Department of Education Annual Report and Accounts
For the year ended 31 March 2022

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	Abbreviations and terms used
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
AMPS	Assembly Members' Pension Scheme
ARAC	Audit and Risk Assurance Committee
ASB	Aggregated Schools' Budget
ASU	Analytical Services Unit
BREEAM	Building Research Establishment Environmental Assessment Method
C&AG	Comptroller and Auditor General
CARE	Career Average Revalued Earnings
CCEA	Council for the Curriculum, Examinations and Assessment
CCMS	Council for Catholic Maintained Schools
CDG	Centre Determined Grades
CEO	Chief Executive Officer
CETV	Cash Equivalent Transfer Value
CFERs	Consolidated Fund Extra Receipts
CFS	Common Funding Scheme
CLA	Children Looked After
CnaG	Comhairle na Gaelscolaíochta
CPD	Construction and Procurement Delivery
CPI	Consumer Prices Index
CRR	Corporate Risk Register
CSP	Civil Service Pension
DE	Department of Education
DEL	Departmental Expenditure Limits
DfC	Department for Communities
DfE	Department for the Economy
DoF	Department of Finance
DoH	Department of Health
DP	Development Proposal
EA	Education Authority
EdIS	Education Information Solutions
ETI	Education and Training Inspectorate
ETS	Education Technology Services
EU	European Union
FBC	Full Business Case
FReM	Financial Reporting Manual
FSA	Fresh Start Agreement
FSM	Free School Meals
GAD	Government Actuary's Department
GB	Great Britain
GDPR	General Data Protection Regulation
GMI	Grant Maintained Integrated

	Abbreviations and terms used
GTCNI	General Teaching Council for Northern Ireland
HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
HR	Human Resources
IAS	International Accounting Standard
IASB	International Accounting Standard Board
ICO	Information Commissioner's Office
IFRP	Independent Financial Review Panel
IFRS	International Financial Reporting Standards
InsPIRE	Inspection Planning, Insight and Reporting Environment
IT	Information Technology
KS	Key Stage
LCM	Legislative Consent Motion
LOIPR	List of Issues Prior to Reporting
LPS	Land and Property Services
MCA	Middletown Centre for Autism
MLA	Member of Legislative Assembly
MPMNI	Managing Public Money Northern Ireland
NDNA	New Decade New Approach
NDPB	Non Departmental Public Bodies
NEBM	Non-Executive Board Members
NI	Northern Ireland
NIAO	Northern Ireland Audit Office
NICIE	Northern Ireland Council for Integrated Education
NICS	Northern Ireland Civil Service
NICSHR	Northern Ireland Civil Service Human Resources
NISRA	Northern Ireland Statistics and Research Agency
NITC	Northern Ireland Teachers' Council
ONS	Office of National Statistics
PAC	Public Accounts Committee
PfG	Programme for Government
PHA	Public Health Agency
PSNI	Police Service of Northern Ireland
PSP&JO	Public Service Pensions and Judicial Offices Bill
RICS	Royal Institution of Chartered Surveyors
RMF	Risk Management Framework
ROFP	Review of Financial Process
SAP	Strategic Area Plan
SCS	Senior Civil Servant(s)
SDP	Strategic Development Programme
SEC	Shared Education Campus
SEN	Special Educational Needs
SESAP	Special Education Strategic Area Plan

	Abbreviations and terms used
SOAS	Statement of Outturn against Assembly Supply
SOCNE	Statement of Comprehensive Net Expenditure
SSEC	Strule Shared Education Campus
T:BUC	Together: Building a United Community
TSS	Teachers' Superannuation Scheme
UG	Uniform Grant
UK	United Kingdom
UNCRC	United Nations Convention on the Rights of the Child
VAT	Value Added Tax
VG	Voluntary Grammar
YCNI	Youth Council for Northern Ireland

PERFORMANCE REPORT

1. Overview

The purpose of this overview section is to outline the Department of Education's (DE's/'the Department's) purpose, key objectives and the key risks to the achievement of its objectives, and how the Department has performed during the year.

1.1 Statement from the Permanent Secretary

Following the unprecedented events of 2020-21 and the seismic changes it brought to the Education system and wider society, 2021-22 proved less volatile but no less challenging for the Department.

As the world continued to adapt to the devastating impact of the COVID-19 pandemic, the Department and its many partners have responded promptly and decisively to ensure the safe return to school for our children and young people (via our Education Restart Programme), as well as protecting our education workforce. Working with colleagues in the Department of Health (DoH) and the Public Health Agency (PHA), the Department ensured that guidance was appropriate and kept up to date in line with current public health advice. With new variants of COVID-19 emerging throughout the year, the Department, our delivery partners, schools and educational settings have all needed to react quickly to minimise disruption to learning. Examinations were also impacted, with the cancellation of the summer series for a second consecutive year and replaced with teacher-assessed grades.

Interventions to offset the impact of COVID-19 during 2021-22 have included the Engage Programme (£21.4m); Emotional Health and Well-being support (£6.5m); the continuation of emergency financial support for the Childcare sector (c.£11m); Summer Schemes for schools and youth settings (c.£10m); relief funding to Outdoor Education Centres affected by COVID-19 restrictions and increased Information Technology (IT) capacity for local youth organisations (£1.5m); and support for Irish-Medium schools to address concerns about the impact of COVID-19 on language acquisition for pupils (£0.45m).

The Department continued to progress a number of key commitments within "New Decade, New Approach (PDF 595KB) (opens in new window) (NDNA)", including the publication in June 2021 of A Fair Start (opens in new window). An expert panel was appointed to examine and make recommendations to address links between persistent educational underachievement and socio-economic background, and has identified 47 actions for change which are challenging, cross-cutting and pragmatic. Although these will require significant investment if fully implemented, there is a real opportunity to make a tangible difference to all our children and young people's lives.

Also during 2021-22, an independent panel was appointed to undertake a review of education in Northern Ireland (NI), with a focus on securing greater efficiency in delivery costs, raising standards, access to the curriculum for all pupils, and the prospects of moving towards a single education system. The Independent Review of Education is expected to take 18 months to complete, with the panel tasked with reporting in 2023.

Another important NDNA commitment included the implementation of the Teachers' Pay and Workload Agreement which brought an end to a long standing industrial dispute. Progress is well advanced with seven of the nine reviews commencing throughout 2021-22. The level of collaborative working between management and unions is unprecedented and demonstrates a clear commitment from all parties to address concerns and create innovative proposals for a more efficient and effective education system.

