State Pension	1,749,117,597	0	0	0	0.0%	0.0%	0.0%	Jan 09 - Dec 09 updated
State Pension Credit	349,014,999	2,353,614	1,178,675	3,695,146	0.7%	0.3%	1.1%	Jan 11 - Dec 11
Attendance Allowance	195,208,350	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carer's Allowance	108,700,685	59,654	0	304,545	0.1%	0.0%	0.3%	Jan 10 - Dec 10 updated
Social Fund	86,137,896	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Widow's Benefit/ Bereavement Benefit	21,136,298	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instrument of Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	146,197,822	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**4,456,380,471**	**7,304,081**	**2,559,677**	**13,253,988**	**0.2%**	**0.1%**	**0.3%**	

1 The confidence intervals quoted for each benefit relate to the individual benefit Monetary Value of Customer Error. The table also quotes a total Monetary Value of Customer Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Customer Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Customer Error. The upper confidence interval quoted for the total Monetary Value of Customer Error should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Customer Error.

Estimates of benefit overpayments due to Customer Error in 2010

Benefit	Expenditure £	Monetary Value of Customer Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Customer Error as a % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval	Period of Benefit Review
Disability Living Allowance	750,272,008	0	0	0	0.0%	0.0%	0.0%	Jan - Dec 08 updated
Employment and Support Allowance	84,777,310	471,539	0	1,205,111	0.6%	0.0%	1.4%	IS Jan - Dec 10 & IB Jan - Dec 09
Incapacity Benefit	303,229,889	3,020,324	0	8,912,452	1.0%	0.0%	2.9%	Jan - Dec 09 updated
Income Support	428,056,340	675,715	52,939	1,587,656	0.2%	0.0%	0.4%	Jan - Dec 10
Jobseeker's Allowance	191,133,166	230,158	0	894,833	0.1%	0.0%	0.5%	Jan - Dec 09 updated
State Pension	1,649,270,638	0	0	0	0.0%	0.0%	0.0%	Jan - Dec 09 updated
State Pension Credit	358,483,702	2,083,438	879,408	3,450,918	0.6%	0.2%	1.0%	Jan - Dec 10
Attendance Allowance	195,212,759	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carer's Allowance	102,019,428	55,987	0	170,907	0.1%	0.0%	0.2%	Jan - Dec 10
Social Fund	84,536,391	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Widow's Benefit/ Bereavement Benefit	22,041,416	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instrument of Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	183,080,093	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	4,352,113,140	6,537,162	1,536,872	12,734,899	0.2%	0.0%	0.3%	

1 The confidence intervals quoted for each benefit relate to the individual benefit Monetary Value of Customer Error. The table also quotes a total Monetary Value of Customer Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Customer Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Customer Error. The upper confidence interval quoted for the total Monetary Value of Customer Error should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Customer Error.

Customer Fraud

Customer Fraud occurs where the basic conditions of entitlement have not been met, where the customer could reasonably be expected to be aware of the effect on entitlement to benefit and the customer has deliberately not reported relevant information. The table below sets out the estimate of Customer Fraud in 2011. Estimates of Customer Fraud in 2010 are also shown for comparative purposes.

Estimates of benefit overpayments due to Customer Fraud in 2011

Benefit	Expenditure £	Monetary Value of Customer Fraud £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Customer Fraud as % of expenditure	[1] Lower Confidence Interval	[1]Upper Confidence Interval	Period of Benefit Review Exercise
Disability Living Allowance	786,625,742	0	0	0	0.0%	0.0%	0.0%	Jan 08 - Dec 08 updated
Employment and Support Allowance	128,803,939	1,013,915	509,259	1,551,038	0.8%	0.4%	1.2%	Jan 11 - Dec 11
Incapacity Benefit	283,017,447	6,128,313	0	15,241,826	2.2%	0.0%	5.4%	Jan 09 - Dec 09 updated
Income Support	395,588,554	4,559,114	0	12,923,093	1.2%	0.0%	3.3%	Jan 10 - Dec 10 updated
Jobseeker's Allowance	206,831,141	2,904,241	1,025,596	5,391,303	1.4%	0.5%	2.6%	Jan 11 - Dec 11
State Pension	1,749,117,597	0	0	0	0.0%	0.0%	0.0%	Jan 09 - Dec 09 updated
State Pension Credit	349,014,999	3,023,326	848,461	6,481,437	0.9%	0.2%	1.9%	Jan 11 - Dec 11
Attendance Allowance	195,208,350	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carer's Allowance	108,700,685	1,308,856	-	4,014,432	1.2%	0.0%	3.7%	Jan 10 - Dec 10 updated
Social Fund	86,137,896	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Widow's Benefit/ Bereavement Benefit	21,136,298	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instrument of Payment	N/A	505,361	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	146,197,822	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**4,456,380,471**	**19,443,126**	**9,169,009**	**32,813,425**	**0.4%**	**0.2%**	**0.7%**	

1 The confidence intervals quoted for each benefit relate to the individual benefit Monetary Value of Customer Fraud. The table also quotes a total Monetary Value of Customer Fraud figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Customer Fraud should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Customer Fraud. The upper confidence interval quoted for the total Monetary Value of Customer Fraud should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Customer Fraud.

Estimates of benefit overpayments due to Customer Fraud in 2010

Benefit	Expenditure £	Monetary Value of Customer Fraud £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Customer Fraud as % of expenditure	[1] Lower Confidence Interval	[1]Upper Confidence Interval	Period of Benefit Review Exercise
Disability Living Allowance	750,272,008	0	0	0	0.0%	0.0%	0.0%	Jan - Dec 08 updated
Employment and Support Allowance	84,777,310	1,385,135	127,861	2,642,408	1.6%	0.2%	3.1%	IS Jan - Dec 10 & IB Jan - Dec 09
Incapacity Benefit	303,229,889	6,565,983	0	16,330,362	2.2%	0.0%	5.4%	Jan - Dec 09 updated
Income Support	428,056,340	4,933,302	1,538,314	9,458,526	1.2%	0.4%	2.2%	Jan - Dec 10
Jobseeker's Allowance	191,133,166	2,971,771	0	6,935,021	1.6%	0.0%	3.6%	Jan - Dec 09 updated
State Pension	1,649,270,638	0	0	0	0.0%	0.0%	0.0%	Jan - Dec 09 updated
State Pension Credit	358,483,702	3,055,356	1,474,823	5,144,876	0.9%	0.4%	1.4%	Jan - Dec 10
Attendance Allowance	195,212,759	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carer's Allowance	102,019,428	1,228,407	228,763	2,498,046	1.2%	0.2%	2.4%	Jan - Dec 10
Social Fund	84,536,391	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Widow's Benefit/ Bereavement Benefit	22,041,416	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instrument of Payment	N/A	315,267	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	183,080,093	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**4,352,113,140**	**20,455,221**	**11,099,137**	**32,248,733**	**0.5%**	**0.3%**	**0.7%**	

1 The confidence intervals quoted for each benefit relate to the individual benefit Monetary Value of Customer Fraud. The table also quotes a total Monetary Value of Customer Fraud figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Customer Fraud should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Customer Fraud. The upper confidence interval quoted for the total Monetary Value of Customer Fraud should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Customer Fraud.

B: Strategies to Reduce Fraud and Error

Reducing fraud and error is one of the Agency's top 5 key priorities, with a robust and evolving strategy in place to identify incorrect benefit awards. Activities include specific checks and case reviews in each of the main benefits to identify and correct error, and the investigation of suspected fraud with prosecution of offenders if appropriate. This complements a wide range of checks and controls in place right across the Agency as part of the normal governance procedures.

The Agency ensures that these activities and any future measures are proportionate and represent value for money having regard to the cost of control, the impact on customers in terms of the accessibility and timeliness of benefit payments and the resulting impact on fraud and error.

Overall the Agency's benefit security strategy is working, with the combined levels of fraud and error now at their lowest recorded levels ever. Over the last 7 years estimated overpayments have reduced by 44% from £70.7 million in 2003-04 [(1)] (2.2% of benefit expenditure) to £39.9 million in 2011 (0.9% of benefit expenditure).

Fraud Strategy

The approach to tackling benefit fraud has been successful with benefit fraud reaching a lower level than 2010, at 0.4% of benefit expenditure. This has been achieved through a combination of risk assessment and targeting high risk cases, making full use of powers to obtain information, matching data and reducing delays and raising awareness of benefit fraud among staff and the public. The Agency will continue to target its efforts using the present risk-based targeted approach.

The positive impact of the Agency's counter fraud strategy is again reflected in 2011-12 outcomes. The number of customers sanctioned for benefit fraud this year is 1,025. In addition, the Agency's Financial Investigation Unit brought about the recovery of £610,285 of criminally obtained assets during 2011-12 by way of confiscation orders obtained through the Courts and voluntary payments.

During 2011-12 the Agency continued to work in conjunction with the Northern Ireland Housing Executive on cases generated through the National Fraud Initiative (NFI) programme 1. Of the 1,238 cases referred for investigation 1,033 have now been finalised, and overpayments totalling £2.279 million have been raised in respect of these cases. There have been 52 sanctions to date on NFI cases.

In relation to the NFI programme 2 following discussions with the NIAO, 6,557 cases were identified for investigation. Initial action has been completed on 5,112 with a further 361 in progress. 372 cases are awaiting referral for investigation. Corrective action has also been taken on 104 cases with a resulting monetary adjustment of £319k. Preliminary work has already started in preparation for NFI programme 3. An NFI culture is now positively embedded within the Agency.

[(1)] A new methodology for calculating the annual estimates of fraud and error was implemented in 2008. Accordingly caution should be taken when directly comparing estimates to figures prior to the 2008 year.

The Agency continues to pursue its counter fraud activity with other external government bodies such as the Department for Work and Pensions in Great Britain and the Department of Social Protection in the Republic of Ireland (ROI) and strives to make further improvements to reduce customer fraud where possible.

The Agency continues to do all that it can to to maintain and improve on the current customer fraud position whilst recognising the nature of the complex benefit environment in which it operates. The Agency is closely following, and preparing to implement, similar proposals to those published in the joint DWP and Her Majesty's Revenue and Customs (HMRC) strategy (published in October 2010) to tackle fraud and error in the benefit and tax credits systems. A project team is in place to take forward the new counter fraud and error measures, and the outline business case has been approved by the Department of Finance and Personnel. Alongside the current range of activities already in place, the new measures will help to ensure the Agency maintains its focus on tackling both loss and underpayments within the benefit system, with the aim of maintaining, or improving further, the current low levels of benefit fraud and error within Northern Ireland.

Error Strategy

During 2011-12 the Agency's Fraud and Error Reduction Board (FERB) continued to direct and monitor the use of dedicated resources within benefit offices for the purpose of identifying and removing error. These resources are allocated to each benefit based on level of risk and within each benefit all cases are targeted further by use of risk based selection models. This approach is designed to ensure maximum impact from targeted error reduction activity.

During 2011-12, the error reduction activity carried out by benefit areas led to the adjustment of benefit in just over 14,600 cases, with a total monetary value of around £36.8 million. Within this total just over £15 million represented adjustments to payments where customers were entitled to additional benefits. Targeting cases, whether at risk of official or customer error, whether benefit overpayments or underpayments, is crucial in continuing to maximise the outcomes from the Agency's counter error activity and, similar to the counter fraud approach, data matching and risk modelling approaches are used to target the highest risk cases.

During 2011-12 the Error Recording and Reporting System has been used to capture the outcomes from the various strands of accuracy checking conducted throughout the Agency. This has enabled more enhanced analysis to be conducted on both official and customer error which helps direct future policy on tackling error.

Official Error

The latest figures show an overall reduction in losses through official error - down from £24.5 million (0.8% of total expenditure) in 2003-04 [1] to £13.2m million in 2011, a decrease of £11.3 million. Current levels of official error overpayments now represent 0.3% of total benefit expenditure a reduction therefore in real terms since 2003-04 of 0.5 percentage points. This is despite the ongoing issues facing the Agency in administering social security benefits within a complex legislative and regulatory framework and with outmoded IT systems, as recognised by both the Northern Ireland Audit Office and NI Public Accounts Committee. In order to address these difficulties, significant benefit simplification and major investment in the benefit IT systems is required and these are not matters solely within the Agency's remit to progress.

Despite these difficulties, the Agency remains committed to doing all it can to reduce staff error and has a wide range of control mechanisms built into its system of benefit administration to ensure high levels of financial accuracy. These include extensive training and consolidation of training; the application of benchmark standards for staff; and a programme of regular checks and controls to prevent potential incorrectness and measure and report on Agency performance within this area.

Customer Error

Customer error losses through overpayments remain at 0.2% of expenditure in 2011 with a result of (£7.3 million), compared to 0.2% (£6.5 million) in 2010. The slight increase in money terms is due to overall total benefit expenditure increasing from £4,352 million to £4,456 million.