In addition to supporting recovery from COVID-19 and progressing NDNA commitments, the Department continued to progress and deliver work to develop education policy and improve operational delivery of education during the year, including in the key areas of Special Educational Needs (SEN), Early Years, Youth, Shared Education and Area Planning.

The Department continues to demonstrate its commitment to encourage, facilitate and promote shared education. A Ministerial Direction was issued in July 2021 which enabled the Strule Shared Education Campus (SEC) Programme to progress to the next phase of construction. The Department formally commenced a fresh Main Works procurement competition with the release of the Invitation to Tender in December 2021. Subject to Full Business Case (FBC) approval following the evaluation of tenders, construction is now currently planned to complete in early 2026, with full campus opening planned for September 2026. Alongside this, the SEC pathfinder project for Limavady SEC commenced construction in April 2021.

A new Strategic Area Plan (SAP) has been developed for primary and post-primary schools and, in addition to this, the first five-year SAP has been developed for special schools and specialist provision in mainstream schools. Both plans seek to ensure that all children will have access to high quality education which meets their needs in a sustainable school.

This progress demonstrates the effectiveness of the relationships between the Department and our stakeholders, including other NI Departments, Departmental Arm's Length Bodies (ALBs), sectoral bodies, and other organisations and individuals who support the ongoing delivery of high quality education and related support and services for our children and young people. I am enormously grateful for all their assistance and support, as well as the dedication of our staff who have worked tirelessly throughout the year.

I am cautiously optimistic that 2022-23 will see a return to relative normality across our education system. That said, the Department will undoubtedly continue to face significant challenges in 2022-23, not least the continuing financial pressures and budget uncertainty. The development of a new three-year Corporate Plan, which is expected to be published in late 2022, will greatly assist us in prioritising and determining how we can best support our children and young people to make the best start in life.

Lianne Patterson

Lianne Patterson
Interim Accounting Officer

1.2 Non-Executive Board Members' (NEBM) Report

Introduction

After more than a year under the grip of the pandemic and remote learning, a phased return to face to face education began in April 2021, with a gradual easing of restrictions over the 12 month period that followed. The Department was effective in delivering the continued rollout of the Restart Programme and simultaneously managed the fluctuating requirements of public health guidance to contain the spread of the virus within the education sector, protect pupils and teachers, whilst maintaining educational progress through the core curriculum. Despite the pandemic waning in terms of its severity and impact, Departmental staff successfully managed this continuous pressure to help deliver education back to near normal circumstances by year-end.

The past 12 months also brought about a number of significant changes including the appointment of a new Education Minister, the announcement by the Minister of her intention to close the General Teaching Council for Northern Ireland (GTCNI) and with immediate effect to stand down the body's governing Council and the introduction of the Integrated Education Bill. Going forward, focus will be on further implementation of the rebuild and corporate plans, as well as progress on the Strule SEC programme, all within the context of the new mandate.

Departmental Board

The Board met remotely eight times in 2021-22 and, in addition to regular COVID-19 briefings, it covered standing agenda items on financial performance and budgetary pressures, business planning, policy and strategy, risk management, Human Resources (HR) and key issues affecting Non-Departmental Public Bodies (NDPBs).

It continued to receive briefings on the Department's response to COVID-19 at every meeting, which was now increasingly able to focus on Restart implementation. As the pandemic evolved, the Department faced additional challenges around compliance with test and trace guidance, maintaining pupil and teacher attendance resulting from sickness and isolation levels, as well as a phased vaccination programme for children over the age of 5 and the gradual reintroduction of extra-curricular activities.

During the year the Transformation Programme, which had been suspended at the outset of the pandemic, was subsequently closed by the Minister due to uncertainty regarding funding, the impact of COVID-19 and the overlap with the Independent Review of Education. Whilst the nature of the projects within the change portfolio naturally evolved into "business as usual" or the business and corporate planning processes, members were assured that transformation within education would continue to be taken forward through the Independent Review of Education. The Board looks forward to the Review findings and the Department's response to deliver its vision of a high quality, innovative and inclusive education system for NI.

The Board was kept frequently appraised on the Strule SEC programme throughout the year. The programme received Ministerial direction in July with plans to commence construction in Q2 2023. Both Board and the Audit and Risk Assurance Committee (ARAC) were briefed on its progress, and fully discussed the significant challenges the programme faced during the year.

GTCNI remained in special measures until the governing Council of the body was stood down by the Minister in December. Board members were appraised of the evolving situation with the NDPB and, as a result, the Department took up an oversight role of the body to ensure it continues to fulfil its core function of teacher registration as it moves towards eventual dissolution and replacement of the GTCNI.

With regard to financial performance, the year-end outcome was a small underspend against budget. The Finance team continued to manage oversight of additional COVID-19 funding, including distribution to and monitoring of spend in the Department's ALBs. Increases to the Aggregated Schools Budget (ASB), combined with COVID-19 funding which the Department secured in 2021-22 to support schools, have in part contributed to an improved schools' financial positon. However, this masks the financial pressures faced by schools which are expected to continue when schools begin to operate in a more 'business as usual' environment.

With regard to the Education Authority (EA), the Board sought assurances regarding its financial and governance risks and issues throughout the year. Collaborative working with EA colleagues continued throughout the year due to the need to closely monitor COVID-19 funding, especially in relation to schools' spend.

Internal and external audit continued to attend meetings and provide additional assurance to both Board and ARAC members during the year. The Board also welcomed the appointment of the outstanding NEBM from 1 May 2022 which brought the Board up to full complement.

The ARAC

The ARAC met 3 times during the year. As well as providing its customary support to Board on the comprehensiveness of assurances around risk and governance and annual review of accounts and supporting processes, the Committee was also briefed on the Department's ongoing response to COVID-19.

The ARAC also sought additional assurances around GTCNI and the Strule SEC programme, which it recognises as areas of significant risk. The Committee requested to be updated on the monitoring of risks as GTCNI moves towards eventual dissolution, whilst continuing to discharge its core function. The Committee also welcomed regular updates on the Strule SEC and requested it continues to be appraised of programme developments, emerging risks and particularly issues that may jeopardise the realisation of educational and economic benefits and delivering value for money. The ARAC is grateful to DE staff for their dedication in progressing both areas under difficult circumstances and for the continuous and comprehensive briefings throughout the year.