Again the Agency recognises that benefit complexity is a problem for customers as well as its staff. In helping to prevent error, customers need to understand what changes in their circumstances they must report to the Agency and when. The Agency has various initiatives in place to tackle customer error. These include better explanation of benefit rules in Agency literature, and striving to ensure customers receive clear explanations and answers to any queries they may raise. Improved ways for customers to access benefit guidance or report their change of circumstances through the internet, are being rolled out and benefit information can also be viewed through the NI Direct website. However in order to deliver major reductions in the levels of both staff and customer error significant effort will be required to drive forward the necessary benefit simplification and address the existing complexities, and to enhance the IT systems that deliver the service.

In addition, major exercises targeting Customer Error are carried out across the benefit system. Those exercises include a programme of case cleansing within State Pension Credit and reviewing those Disability Living Allowance cases with a higher likelihood of a change in the customers' circumstances.

(1) A new methodology for calculating the annual estimates of fraud and error was implemented in 2008. Accordingly caution should be taken when directly comparing estimates with previous years.

The programme of customer compliance interventions introduced in 2010 as a result of the Benefit Security Review has continued to generate very positive results. In the past year 2011/2012 customer compliance has detected changes in over 27% of cases examined resulting in over £3.7 million in benefit adjustments. The customer compliance function continues to allow investigative specialists to focus on high risk fraud cases thereby helping to maximise outputs from their criminal investigations.

Overall the Agency has successfully delivered reductions in fraud and error in recent years and it is committed to maintaining its focus on this activity while further improving its service to customers.

C: Underpayments

Benefit Underpayments

The table below shows the estimates of benefit underpayments for the last two years, 2011 and 2010.

Overall the figure for estimated amounts of underpayments has reduced to 0.4% of expenditure, a total of £19.9 million (2010: 0.5% £20.7m).

Estimates of benefit underpayments for 2011 and 2010

2011	Expenditure £	Monetary Value of Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Error as % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval
Official Error	4,456,380,471	14,024,059	10,292,129	19,043,583	0.3%	0.2%	0.4%
Customer Error	4,456,380,471	5,895,713	-	15,868,692	0.1%	0.0%	0.4%
Total Underpayments 2011	**4,456,380,471**	**19,919,772**	**12,471,878**	**31,084,714**	**0.4%**	**0.3%**	**0.7%**

2010	Expenditure £	Monetary Value of Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Error as % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval
Official Error	4,352,113,140	15,095,296	11,832,304	19,298,045	0.3%	0.3%	0.4%
Customer Error	4,352,113,140	5,629,273	-	14,765,347	0.1%	0.0%	0.3%
Total Underpayments 2010	**4,352,113,140**	**20,724,568**	**13,993,171**	**30,780,957**	**0.5%**	**0.3%**	**0.7%**

The Agency monitors and estimates the level of underpayments arising from Official and Customer Error. Identifying those cases not receiving their full entitlement and correcting benefit payments is an integral part of the Agency's strategy which gives equal priority to identifying and correcting underpayments and overpayments.

1 The confidence intervals quoted for each error category relate to the individual error category Monetary Value of Error. The table also quotes a total Monetary Value of Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Error. The upper confidence interval quoted for the total Monetary Value of Error should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Error.

The table below sets out the estimate of benefit underpayments due to Official Error in 2011. Estimates for 2010 are also shown for comparative purposes.

Estimates of benefit underpayments due to Official Error in 2011

Benefit	Expenditure £	Monetary Value of Official Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Official Error as % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval	Period of Financial Accuracy Exercise
Disability Living Allowance	786,625,742	2,437,409	583,137	4,745,547	0.3%	0.1%	0.6%	Jan 11 - Dec 11
Employment and Support Allowance	128,803,939	3,055,258	2,375,481	3,824,391	2.4%	1.8%	3.0%	Jan 11 - Dec 11
Incapacity Benefit	283,017,447	1,345,711	659,389	2,174,839	0.5%	0.2%	0.8%	Jan 11 - Dec 11
Income Support	395,588,554	769,973	123,493	1,679,895	0.2%	0.0%	0.4%	Jan 11 - Dec 11
Jobseeker's Allowance	206,831,141	343,654	20,036	729,410	0.2%	0.0%	0.4%	Jan 11 - Dec 11
State Pension	1,749,117,597	3,691,713	907,307	7,671,958	0.2%	0.1%	0.4%	Jan 11 - Dec 11
State Pension Credit	349,014,999	2,061,254	948,936	3,369,722	0.6%	0.3%	1.0%	Jan 11 - Dec 11
Attendance Allowance	195,208,350	-	-	-	0.0%	0.0%	0.0%	Jan 11 - Dec 11
Carer's Allowance	108,700,685	-	-	-	0.0%	0.0%	0.0%	Jan 11 - Dec 11
Social Fund	86,137,896	303,775	96,964	543,542	0.4%	0.1%	0.6%	Jan 11 - Dec 11
Widow's Benefit/ Bereavement Benefit	21,136,298	15,311	-	35,647	0.1%	0.0%	0.2%	Jan 11 - Dec 11
Instrument of Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	146,197,822	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**4,456,380,471**	**14,024,059**	**10,292,129**	**19,043,583**	**0.3%**	**0.2%**	**0.4%**	

1 The confidence intervals quoted for each benefit relate to the individual benefit Monetary Value of Official Error. The table also quotes a total Monetary Value of Official Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Official Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Official Error. The upper confidence interval quoted for the total Monetary Value of Official Error should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Official Error.

Estimates of benefit underpayments due to Official Error in 2010

Benefit	Expenditure £	Monetary Value of Official Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Official Error as % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval	Period of Financial Accuracy Exercise
Disability Living Allowance	750,272,008	1,413,313	280,502	2,729,182	0.2%	0.0%	0.4%	Jan - Dec 10
Employment and Support Allowance	84,777,310	2,024,106	1,430,639	2,718,065	2.4%	1.7%	3.2%	Jan - Dec 10
Incapacity Benefit	303,229,889	1,610,184	255,150	3,901,189	0.5%	0.1%	1.3%	Jan - Dec 10
Income Support	428,056,340	1,677,244	462,955	3,057,767	0.4%	0.1%	0.7%	Jan - Dec 10
Jobseeker's Allowance	191,133,166	917,112	100,075	2,103,222	0.5%	0.1%	1.1%	Jan - Dec 10
State Pension	1,649,270,638	1,433,723	529,935	2,438,730	0.1%	0.0%	0.1%	Jan - Dec 10
State Pension Credit	358,483,702	4,887,735	2,918,351	7,178,220	1.4%	0.8%	2.0%	Jan - Dec 10
Attendance Allowance	195,212,759	134,056	-	410,876	0.1%	0.0%	0.2%	Jan - Dec 10
Carer's Allowance	102,019,428	200,074	-	608,037	0.2%	0.0%	0.6%	Jan - Dec 10
Social Fund	84,536,391	766,795	237,948	1,389,949	0.9%	0.3%	1.6%	Jan - Dec 10
Widow's Benefit/ Bereavement Benefit	22,041,416	30,954	8,567	60,227	0.1%	0.0%	0.3%	Jan - Dec 10
Instrument of Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	183,080,093	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**4,352,113,140**	**15,095,296**	**11,832,304**	**19,298,045**	**0.3%**	**0.3%**	**0.4%**	

1 The confidence intervals quoted for each benefit relate to the individual benefit Monetary Value of Official Error. The table also quotes a total Monetary Value of Official Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Official Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Official Error. The upper confidence interval quoted for the total Monetary Value of Official Error should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Official Error.

The table below sets out the estimate of benefit underpayments due to Customer Error in 2011. Estimates of underpayments for Customer Error in 2010 are also shown for comparative purposes.

Estimates of benefit underpayments due to Customer Error in 2011

Benefit	Expenditure £	Monetary Value of Customer Error £	[1] Lower Confidence Interval £	[1] Upper Confidence Interval £	Monetary Value of Customer Error as % of expenditure	[1] Lower Confidence Interval	[1] Upper Confidence Interval	Period of Benefit Review Exercise
Disability Living Allowance	786,625,742	-	-	-	0.0%	0.0%	0.0%	Jan 08 - Dec 08 updated
Employment and Support Allowance	128,803,939	67,825	421	190,613	0.1%	0.0%	0.1%	Jan 11 - Dec 11
Incapacity Benefit	283,017,447	-	-	-	0.0%	0.0%	0.0%	Jan 09 - Dec 09 updated
Income Support	395,588,554	1,010,050	-	3,357,507	0.3%	0.0%	0.8%	Jan 10 - Dec 10 updated
Jobseeker's Allowance	206,831,141	30,774	-	93,142	0.0%	0.0%	0.0%	Jan 11 - Dec 11
State Pension	1,749,117,597	3,244,825	-	12,729,588	0.2%	0.0%	0.7%	Jan 09 - Dec 09 updated
State Pension Credit	349,014,999	1,542,240	222,970	3,534,735	0.4%	0.1%	1.0%	Jan 11 - Dec 11
Attendance Allowance	195,208,350	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carer's Allowance	108,700,685	-	-	-	0.0%	0.0%	0.0%	Jan 10 - Dec 10 updated
Social Fund	86,137,896	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Widow's Benefit/ Bereavement Benefit	21,136,298	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instrument of Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	146,197,822	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**4,456,380,471**	**5,895,713**	**0**	**15,868,692**	**0.1%**	**0.0%**	**0.4%**	

1 The confidence intervals quoted for each benefit relate to the individual benefit Monetary Value of Customer Error. The table also quotes a total Monetary Value of Customer Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Customer Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Customer Error. The upper confidence interval quoted for the total Monetary Value of Customer Error should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Customer Error.

Estimates of benefit underpayments due to Customer Error in 2010

Benefit	Expenditure £	Monetary Value of Customer Error £	[1] Lower	[1] Upper	Monetary Value of Customer Error as % of expenditure	[1] Lower	[1] Upper	Period of Benefit Review Exercise
Disability Living Allowance	750,272,008	0	0	0	0.0%	0.0%	0.0%	Jan - Dec 08 updated
Employment and Support Allowance	84,777,310	113,588	24,535	202,640	0.1%	0.0%	0.2%	IS Jan - Dec 10 & IB Jan - Dec 09
Incapacity Benefit	303,229,889	0	0	0	0.0%	0.0%	0.0%	Jan - Dec 09 updated
Income Support	428,056,340	1,092,949	187,072	2,363,011	0.3%	0.0%	0.6%	Jan - Dec 10
Jobseeker's Allowance	191,133,166	155,270	0	702,270	0.1%	0.0%	0.4%	Jan - Dec 09 updated
State Pension	1,649,270,638	3,059,597	0	12,002,930	0.2%	0.0%	0.7%	Jan - Dec 09 updated
State Pension Credit	358,483,702	1,207,869	286,895	2,458,647	0.3%	0.1%	0.7%	Jan - Dec 10
Attendance Allowance	195,212,759	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carer's Allowance	102,019,428	0	0	0	0.0%	0.0%	0.0%	Jan - Dec 10
Social Fund	84,536,391	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Widow's Benefit/ Bereavement Benefit	22,041,416	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instrument of Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other expenditure	183,080,093	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**4,352,113,140**	**5,629,273**	**0**	**14,765,347**	**0.1%**	**0.0%**	**0.3%**	

1 The confidence intervals quoted for each benefit relate to the individual benefit Monetary Value of Customer Error. The table also quotes a total Monetary Value of Customer Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Customer Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Customer Error. The upper confidence interval quoted for the total Monetary Value of Customer Error should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Customer Fraud.

The Agency's policy is to make good cases of underpayments where and when these are identified.

The Agency gives equal attention and priority to identifying and correcting both overpayments and underpayments. Indeed identifying those cases not receiving their full entitlement and correcting the benefit payment is an integral part of the Agency's Error Reduction activities. Of the 14,600 plus cases identified and corrected during 2011-12 over 8,600 represented an increase in benefit award to a total value of over £15 million, helping in particular the elderly and disabled.

D: Disability Living Allowance (DLA) - 'Change in Customers' Circumstances' cases

The 2006 DLA Benefit Review identified cases where the change in customers' needs had been so gradual that it would have been unreasonable to expect the customer to know at which point their entitlement to DLA might have changed. These cases do not result in a recoverable overpayment as the Agency cannot quantify or define when the customer's change occurred. Under the specific terms of benefit legislation (to establish a recoverable overpayment) it is necessary for the Agency to prove that entitlement to DLA is incorrect. Cases in this sub-category are therefore technically and legally correct but are reassessed after review activity. (For further clarification on this issue see regulation 7(2)(c)(ii) of the Social Security and Child Support Agency (Decision and Appeals) Regulations (Northern Ireland) 1992 (S.R. 1992 No. 162); regulation 7(2)(c)(ii) was substituted by regulation 2(5) of S.R. 1999 No. 267).