The Committee was pleased to see membership levels improve during the year, with the appointment of a new Independent Member, and, subsequent to year-end, the appointment of the new NEBM. The ARAC also held its annual closed sessions with both internal and external audit and is grateful for the additional scrutiny and assurance they provide.

Looking Ahead

The Board looks forward to the findings of the Independent Review of Education which are due to be published early in 2023 and will be instrumental in helping to deliver transformation. The year ahead also presents challenges from uncertainty around the reinstitution of the Executive following the election in May 2022, clarity around budget and any subsequent impact for educational spend and the ability to implement transformation, as well as the unfolding implications of the Integrated Education Bill. Governance and risk management will continue to be of critical importance in keeping the Department assured going forward as it further develops its strategic plans, as well as managing current operational issues.

The Department and its staff should be commended on effectively navigating another demanding year, not least in successfully managing the challenges of the pandemic whilst ensuring the safeguarding of children and young people and continued delivery of educational outcomes.

Joan McEwan
Lead Non-Executive Board Member

1.3 Purpose, objectives and strategy of the Department

DE is responsible for setting policy, strategy and for the central administration of education and related services in NI. Its vision is *"a system that is recognised internationally for the quality of its teaching and learning, for the achievements of its young people and for a holistic approach to education".*

DE has a wide and complex range of functions, impacting on all areas of a child's wellbeing. As well as being responsible and accountable for the quality of education in grant-aided schools, youth organisations and those offered by early years' providers, it also has responsibility for leading the development of the Executive's Children and Young People's Strategy and its Childcare Strategy.

During the 2021-22 financial year, DE was headed by the Minister of Education; Peter Weir Member of Legislative Assembly (MLA) held the position until 14 June 2021, when he was succeeded by Michelle McIlveen MLA for the remainder of 2021-22. The Minister's principal advisor was the Permanent Secretary, Dr Mark Browne, who was appointed on 1 March 2021.

The outcomes-based draft Programme for Government (PfG) is the NI Executive's highest-level strategic document. It outlines the Executive's priorities and gives clear strategic direction to the policies, programmes, services and actions of government departments and provides a basis for allocating resources. A draft Outcomes Framework was consulted on in 2021 as the first step in the draft PfG development process, and a revised version was prepared taking on board the feedback received. This will need to be considered and potentially approved by the incoming Executive. When finalised and agreed by the Executive, the Outcomes Framework will provide the strategic context for the Executive's future work programme.

In August 2021, the Executive published the Building Forward - Consolidated COVID-19 Recovery Plan (PDF 657KB) (opens in new window) which aims to deliver societal, economic and health recovery. This Plan provides for the implementation of actions over a two-year period focusing on both immediate priorities and longer-term interventions that require planning now, and was designed in the context of the draft PfG Framework. It is likely that the recovery work streams will form the basis of a number of key strategic areas that will dovetail into the longer-term PfG action plans, which will be developed following approval of the Outcomes Framework.

The Department is also taking forward a number of actions pertaining to education contained within the NDNA agreement.

The Department is currently developing a multi-year Corporate Plan for 2022-25, which is expected to come into effect in late 2022 following public consultation. The Department currently operates under annual Business Plans.

Further details on the Department's Annual Business Plan 2021-22 | Department of Education (opens in a new window) and performance can be located in 1.10 Performance Summary.

1.4 Key Activities of the Department

To aid achievement of the Department's key commitments and priority outcomes, the main areas of responsibility within the Department link to:

- The Executive Children & Young People's Strategy 2020 - 2030;
- Curriculum and learning;
- Pupils and parents;
- Teaching and Non-teaching staff;
- Schools and infrastructure;
- Special Educational Needs (SEN);
- Area planning;
- Youth Services;
- Early Years' Provision;
- The Executive Childcare Strategy;
- Support and development;
- Statistics and research; and
- Good relations and social change.

The key activities of the Department, which enable it to address these responsibilities, are supported by a clearly defined structure which operates at every level of the Department.

The Department is ultimately accountable, through the Minister, to the NI Assembly for the effective delivery of its commitments and goals and for the effective use of the public funds for which it is responsible. The Permanent Secretary is the Minister's principal advisor, the administrative head of the Department and the Accounting Officer.

The Permanent Secretary is supported by three Deputy Secretaries/Grade 3s and the Chief Inspector of the Education and Training Inspectorate (ETI).

In addition to the ETI, the Department has thirteen Directorates, each of which deals with specific areas of work. These fall under three Groups; Education Policy and Children's Services; Resources and Reform; and Infrastructure, Transport, Food and Recovery Group, each headed by a Grade 3.

Education Policy & Children's Services

- Promoting Collaboration, Tackling Disadvantage
- Curriculum, Qualifications and Standards
- Early Years, Children and Youth
- Inclusion and Well-being

Resources & Reform

- Sustainable Schools Policy and Planning
- Education Workforce Development
- Finance
- Corporate Services and Governance

- Independent Review of Education

Infrastructure, Transport, Food and Recovery

- Investment and Infrastructure
- Transport and Food in Schools
- Strule SEC
- COVID Management

The Departmental Board operates as a collegiate forum, under the leadership of the Permanent Secretary, to manage the running of the Department. It operates within a wider corporate governance framework.

NDPBs

The Department is supported in delivering its functions by the following NDPBs, each of which is accountable to the Department:

- EA;
- Comhairle na Gaelscolaíochta (CnaG);
- Council for Catholic Maintained Schools (CCMS);
- GTCNI;
- Middletown Centre for Autism (MCA);
- NI Council for Integrated Education (NICIE); and
- Council for Curriculum, Examinations and Assessment (CCEA).

While the Youth Council for Northern Ireland (YCNI) is also a NDPB of the Department, it is not currently in operation.

The performance of these bodies, which directly influences the ability of the Department to achieve its objectives, is monitored by sponsor teams responsible for governance and accountability issues, budgetary allocation and planning, monitoring and general financial control of income and expenditure by the bodies they sponsor.

1.5 The Department's key risks and issues

Overview of risk management in DE

In its approach to risk management, the Department has adhered to "The Orange Book: Management of Risk- Principles and Concepts (Her Majesty's Treasury (HMT): February 2020 (PDF 1070 KB) (opens in new window)

The Departmental Board oversees the development and management of the Departmental Corporate Risk Register (CRR). Each year, the process usually commences in tandem with the agreement of the Department's annual Business Plan, whereby any new or existing risks associated with delivery are identified and assessed and, if appropriate, are included in the CRR.