The difference between what claimants in these 'change in customers' circumstances' cases are receiving in excess of DLA entitlement and what they would potentially receive if their benefit was reassessed was estimated to be around £38.0 million, 5.7% of DLA expenditure in 2008. Since there was no DLA Benefit Review in 2011, the 2011 estimate for DLA 'change in customer circumstances' overpayments is estimated by applying the 2008 percentage. In comparison the 2011 estimate is £44.6 million, 5.7% of expenditure. The 2010 estimate was £42.5 million, 5.7% of expenditure. These figures are not included in the total figures in the respective tables above.

The difference between what claimants in the DLA 'change in customers' circumstances' cases are receiving below their DLA entitlement and what they would potentially have been due to receive if their benefit was reassessed was estimated to be £19.4 million, 2.9% of expenditure in 2008. Since there was no DLA Benefit Review in 2011, the 2011 estimate for DLA 'change in customers' circumstances' underpayments is estimated by applying the 2008 percentage. In comparison the 2011 estimate is £22.8 million, 2.9% of expenditure. The 2010 estimate is £21.7 million, 2.9% of expenditure. These figures are not included in the total figures in the respective tables above.

Report by the Comptroller and Auditor General

Report by the Comptroller and Auditor General

Introduction

1. The Social Security Agency (the Agency) is an Executive Agency within the Department for Social Development (DSD), which in 2011-12 was responsible for the payment of £4.4 billion in benefits.

2. This report reviews the results of my audit of the Agency's 2011-12 financial statements and sets out why I have decided to qualify my audit opinion on the regularity of benefit expenditure, other than State Pension which has a low incidence of error and no reported customer fraud. It is important to note that my audit opinion has been qualified for a considerable number of years because of this issue.

3. I have also provided an update on the issues I reported on last year.

Agency arrangements for monitoring and reporting fraud and error

4. The Agency's Standards Assurance Unit (SAU) regularly monitors and provides estimates of levels of fraud and error within the benefit system. In order to do this, statisticians from the DSD Analytical Services Unit randomly select samples of ongoing benefit claims and SAU subject them to detailed examination for evidence of official error, customer error or customer fraud. The results of this testing are then used to estimate the total level of fraud and error in all of the main benefits, which is presented in Note 26 (entitled 'Payment Accuracy') to the financial statements. This note explains that the estimates of fraud and error are by their nature subject to uncertainty because they are based on sample testing. These estimates do, however, represent the best measure of fraud and error available. In order to facilitate the timetable for the production of the financial statements, the Agency's testing on payment accuracy is reported on a calendar year basis, not on a financial year basis. I am satisfied that this approach is reasonable.

5. I examined the work undertaken by the Agency to assess the levels of fraud and error within the benefit system. My staff examined and re-performed a sample of the Agency's case work during the year and also reviewed the methodologies applied by the Agency in carrying out these exercises. I am content that results produced by the SAU are a reliable estimate of the total fraud and error in the benefit system.

Qualified opinion due to fraud and error in benefit payments

6. I am required under the Government Resources & Accounts Act (Northern Ireland), 2001, to report my opinion as to whether the financial statements give a true and fair view. I am also required to report my opinion on regularity, that is, whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them.

7. The entitlement criteria and the method to be used for payment of each benefit are set out in legislation. Where fraud and error has resulted in an over or underpayment of benefit to an individual who is either not entitled to that benefit, or is paid at a rate which differs from that specified in the legislation, the payments made are not in conformity with the governing legislation and are therefore irregular.

8. My regularity opinion is not qualified in respect of State Pension payments because the testing carried out by SAU found no fraud within State Pension payments and the estimated level of error (as shown in Table 1) within State Pension is not significant.

9. Table 1 below shows the total benefit payments made during the calendar year of 2011 and the estimated extent of fraud and error in relation to these benefits, based on the work completed by SAU. The table shows that total benefits (other than state pension) amounted to £2.7 billion with estimated incorrect benefit payments of £49.7 million (on which I have qualified my audit opinion) comprising:

- overpayments of £39.4 million (1.46 per cent of total benefits excluding state pension); and
- underpayments due to official error of £10.3 million (0.38 per cent of total benefits excluding state pension).

All overpayments are irregular, whereas only underpayments made as a result of official error are deemed irregular. Underpayments due to customer error are not deemed irregular.

10. I consider the estimated levels of fraud and error in benefit expenditure to be material and I have therefore qualified my audit opinion on the regularity of benefit expenditure (other than in relation to State Pension).

Table 1: Estimated Overpayments and Underpayments due to fraud and error in benefit expenditure (2011)[1] (Note 26 to the financial statements)

	Benefits (other than State Pension) £million	State Pension £million	Total £million
Expenditure	2,707.3	1,749.1	4,456.4
Overpayments due to:			
Customer fraud	19.4	0	19.4
Customer error	7.3	0	7.3
Official error	12.7	0.5	13.2
Sub-total	39.4	0.5	39.9
Underpayments* due to:			
Official error	10.3	3.7	14.0

*Underpayments exclude those due to customer error which do not form part of the audit qualification. In 2011 these underpayments are estimated to be £5.9 million.

1. Estimates in table 1 & 2 are quoted to the nearest 0.1 million and presented with 95 percent confidence intervals, which include adjustments to incorporate some none sampling sources of uncertainty.

Estimated levels of fraud and error

11. Fraud in benefit awards arise when customers deliberately seek to mislead the Agency. Error in benefit awards can arise because of customer error or official error. Customer error occurs when customers make inadvertent mistakes with no fraudulent intent. Official error arises when a benefit is paid incorrectly due to inaction, delay or a mistaken assessment by the Agency.

Table 2 shows the trends since 2007 in estimated levels of fraud and error due to each of these. I am also pleased to note that overpayments due to fraud and error are estimated to be 0.9 per cent of total benefits in 2011 which is below 1 per cent for the first time and compares favourably with the same figure in the Department of Work and Pensions (DWP)[1] which was 2 per cent in the same period.

Table 2: Trends in total estimated fraud and error in benefit expenditure

	2011 £Million	2010 £Million	2009 £Million	2008 £Million	2007 £Million
Total benefit expenditure	**4,456.4**	**4,352.1**	**4,176.4**	**3,788.8**	**3,630.0**
(1) **Overpayments**					
Customer fraud	19.4	20.5	17.2	12.6	12.3
Customer error	7.3	6.5	12.9	13.4	11.3
Official error	13.2	21.2	16.7	18.4	23.9
TOTAL	**39.9**	**48.2**	**46.8**	**44.4**	**47.5**
% of benefit expenditure	**0.9%**	**1.1%**	**1.1%**	**1.2%**	**1.3%**
(2) **Underpayments***					
Official error	14.0	15.1	16.1	17.2	23.6
% of benefit expenditure	**0.3%**	**0.3%**	**0.4%**	**0.4%**	**0.6%**

*Underpayments exclude those due to customer error which do not form part of the audit qualification. In 2011 these underpayments were estimated to be £5.9 million.

Source: Social Security Agency financial statements 2007-08 to 2011-12

1. DWP figures include errors relating to some other benefits such as Housing benefit which are not administered by the Social Security Agency.

Customer Fraud

12. Means tested benefits such as State Pension Credit, Income Support, Jobseeker's Allowance and Employment and Support Allowance tend to have the highest rates of fraud as they require the customer to provide complete and accurate information in order to establish entitlement to benefit. Most commonly, fraudulent customer statements relate to:

- customer's living arrangements where the customer has a partner but is claiming and receiving benefit as a single person;
- undeclared and under declared occupational pensions;
- falsely stating the level of their own or partner's earnings;
- customers working but claiming unemployment benefits; and
- under declaration of assets.

13. While the level of customer fraud has reduced slightly in the last year, it is still at a historically high level. I am particularly concerned at the high levels of customer fraud for both Income Support (£4.6 million in 2011) and Incapacity Benefit (£6.1 million in 2011) and I asked the Agency to comment on this. The Agency told me that the 2011 customer fraud level of £19.4m represents 0.4 per cent of total benefit expenditure, 0.1 per cent lower than the 2010 reported levels. The 2011 customer fraud level for Income Support has reduced significantly, from 2.4 per cent of expenditure in 2005 down to 1.2 per cent in 2011, reflecting the Agency's continued focus in identifying customer fraud in this benefit caseload. The Agency highlighted that the Incapacity Benefit caseload is diminishing as the benefit entitlement migrates to Employment Support Allowance and the associated customer re-assessment process is, in effect, a full case cleansing exercise that has a by-product of successfully identifying customer fraud.

14. The Agency confirmed that the fight against benefit fraud remains one of its key priorities and it is deploying a range of tools and techniques that are delivering the successful results reported in this Report, including:

- a comprehensive data matching regime that checks and compares information across various IT systems and identifies inconsistencies in information that customers have supplied to the Agency / other government bodies;
- a free hotline number and internet site for members of the public to report allegations of potential benefit fraud;
- where appropriate, criminal prosecution is pursued through the courts;
- as a deterrent, details of convictions are notified to the local press with a view to publication; and
- for the more serious benefit fraud cases, the Department aims to deprive the benefit fraudster of their criminal benefit by seeking a confiscation order using Proceeds of Crime legislation. During 2011-12 the Agency secured 22 such orders.

Customer error

15. Those benefits with the highest customer error rates are means tested benefits such as State Pension Credit and Income Support, which have entitlement conditions that relate to the level of income and/or savings of customers. The Agency has told me the main reasons for customer error are:

    - the benefits system is complex for customers to navigate;
    - customers are generally unaware of rules on capital, investments or redundancy payments and do not easily understand deductions for non-dependants;
    - customers do not readily understand that they have to report any changes in their circumstances; and
    - many customers incorrectly believe that reporting changes once to a public body will lead to all government bodies updating their records for that individual.

16. I am disappointed about the increase in overpayments due to customer error this year and asked the Agency for their comments. The Agency told me that while customer error has increased in monetary terms from £6.5 million in 2010 to £7.3 million in 2011, the overall level of customer error as a percentage of total benefit expenditure has remained at the low level of 0.2 per cent. The Agency also advised that it continues to be pro-active in this area to both prevent and detect customer error, for example:

- Increased use of data matching;
- enhanced intervention interviews;
- continued development of Customer Compliance work;
- through NI Direct, increased customer awareness of changes which need to be reported; and
- as part of their day to day business, Agency staff remind customers of the importance of providing updates of any changes in their circumstances.

Official error

17. Official errors are those that are attributed as being the fault of the Agency and can cause hardship to customers when underpayments occur. They can take time to identify and correct and as a result their cumulative impact on resource and efficiency can be considerable. As such, these errors are in my view the ones that the Agency is best placed to reduce.

18. The main reasons for Social Security official errors are:

- incorrectly recording a customer's income;
- incorrectly applying complex benefit rates; and
- making errors in establishing the customer's status (such as their fitness for work, single status etc).

These factors can also be subject to frequent change over the course of a claim, which can increase the propensity for overpayments and underpayments due to official error. The majority of official errors resulting in overpayments and underpayments arise when adjustments are made to existing claims, rather than when processing a new claim.

19. I welcome the reduction in overpayments due to official error from £21.2 million in 2010 to £13.2 million in 2011 and the reduction in underpayments due to official error from £15.1 million in 2010 to £14.0 million in 2011. A detailed breakdown of these errors split by individual benefits is included at Note 26 to the financial statements and the main reductions in overpayments due to official error have been achieved in Incapacity Benefit (reduced by £3.2 million from 2010), Income Support (reduced by £1.9 million from 2010) and State Pension Credit (reduced by £1.8 million from 2010). The Agency has told me that the reported reduction in overpayments due to official error represents a positive decrease from 0.5 per cent of total expenditure for 2010 to 0.3 per cent for 2011. The level of official error underpayments remained at 0.3 per cent of total expenditure. The Agency indicated that this improvement has been achieved through its continued targeting of high risk areas, ongoing development and refinement of High Risk Scans as well as dedicated teams of case accuracy checkers. In addition enhancements to the Error Recording and Reporting System now capture all checking data on one system which aids analysis and better targeting of resources.

20. The Agency also prepares a separate Social Fund White Paper Account and on 12 March 2012 I qualified my audit opinion for 2010-11 due to significant levels of official error in social fund payments (except for winter fuel payments and cold weather payments).

Other matters

Disability Living Allowance - Changes in Circumstances

21. Note 26 of the Agency's financial statements identifies cases where a gradual change in customers' needs has occurred so that entitlement to Disability Living Allowance (DLA) may have changed. When an individual's DLA entitlement is periodically reviewed, and it is found that their condition has gradually improved or deteriorated to an extent that it now impacts

on their care and/or mobility needs, there may be a change in the benefit allowance paid to the individual. In these circumstances the legislation governing the administration of DLA determines there are no overpayments or underpayments and the benefit is adjusted from the date of the review.