Throughout the year, any risks significant to the Department's delivery of its core business, including new risks arising, are considered and monitored by both the

ARAC and the Departmental Board as part of their ongoing review of both the Business Plan and the CRR.

The risks contained in the CRR link to the Department's priority outcomes.

1.6 Key risks in 2021-22

The Department's key corporate risks (as amended throughout the year) are summarised below:

- Policies and strategies do not adequately ensure we give children and young people the best start in life;
- Ineffective management of the education infrastructure;
- Governance and accountability weaknesses in the Department's ALBs;
- Ineffective use of resources;
- Ineffective maintenance of the child protection and safeguarding framework;
- Ineffective disaster recovery arrangements;
- Ineffective data protection arrangements;
- Ineffective Area Planning;
- Failure to design and deliver effective COVID-19 responses;
- Delivery of the Together: Building a United Community (T:BUC) headline action;
- Delays to the Strule SEC Programme; and
- Failure to deliver IT contracts.

1.7 Key issues impacting on DE in 2021-22

During 2021-22, the Department managed a number of significant issues which are listed and detailed in the Governance Statement.

1.8 Future issues which may impact on DE's performance

Financial Challenges

Following the resignation of the First Minister and the subsequent lack of an Executive, a Budget for 2022-23 could not be finalised. The Finance Minister wrote to Departments to set out a way forward in the absence of an Executive to agree a Budget. This process involved the Department of Finance (DoF) issuing Departments with contingency planning envelopes for the 2022-23 financial year. These envelopes provided Departments with an assessment of the minimum funding they could reasonably expect for 2022-23 and allowed Departments to plan for expenditure until such times as a Budget could be agreed.

In advance of a Final Budget being agreed by a new Executive, the Education Minister has agreed an opening expenditure planning position for 2022-23 of £2,365.5m. The Finance Minister has advised that it is a reasonable planning assumption for Departments to assume that the baseline contained within the Draft Budget 2022-25 will be maintained, i.e. £2,269.6m for the Department and that it is also reasonable for the Department to assume that specific elements of funding will be received due to Executive/United Kingdom (UK) Treasury commitments/assurances. In addition to this, the Minister has made a number of expenditure planning decisions in respect of Educational pressures and funding for a number of critical areas in line with Ministerial priorities.

The budgetary environment remains as constrained as it has been in previous years, and the financial pressures facing our schools are widely acknowledged. The focus remains on minimising the impact of budgetary pressures on the Department's core services, in particular early years and pre-school provision, schools' provision and youth.

In respect of an agreed Capital Budget for 2022-23, DoF has provided Departments with a capital contingency planning envelope to assist them in making decisions on the allocation of resources, until such times as a Budget is established.

The capital contingency planning envelope for DE is £184.2m for 2022-23. This includes £34.5m of funding from the Fresh Start Agreement (FSA) for the Strule SEC Programme and other agreed shared and integrated education projects.

If there are no further in-year capital allocations, a prioritisation exercise will be required across capital programmes to identify the projects which can be funded in-year and those which will need to be delayed to ensure that some or all of the spend is deferred until 2023-24.

COVID-19

Across government and wider society, the main challenge to be dealt with in the medium to long term will be the Department's continuing response to and recovery from the COVID-19 pandemic. For DE, this means a continued return to education services being provided in a more normalised way.

Other Potential Challenges

Because of the continued uncertainty arising from COVID-19, the extent and impact of other key challenges in the coming year(s) is uncertain, but will be affected by:

- the content and out-workings of a PfG;
- delivery against the NDNA agreement;
- the finalisation of the NI Civil Service (NICS) delivery plan 2021-2024 for the Executive Children and Young People's Strategy 2020-2030;
- challenging industrial relations whilst pursuing agreement to education workforce pay awards, considering the variance between the heightened cost of living and the limitations of the education budget and Public Sector Pay Policy;
- the vision and direction of the Education Minister; and
- the out-workings and implementation of the Integrated Education Bill.

1.9 Going concern

The Statement of Financial Position at 31 March 2022 shows negative taxpayers' equity of £16.2m. This reflects the inclusion of liabilities falling due in future years which are to be financed mainly by drawings from the NI Consolidated Fund. Such drawings will be from grants of Supply approved annually by the NI Assembly to meet the Department's Net Cash Requirement. Under the Government Resources and Accounts Act (NI) 2001, no money can be drawn from the fund other than that required for the specified year, or retained in excess of that need. All unspent monies, including those derived from the Department's income, must be surrendered to the Fund.

In common with other government Departments it is considered appropriate to adopt a "going concern" basis for the preparation of the financial statements as the Department is Supply financed, and draws its funding from the Consolidated Fund. Therefore there is no liquidity risk in respect of the liabilities due in future years.

1.10 2021-22 Performance summary

The Department's 2021-22 Business Plan set out the actions that the Department undertook to deliver on the strategic priorities. There were a total of 46 actions contained in the Business Plan. The Plan included some of the educational attainment targets which are outlined in more detail in the Performance Analysis section of this report.

The table below sets out a summary of performance against 2021-22 Business Plan actions.

Year-End Status of Business Plan Actions	Number	%
Achieved	32	69.5
Substantially achieved	5	10.9
Likely to be achieved but with some delay	9	19.6
Not achieved	-	-
Total	**46**	**100**

1.11 COVID-19

The previous Executive published [Moving Forward: The Executive's Pathway Out of Restrictions (opens in new window)] in March 2021 which outlined its phased, cautious approach to lifting restrictions across society. This publication included a range of steps for the relaxation of restrictions on educational settings. The Department's COVID-19 response aligned with this Executive approach.

The Department continued to engage closely with a range of stakeholders to inform its response to a range of COVID-19 issues, including the DoH, the PHA, the Department's ALBs, Trade Unions and the Practitioners Groups of School Principals.

After the 2021 Easter break, all schools were permitted to open for all pupil groups after the period of widespread remote learning during the previous term. The Department's COVID-19 guidance to schools and educational settings continued to be revised throughout the 2021-22 reporting period to reflect the changing public health position.

A significant spike in positive cases in the winter saw a rise in COVID-19 related pupil and staff absence. Public health advice was that the mitigations that were in place remained the most appropriate response, and absence levels fell gradually from a peak at the end of January 2022.

By the end of the 2021-22 reporting period, while DE COVID-19 guidance remained in place for educational settings to ensure appropriate management of COVID-19 risks, the public health advice supported there being no restrictions on the range of educational experiences that are offered to children and young people.

Working closely with the Department, the EA led on the Restart of youth services. A Summer Youth Programme was launched to re-connect, re-energise and re-engage children and young people; funding was also provided to increase IT capacity within the youth sector and financial support given to Outdoor Education Centres impacted by COVID-19 restrictions.

1.12 European Union (EU) Exit

The Trade and Co-operation Agreement between the EU and UK (at the end of 2020), together with: the NI Protocol; operation of the agreed Common Travel Area rights and privileges; and a data adequacy agreement with the UK, adopted in June 2021 - mean that day-to-day education services are largely unaffected by the UK's decision to leave the EU.

There remain a small number of areas where funding programmes (including replacement funds) are still under development and where transitioning to the new arrangements (between NI/Great Britain and NI/Ireland/EU) require further work, including continuing mutual recognition of professional qualifications and data sharing. Other NICS Departments are in the lead in taking such issues forward with our Whitehall and Irish/EU counterparts.

The above issues are handled directly by individual business areas as "business as usual" activities.

1.13 Reporting for COVID-19 Government Support Schemes

Neither the COVID-19 Job Retention Scheme nor the Statutory Sick Pay Rebate Scheme were available to government Departments and therefore were not accessed by DE.

1.14 Fraud and Error analysis on COVID-19 Government Schemes

Liaising with Internal Audit, the Department has reviewed the total funding administered for COVID-19 Support Schemes and no fraud has been found.

The Income Support Scheme for Substitute Teachers was approved by the Minister in order to alleviate potential hardship for casual substitute teachers as a result of schools being closed abruptly to all but Key Workers' children in March 2020, leaving them with limited opportunity for casual work in schools. The Scheme ended on 30 June 2020 with the summer holidays and normal demand for substitute teachers resumed when schools re-opened in September 2020.

2,973 substitute teachers were paid under the Income Support Scheme for Substitute Teachers. Out of these 2,973 payments, a total of 18 errors were located and in each case an overpayment was made. Over 65% of the total of these overpayments have since been recovered with efforts ongoing by DE to recover the remaining 35%.

PERFORMANCE ANALYSIS

2. Overview

The purpose of this analysis section is to outline the Department's performance against targets, corporate goals and commitments.

2.1 The Department's performance management arrangements

The Department's annual Business Plan is drafted by senior management for review and agreement by the Departmental Board. Once cleared by the Board, the Business Plan is submitted to the Minister for comment and approval. Throughout the year, DE officials monitored progress against Business Plan actions and reported quarterly to the Departmental Board. Mid and end-year progress reports were published on the Department's website: Annual Business Plan 2021-22 | Department of Education (opens in a new window).

2.2 Analysis of educational performance against targets

Due to the COVID-19 pandemic, it is not possible to use actual performance in 2020-21 to monitor progress towards achieving educational attainment targets.

As a direct result of the pandemic and associated school closures in the period from March 2020, statutory Key Stage (KS) assessment arrangements at KSs' 1, 2 and 3 were suspended in 2020-21.

Due to the COVID-19 pandemic, and in line with the other UK regions, public examinations in the Summer of 2021 were cancelled in NI. Results awarded by the CCEA for GCSEs, AS and A levels were based solely on Centre Determined Grades (CDGs) provided by schools and colleges to CCEA. In determining grades for submission to CCEA, schools followed guidance provided by CCEA on how to make a holistic judgement using available evidence for each candidate in each specification. However, while CCEA undertook a process to quality assure the CDGs submitted, to ensure the evidence used supported the grade awarded, these grades were not standardised across centres as would have been the case with external examinations.

Due to the entirely different awarding methodology and the use of CDGs, which were not standardised between centres or across jurisdictions, it would be inaccurate and potentially misleading to use 2021 outcomes to make comparisons against milestone targets, which were based on a system of public examination outcomes standardised to ensure three country comparability across England, Wales and NI. Nor is it possible to draw conclusions around the overall standard of educational attainment or improvements within the education system from the 2020 qualification outcomes.

The Northern Ireland Audit Office (NIAO) published its report on Closing the Gap-Social Deprivation and Links to Educational Attainment (niassembly.gov.uk) (opens in new window) on 5 May 2021 with DE officials being asked to give evidence to the Public Accounts Committee (PAC) on 7 October 2021 and 2 December 2021. A PAC report was published by the NI Assembly on 27 January 2022 and the 13 recommendations contained therein are now being taken forward. The DoF is taking forward publication of the Memorandum of Reply to the PAC report.

A recent project, funded by DE, reviewed evidence and presented key findings about pupil attainment, wellbeing, and teacher practices during the pandemic: Pupil attainment wellbeing and teacher practices during pandemic findings evidence and gap-map (opens in a new window).

The most recent statistical bulletin in respect of School Leavers can be accessed at: DE Publications -School- Leavers 2019-20 statistical bulletin (opens in a new window)

The Department continues to be committed to improving the attainment of Free School Meals (FSM) entitlement learners through effective use of available funding and the sharing of good practice.

The Department sets a number of other quantifiable targets summarised in the table below.

Key Success Indicator/Commitment/Action	**Actual levels**
Sufficient pre-school places available so that every child can be offered a place.	99.9% of target aged children whose parents stayed with the admissions process were offered a funded pre-school place for September 2021[1].
Work with the EA to support areas where schools may not meet statutory requirements under the Entitlement Framework.	95% of schools fully met the statutory Entitlement Framework requirements at KS4 and 80% fully met the requirements at post-16 in 2020-21.
Strategic Objective - To maximise the attendance rates of pupils so that they	The Department is continuing to promote the importance of regular

[1] Measured in July 2021. Funded pre-school places remained available in all areas for children not yet offered a place at that time.

Key Success Indicator/Commitment/Action	Actual levels
are in school being supported to reach their full potential. Key Success Indicators: • An overall increase in pupils' average attendance level across NI. • Percentage of pupils with less than 85% attendance reduced.	attendance at schools through a variety of means: • In 2020-21 5.4% of total half days were missed due to absence; compared to 6.5% in 2019-20. • Departmental officials are also using in-year data to update employing authorities on year to date attendance figures at school level. • This has enabled policy officials to focus on key issues and draw these to the attention of schools. • The Department launched a new advertising campaign "Miss School. Miss Out" targeted at parents to help convey the importance of regular attendance at school.

2.3 Analysis of 2021-22 performance against corporate goals and commitments

Every part of the Department has a role to play in delivering the DE strategic priorities and actions. It is widely recognised that there has continued to be significant disruption to normal business activities across the Department in 2021-22 due to COVID-19, causing delays and requiring the reprioritisation and redeployment of resources to address the critical COVID-19 responses.