22. The Agency last carried out a benefit review of DLA in 2008 and at that time it estimated that around 18.2 per cent of DLA cases contained a change in customer circumstances that had not been reflected in the DLA benefit being paid. Using these figures, the Agency estimates that in 2011, some customers received £44.6 million more than they would have been potentially entitled to if their customer circumstances were reassessed, and other customers are estimated to have received £22.8 million less than they would have been potentially entitled to.

23. I acknowledge that these DLA cases are legally and procedurally correct. However I am concerned by the amounts that could be involved in potential adjustments to DLA benefit as a result of changes in circumstances. I note that the Agency excludes these potential adjustments from the fraud and error over and underpayment figures reported by the Agency. Identifying when customer circumstances change at the earliest opportunity is important for both the Agency and the customer. I asked the Agency what is currently being done to reduce the incidence of these specific DLA cases. The Agency told me that it is continuing with its Periodic Enquiry process for Disability Living Allowance which identifies cases where a change of circumstances is more likely. For 2011-12 the Agency examined 2,223 cases which resulted in a monetary value adjustment of £2.755 million. The Agency's Fraud and Error Reduction Board also ring-fences specific funding year on year to target and correct these specific DLA claims.

Benefit overpayments to be recovered

24. Benefit overpayments arise whenever benefits are paid in error or as a result of fraud by customers. At 31 March 2012, the Agency was owed a gross debt amount of £104 million from customers and Table 3 below shows the total value of benefit overpayments to be recovered by the Agency as at 31 March for each of the last five financial years.

25. The Agency has examined this gross debt figure and assessed how much of this debt may not be recovered from the customer (i.e. is impaired) based on a number of factors including: whether the debt has been overdue for a long period of time, whether contact with the customer has been lost, and whether the customer may not be able to afford to repay. This gross figure has also been discounted to reflect the time value of money (based on the appropriate HM Treasury interest rate) and the fact that it may not be recovered for some time. Based on this impairment and discounting, the gross debt figure has been reduced by almost £60 million.

26. I am concerned that both the gross and net levels of benefit overpayments have increased considerably over the past five years and I asked the Agency to comment on this increase. The Agency told me that it has become more effective in detecting benefit overpayments arising from fraud and error and referring them to its Debt Centre for appropriate recovery action. Since 2007, the volume of new benefit overpayment debts referred to the Debt Centre has steadily increased: in 2011-12 79k new debts were registered on the Debt

Manager System for appropriate recovery action compared with 42k in 2007-08.

27. The Agency stated that it is important to note that there are statutory and other limitations in place regarding the amount of benefit overpayment debt that can be recovered which means that the Agency is not able to recover debt at the same rate at which it is identified. However, it remains committed to ensuring that debt recovery levels are maximised within the confines of existing legislative limitations and continues to review and refine its debt recovery processes and procedures. This approach has secured increasing benefit overpayment debt recovery levels over recent years: 2011-12 total recoveries were £12.5 million compared with £7.9 million for 2007-08.

28. The Agency highlighted that its debt recovery policy is to recover in full the total gross benefit overpayment from customers and that the total net benefit debt reflected in its financial statements is calculated in accordance with accounting guidance and presented for financial regulatory purposes.

Table 3: Trends in benefit debt to be recovered

	March 2012 £million	March 2011 £million	March 2010 £million	March 2009 £million	March 2008 £million
Total gross benefit debt	104.2	95.2	90.7	81.8	75.7
Impairment / Discounting adjustment	(59.6)	(56.3)	(51.8)	(51.3)	(47.5)
Total net benefit debt	44.6	38.9	38.9	30.5	28.2

Source: Social Security Agency financial statements 2007-08 to 2011-12

29. The recovery of benefit debt is complicated by the significant restrictions that are placed by legislation on the amounts that can be recovered, particularly in the case of those customers who are still on benefits who are often only able to repay very small amounts each week and therefore will take many years to fully repay the debt. Nevertheless it is important that the Agency is doing all it can to manage this debt and this is an area which I will continue to examine closely in future years.

30. I have also noted that in February 2012, the Cabinet Office published a report, 'Tackling Debt Owed to Central Government – An Interim Report of the Fraud, Error, Debt Taskforce'. This report highlighted that social security benefit debt was significant and suggested a number of actions necessary to improve collection levels, one of which is the appointment of a 'Debt Controller' to develop strategic direction and increase recovery. In response to this report, the Agency told me that it has considered the Cabinet Office report and has committed to producing a Debt Strategy during 2012-13. The Agency is currently establishing a number of modernisation projects to develop and enhance debt recovery procedures and processes alongside the Department for Work and Pensions and Her Majesty's Revenue and Customs. In addition, the Agency is reviewing its debt management organisation with a view to establishing a Debt Controller function.

Benefit debt written off

31. Table 4 shows the number and value of benefit cases written off over the last five years and I am concerned at the high value of write offs. These amounts

are only written off in cases where the Agency considers there is no possibility of any recovery and I asked the Agency why the value of cases written off has increased so much in recent years. The Agency told me that the reasons for fluctuations in the volume, value and write-offs categories relating to benefit overpayment debt can differ each year. The step increase in write-off levels between March 2008 and March 2009 reflects the debt recovery policy decision not to pursue benefit overpayments arising from official error. The upward trend in the benefit overpayment write-off levels since March 2009 reflects the significant increase in the volume of new debts registered on the Debt Manager System for appropriate recovery action as outlined in paragraph 25: in 2011-12 88 per cent more new debts were registered on the Debt Manager System for appropriate recovery action than in 2007-08. The 2011-12 write-off levels reflect the results of a special recovery plan exercise undertaken within State Pension Credit to target a backlog of change of circumstances processing work and the targeting of resources within Employment Support Allowance to improve efficiency in the referral of benefit overpayment debt to the Agency's Debt Centre for appropriate recovery action.

32. I also noted that in 2011-12, £10 million (2010-11 - £7 million) of the benefit debt written off related to overpayments made as a result of official error by the Agency. In such cases the Agency has no statutory right of recovery. I will continue to monitor the value of cases written off.