However, despite the challenging circumstances, a significant body of work has been delivered as summarised below:

ETI

ETI provides an unbiased, independent, professional assessment of the quality of learning and teaching, including standards achieved by learners, publishing reports on individual organisations, and evaluation reports on aspects of the quality of education.

During 2021-22, while inspection remained largely paused, one full inspection was completed in a special school; there were follow-up inspections in three primary schools and a safeguarding follow-up in one special school; and there were a number of monitoring visits completed to education settings in the follow-up inspection process.

There are a number of DE commissioned evaluations underway and on track for completion by the end of the 2022 academic year, which include: Engage 2; Safeguarding Approaches and Challenges; and Physical Education in Primary Schools.

ETI internally commissioned work across a range of areas including; quality reviews in Learning Support Centres; and consultation with Year 1 to 14 pupils about their learning experiences during the pandemic lockdown, publicly reporting on responses from 14,256 primary pupils and 14,534 post-primary pupils.

The Empowering Improvement Programme was developed with £1.4 million of COVID- 19/ DE funding targeted at supporting leaders or middle-leaders. This enabled them to attend a series of professional learning/capacity building sessions to promote improvement through self-evaluation. To date, this programme has engaged 1289 leaders in 681 settings.

Internally, Foundations for Change, a corporate development programme to set the future strategic direction of ETI was completed, with four projects undertaken focusing on, for example, the ETI corporate purpose.

An inspection development strategy project was initiated around the development of a fit-for-purpose inspection strategy

Education Policy and Children's Services

The **Promoting Collaboration, Tackling Disadvantage Directorate** contributes to the DE vision through encouraging and supporting the development of collaborative practice in education in integrated, Irish Medium, community relations and shared education contexts, in tackling educational disadvantage and in teacher professional learning. The Directorate is also responsible for sponsorship and oversight of three of the Department's NDPBs: NICIE, CnaG and GTCNI.

Key activities and performance during 2021-22:

- The Education Minister and NI Executive welcomed and endorsed the report "A Fair Start" which was published on 1 June 2021. Work is progressing at pace to deliver the actions within the report. A progress report was provided to the Executive and NI Assembly on 16 December 2021.
- Interventions to support children following two periods of lockdown included the Engage Programme (£16.3m) and a Summer Scheme for Schools (£4.3m) Programme.
- The Period Poverty pilot scheme to provide free period products to any pupil who needs them has been warmly received by pupils and teachers alike. This work will continue in 2022-23.
- A new model for Teacher Professional Learning, aligned to the Department's Learning Leaders strategy, has been developed and will be used to consult with the profession in Q2 2022-23.
- It has been agreed that a new fit-for-purpose replacement for GTCNI is needed and preparatory work for the necessary legislative changes is underway.
- In March 2022, the third Advancing Shared Education report to the NI Assembly was laid.
- The Department, working closely with EA colleagues, and with access to a stakeholder reference group, has focused on the development of a Shared

Education Mainstreaming Strategy, aimed at embedding further the concept of Shared Education across our education system.
- Funding was provided to the Irish Medium sector to support language acquisition for pupils impacted by the COVID-19 pandemic.

The **Curriculum, Qualifications and Standards Directorate** provides policy development and advice on matters of educational performance. The Directorate's policy remit includes: education-system evaluation; school quality and school improvement; the statutory curriculum and assessment arrangements; wider assessment issues including academic selection; a number of statutory school-policy issues including class size, school days and hours, and compulsory school age; and the 14-19 Curriculum including the Entitlement Framework and qualifications. It also oversees the work of CCEA and the Exceptional Circumstances Body (an Advisory NDPB).

Key activities and performance during 2021-22:

- Significant resource was focused on the delivery of qualifications, including the development of Alternative Awarding Arrangements and a managed return to public examinations for summer 2022.
- Provision of a significant range of resources and programmes to assist pupils in their preparation for public examinations.
- Development and delivery of DE policy, guidance and advice on remote learning and curriculum delivery during 2021-22.
- Passage of the School Age Act and accompanying policy which permit deferral of Young for Year children on parental request.
- Development of a 14-19 Framework and Action Plan for Ministerial consideration.
- Development and roll-out of a £2m outdoor learning project for the purchase of equipment and resources to support outdoor learning in nursery, pre-school and primary schools.
- Oversight of over £3m of grant funding to third party organisations to support delivery of the curriculum in schools.
- Development and roll out of the Minister's NI100 Education Programme.
- The long-term school improvement policy (Every School a Good School), the literacy and numeracy policy (Count, Read; Succeed), the delivery of the statutory curriculum (Entitlement Framework) and participation in international studies of system performance continue to be maintained.

The **Early Years, Children & Youth Directorate** is responsible for policies relating to non-formal and non-compulsory education and childcare. The Directorate implements associated universal and targeted programmes which complement formal education in the areas of early (pre-school) learning, childcare and youth services. It also leads on the 2020-2030 Executive Children and Young People's Strategy.

Key activities and performance during 2021-22:

- Support of pre-school children with remote learning during periods of pre-school closure. Funding to settings that continued uninterrupted, with additional funding provided in respect of COVID-19 mitigations, in line with guidance produced by DE in co-design with practitioners.

- Ensured that pre-school settings were included in a range of additional education mitigations, such as the Engage Programme and provision of additional funding for outdoor education.
- Facilitated a digital portal, enabling parents to apply for a pre-school place for their child online and a digital platform allowing settings to apply on-line to the targeted Pathway Fund.
- Initiated a public consultation on proposals to amend the definition of statutory criteria for pre-school admissions.
- Helped deliver the School Age Bill and ensure that it could be implemented to facilitate deferral for the 2022-23 academic year.
- Supported ten primary schools in undertaking the 'Taking Outdoor Play Seriously' programme, with a further ten undertaking the 'Positive Playgrounds' programme.
- Maintained youth service support throughout the pandemic for disadvantaged and vulnerable children and young people using a range of alternative delivery models.
- Secured funding to deliver a Summer Youth Programme (£5m), IT Capacity Building within the youth sector (£1m) and Outdoor Education Centre COVID Relief support (£0.5m).
- Secured the inclusion of earmarked funding for Youth Mental Health & Wellbeing and Youth Shared Education within the Peace Plus Programme.
- Delivered a range of funding programmes to support the childcare sector through the pandemic.
- Recommenced work on the development of an Executive Childcare Strategy including stakeholder engagement using a Strategic Insight Lab.

Inclusion and Wellbeing Directorate has responsibility for developing and maintaining policies that address a range of barriers to learning (including SEN, newcomer pupils, Traveller children, Children Looked After (CLA), school age mothers, children of service personnel); pupil behaviour; promotion of pupil emotional health and wellbeing. The Directorate endeavours to bring a whole child/whole school approach to building resilience, offering advice and guidance on child protection and safeguarding issues, including inter-Departmental working on a range of cross-cutting strategies/reviews, supporting pupils to mitigate difficulties and addressing issues arising from learning and health or social impacts. The Directorate also carries policy oversight/sponsorship responsibility for MCA, which operates on a north/south basis.

Key activities and performance during 2021-22:

- Work on transforming SEN provision continued with the SEN Framework and supporting the EA to deliver operational improvements. An independent review of SEN services will be completed later in 2022.
- Further roll-out of projects worth £16.5m under the Emotional Health & Wellbeing Framework in Education Settings including therapeutic support for primary school children.

- Implementation of the CLA Strategy 'A Life Deserved: "Caring" for Children and Young People in NI' including the establishment of a new CLA within the EA.
- Safeguarding and Child Protection guidance was updated.
- A successful pilot of Operation Encompass.
- Further expansion to the Nurture Programme with 16 new Nurture Groups.
- The Addressing Bullying in Schools Act (Northern Ireland) 2016 commenced in September 2021.
- Continued advice, guidance and support for vulnerable children during the COVID-19 pandemic.

Resources & Reform

The **Sustainable Schools Policy and Planning Directorate**, throughout 2021-22, delivered a substantial work programme focused on supporting the development of the second (SAP2) and first Special Education Strategic Area Plan (SESAP), both of which will commence on 1 September 2022 and complete in August 2027.

The work programme included the development of trend and baseline analysis (Sustainability Baseline Report: Sustainability Baseline Report (PDF 315KB) (opens in a new window)) of the impact of area planning activity over the 10-year period commencing 2010-11; revision of area planning guidance and preparation of a simplified user guide to the Sustainable Schools Policy; and the development and delivery of a number of "agile" processes to make changes to approved admission/enrolment numbers at primary schools outside the formal Development Proposal (DP) process.

Area Planning Challenge and Strategic Insight Labs were also run with key stakeholders to examine the challenges of sustainable rural education provision (to explore the design of a rural programme) and the development of a more collaborative and exploratory approach to potential solutions for education provision across different geographies. This work will be progressed to completion in the 2022-23 year.

Ministerial endorsement was secured for two frameworks brought forward by the EA for Specialist Provision in Mainstream Schools and Special Schools as part of the EA's wider Area Planning Strategy. With a view to supporting more agile and responsive planning for SEN provision, the Minister further endorsed two pilot projects to effect change to Specialist Provision at Mainstream Schools without the need for the publication of a statutory DP and to establish a robust baseline for the future strategic area planning of SEN provision for the new Area Planning Cycle.

From the school admissions perspective, proactive work was undertaken to allocate additional Year 8 places for Transfer 2022, with additional places approved by the Minister to address demographic pressures.

The **Education Workforce Directorate** provides the vision and sets the framework which supports an education workforce that is able, trained, qualified, rewarded and motivated to raise standards and support educational achievement through partnership, consultation and the development of legislation and policy. The Directorate is responsible for: contributing to local policy on teachers' pay and conditions of service; ensuring that pay and conditions of service for non-teaching staff are appropriate to maintain a committed workforce; payment of teachers' salaries and pensions on behalf of the employing authorities and progressing the Workforce Review Project to deliver commitments within the Teachers' Pay and Workload Agreement which brought an end to industrial action in 2020.

Key activities and performance during 2021-22:

- Delivered payment of salaries to teachers and payment of teachers' pensions; implemented the 2019-21 pay award; reviewed pay remit returns in line with Executive Pay Policy guidance; implemented a voluntary exit scheme for unavoidable redundancies resulting from school closures and changes to SEN requirements; continued delivery of teachers' pension administration whilst incorporating a new pension system into normal business; and developed and tested pension scheme Employer and Member online portals ahead of their roll out in 2022-23.
- Responding to the continuing COVID-19 pandemic on the education workforce, including a major increase in engagement with trade unions and employing authorities; implementation of actions to increase the supply of substitute teachers and relief support staff.
- Seven of the nine reviews committed to within the Teachers' Pay and Workload Agreement are now underway and a Terms of Reference has been agreed to enable a further review to commence. The reviews are being progressed through joint (management and teacher union) working groups, coordinated by a joint project team and overseen by a joint Oversight Group resulting in an unprecedented level of collaboration and partnership working between key stakeholders across the education system to develop collective proposals for improvement.
- Completed legislation bringing into effect the initial stages of the McCloud settlement in respect of Teachers' Pensions.

The **Finance Directorate's** role is to manage the Department's c£2bn Resource Budget in line with Departmental priorities and to ensure financial probity, regularity and value for money. It prepares the Department's annual Budget, Estimates and Resource Accounts and is responsible for securing funding, allocating resources, monitoring expenditure and reporting financial results. The Directorate's Analytical Services Unit (ASU) is responsible for the management of research, analysis and evidence needs from within the Department, statistical surveys and publication of associated reports. It provides advice and support in the monitoring and evaluation of draft PfG actions and policy, programme and project evaluations, the development and approval of business cases, and policy evaluations.

Key activities and performance during 2021-22:

- Monitoring of the 2021-22 Resource Budget was a significant achievement due to the challenging financial position within the education sector. The

Department continued to robustly challenge the EA on its pressures and engaged with DoF, as required, on an ongoing basis.
- Engaged with both DoF and the EA to ensure adequate additional funding was secured to address COVID-19 pressures.
- Continued to operate the Common Funding Scheme (CFS) which is the mechanism used to calculate each school's share of their funding stream.
- Uploaded data for the biennial National Fraud Initiative, reviewed and analysed the 2021-22 matches in line with the required timelines.
- Provided annual assurance through the Business Case Test Drilling Process and supported the rollout of the new Five Case Model from 1 March 2021.
- Sought assurances from all Directors that Senior Responsible Owners for all significant value/high risk projects over £1m, robustly managed and appropriately monitored said projects.
- Provided a wide range of statistical, research and analytical support to policy officials in the Department and published Official and National statistics including management information on COVID-19 related absence in schools.
- Rigorously challenged the EA on significant and high risk IT projects.