Table 4 - Trends in benefit debt written off

	March 2012	March 2011	March 2010	March 2009	March 2008
Value of cases written off (£ million)	£17.5m	£15.0m	£17.1m	£12.2m	£6.8m
Number of cases written off	45,583	53,296	54,343	54,000	21,000
Average case value written off(£)	£384	£282	£315	£226	£323

Source: Social Security Agency statements 2007-08 to 2011-12

Employment and Support Allowance (ESA)

33. ESA replaced Incapacity Benefit and Income Support on the grounds of incapacity, for new claims following its introduction in October 2008 and the Agency first introduced a formal financial accuracy target of 95 per cent in 2010. The Agency's SAU completed its financial accuracy review of ESA for the calendar year 2011 recording a financial accuracy rate of 95.5 per cent (94.6 per cent in 2010), just above the target of 95 per cent. This target is lower than the financial accuracy targets for other benefits, which, as outlined in the Annual Report, are either 98 per cent or 99 per cent. I asked the Agency why in the third year of this benefit a financial accuracy target for ESA of only 95 per cent was set. The Agency told me that the delivery of high accuracy levels within new benefits is a significant challenge. However, although the Employment Support Allowance (ESA) is a new and complex benefit, the Agency is continuing to strive to achieve the levels of accuracy within this benefit that mirror those within other well established benefits. The financial accuracy target for this benefit has been increased from 95 per cent in 2011 to 96 per cent in 2012. In addition, the Agency has an Accuracy Improvement Plan in place for this benefit, aimed at reducing error and improving financial accuracy.

Counteracting customer fraud and error

34. In general, I acknowledge the considerable effort and resources that the Agency has put into reducing the estimated levels of customer fraud and error, including the establishment of a fraud hotline and online reporting of suspected benefit fraud. In my Report, 'Social Security Benefit Fraud and Error' (2008), I recommended that the Agency's work to reduce fraud and error be driven by an improved risk assessment process. I welcome that such a process is now embedded and the Agency's Error Reduction Division uses a risk based process to identify cases with a high risk of customer error requiring investigation. I am encouraged by the fact that the Agency is now extending its data matching reviews beyond the National Fraud Initiative to better direct the Agency's resources to detect fraud and error. I will monitor future progress in this important area.

35. The Customer Compliance Unit became fully operational in 2011-12 and examines case referrals that are at risk of mainly customer error and where there is insufficient evidence to prove fraud. This team made £3.7 million of additional benefit adjustments, saving around £17 for every £1 spent. The Agency has told me they believe this initiative is having a strong deterrent effect on other customers not yet reviewed and encourages them to report changes in their circumstances in a more timely manner. In the longer term, this should have a positive effect by further reducing the levels of customer fraud and error. For this reason, the Agency is committed to continuing this initiative and monitoring the outcomes over the coming year.

36. A key part of deterring fraud is ensuring that an effective deterrent to fraud is available in the form of appropriate penalties. I am encouraged by the work undertaken in the year by the Agency's Fraud Unit and the Agency has told me that during 2011-12 it imposed 1,025 sanctions on customers (2010-11 – 1,128) who had made fraudulent claims for benefit. These included:

- 519 people convicted in the courts for fraud totalling £4.5 million, with offenders receiving jail sentences, suspended jail sentences, community service orders, conditional discharges and fines; and
- 506 administrative penalties imposed by the Agency. These occur when a customer is offered the chance to pay a penalty of 30% of the outstanding debt as an alternative to prosecution.

37. The Agency has also told me that its Financial Investigation Unit has brought about the recovery of £610,286 of criminally obtained assets (2010-11 - £506,131) by way of confiscation orders obtained through the courts and additional voluntary payments.

38. In relation to cross border benefit fraud, the Agency continues to work closely with the Department for Work and Pensions and the Department of Social Protection in the Republic of Ireland through the cross border forum. The Agency has told me that at 31 March 2012 a total of 30 suspected cross border benefit fraud cases were being investigated and that in 2011-12, overpayments valued at £106,206 were raised on 11 cases finalised during this year.

National Fraud Initiative

39. The National Fraud Initiative (NFI) is an exercise to conduct data matching reviews to assist in the prevention and detection of fraud and I welcome that the Agency has fully engaged with this process. The outcomes to date of this exercise in Northern Ireland have demonstrated the value of NFI in identifying and countering benefit fraud and error.

40. The Agency has taken part in two NFI exercises which have involved matching data from a number of databases such as payroll and occupational pension details and Northern Ireland Housing Executive data. By investigating the data matches, the first matching exercise identified 6,000 cases to be investigated by the Agency and resulted in 1,238 fraud investigations. To date, overpayments of £2.3 million have been identified in 1,034 cases and 52 cases resulted in Court convictions.

41. The second NFI data matching exercise produced 9,100 cases to be investigated by the Agency. To date, the Agency has examined 5,444 of these cases resulting in errors being identified in 127 cases with overpayments of £240k and underpayments of £6k. A further 382 are currently waiting to be sent for investigation for potential fraud.

Welfare Reform

42. The changes to the welfare system arising from the Welfare Reform Bill will begin to be implemented in Great Britain on a phased basis from April 2012, with 'Universal Credit' starting from October 2013. This process will also begin at that time in Northern Ireland subject to approval by the Assembly. Universal Credit will replace a range of existing means-tested benefits and tax credits for people of working age. A limit on the total amount of benefit a household can receive in state support will also be implemented as part of the Welfare Reform legislation. The primary aim of Universal Credit is to create a single streamlined working age benefit, which will be withdrawn gradually as earnings increase, thus creating the incentive to encourage customers to return to work. It is also intended that this streamlining of benefits will reduce or remove some of the current complexities around Benefit Entitlement, verification of customer circumstances and the administrative burden that can increase the opportunities for fraud and error. It is essential that this process of change is effectively managed by the Agency and I will closely monitor this process and its outcomes in the coming years.

Conclusion

43. I consider that the estimated levels of fraud and error reported are material and I have therefore qualified my opinion on the 2011-12 Social Security financial statements on the regularity of benefit expenditure (other than state pension benefits).

44. The Agency has continued to address the matters which give rise to the longstanding qualification of the opinion and I acknowledge the efforts being made to further improve the accuracy of benefit payments. I welcome that the Agency's anti fraud initiatives, including the work of the customer compliance unit and its work associated with the National Fraud Initiative are continuing to identify fraud. The Agency has had to overcome continued challenges this year including efficiencies required as a result of the Spending Review 2010 settlement, the ongoing preparation and implementation activities for welfare reform, the ongoing delivery of its modernisation programme and the impact of the economic downturn.

45. I recognise the difficulties faced by the Agency with regard to the complexity of many of the benefits at a time of significant demand and resourcing pressures. I welcome that the Accounting Officer's Statement on Internal Control highlights the significant ongoing problems relating to benefit fraud and error and summarises the evolving error reduction steps the Agency has in place. I continue to support the various initiatives that aim to reduce the levels of fraud and error in benefit expenditure and I will continue to monitor the impact on performance.

K J Donnelly

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28 June 2012