The **Corporate Services & Governance Directorate** provides a range of corporate functions including: vacancy management and staff engagement; Minister's private office; press office and communications; management of information; accommodation and security management; Equality and Human Rights; Emergency Management & Planning, and Business Continuity; oversight of governance in the Department and its ALBs; governance and oversight of three sectoral support bodies; and the appointment of school governors.

Key activities and performance during 2021-22:

- Completed re-modelling project of Rathgael House.
- Engaged in development of NICS Hybrid Working policy.
- Enhanced communications arrangements including a greater focus on external engagement, social media and internal communications (webinars, intranet, Staff Engagement Forum etc.).
- Engaged with Information Commissioner's Office (ICO) on an external review of information management arrangements and progression of arising action plan.
- Engaged with stakeholders to inform development of a 3 year Corporate Plan for DE.
- Progressed a Landscape Review of the EA, due to conclude early in 2022-23.
- Took forward the reconstitution of Boards of Governors for Voluntary Grammar (VG) Schools and progressed appointment of school governors including substantially addressing a COVID-19 related backlog (from 30%+ to 14% vacancy rate).

Independent Review of Education is a key commitment in the NDNA document agreed by the main political parties in NI in January 2020.

The Review is expected to identify barriers within the education system which inhibit positive outcomes for children and young people as well as explaining structural issues which lead to inefficiencies or ineffectiveness. The Review will provide a set of focused and strategic recommendations on how the Department and the Executive might improve outcomes for pupils, support to schools, the effectiveness of education administration and the wider impact of our education system on society.

The Review Panel were appointed in September and commenced work in October 2021. They have been tasked with publishing an interim report within 12 months (October 2022) with the final report due in April 2023.

Following its appointment, the panel have been focused on understanding the strategic context, gathering evidence and establishing the priority areas of inquiry. The initial phase of the work has focused on stakeholder engagement aimed at identifying the key issues as well as eliciting the views of the key stakeholder groups. The panel has met a wide range of stakeholders and received a significant volume of written submissions.

To assist the panel in identifying priorities for their work an online survey was launched on the 9 December 2021. The survey ran for a total of 8 weeks and on closure a total of 1,333 responses were received, with the majority of respondents being parents / carers; and teachers, lecturers, researchers and other education professionals such as youth workers / practitioners, early year's practitioners etc.

Infrastructure, Transport, Food and Recovery

The **Investment and Infrastructure Directorate** is responsible for strategic oversight of the delivery of the Department's Capital Works Programme and budget.

Key activities and performance during 2021-22:

- The Major Works programme (capital works projects to construct new schools) continued to progress during the 2021-22 financial year with two projects moved on site (rather than eight) and five schemes completed, (rather than six) which is fewer than planned due to the combined effects of Brexit and COVID-19.
- The School Enhancement Plan provides financial support to schools to improve their accommodation standards. While progress on business cases has been slower than anticipated due to the need to reflect the current increase in construction costs and market uncertainty, five business cases have been approved and a number of others are close to completion.
- Over £80m has been invested in the Minor Works programme, to target inescapable statutory requirements, pupil specific requirements under the Disability Discrimination Act and other pressing needs to ensure that pupils are educated in safe and secure premises.
- Work has continued to progress announced capital projects across youth settings. Announced youth schemes have continued to be funded in 2021-22 to a level similar to previous years.
- The Directorate continues to work with partners to deliver the projects announced under the FSA capital funding. Business cases have been

approved for projects at seven schools, and construction has started on one project.

The **Transport and Food in Schools' Directorate** has policy responsibility for the Home to School Transport, school meals including FSM, food in schools, school uniform guidance and Uniform Grant (UG) policy, Education Maintenance Allowance (in conjunction with the Department for the Economy (DfE) and Elective Home Education.

Key activities and performance during 2021-22:

- COVID-19 guidance was developed for educational settings to include the mitigating measures put in place to manage risks on school transport.
- The School Holiday Food Grant Payment scheme, agreed by the Executive to make food grant payments during school holidays until Easter 2022, was implemented. The purpose of the scheme was to alleviate hardship during school holidays for families of children who are entitled to FSM when at school.
- Commenced a review of the FSM and UG eligibility criteria to consider a number of options including universal FSM provision for certain year groups or all pupils. Work to develop a range of costed options is expected to conclude in the next financial year when decisions in relation to the way forward and funding will be taken.
- Represented DE on the Department for Communities (DfC) led Anti-Poverty Strategy and the Food Poverty Strategy.
- Liaised with the EA in ensuring suitable mitigations were put in place to ensure that there has been no disruption to school transport services or food supplies to schools as a result of the EU Exit.

Strule SEC Programme

The **Strule SEC Programme** is responsible for the delivery of a significant capital investment in the construction of six core schools and associated shared education facilities in Omagh. Arvalee School and Resource Centre opened to pupils in September 2016. There are plans for five other schools to move on-site: Omagh High School, Sacred Heart College, Omagh Academy, Christian Brothers Grammar School and Loreto Grammar School.

Key activities and performance during 2021-22:

- A Ministerial Direction was issued in July 2021 by the Minister of Education to allow the Programme to proceed to the next stage.
- Formal commencement of a fresh main works procurement competition with the release of the Invitation to Tender on 13 December 2021. Subject to the evaluation of tenders and FBC approval, this begins the process to appoint a contractor to construct the remaining five schools and shared facilities for the campus.
- Planning approval was granted in respect of the Gortin Road and Mountjoy Road roadworks scheme.
- The revised Memorandum of Agreement was signed by DE, EA and the school trustees.

- The Strule EA Team continued to engage with the school principals and leadership groups to develop the Campus Education Model.
- The Department is continuing to work closely with the six school principals and their teams to build on the culture of sharing in Omagh and advance the Strule programme.

COVID Management Directorate ensures that the guidance on COVID-19 management for schools and parents is appropriate and kept up to date in line with current public health advice to support the education system in meeting the challenges of education delivery in a COVID-19 environment. The team is also responsible for some of the correspondence and communication in respect of COVID-19 management to ensure that our schools and school settings are informed of any changes to the guidance.

Over the period the COVID Management Directorate met regularly with key stakeholders to discuss the current situation, potential issues, to address concerns and amend guidance as required. These stakeholders include DoH, PHA, a practitioners' group made up of principals from across the educational sector and trade unions. A number of iterations of guidance have issued, and have been amended in line with the requirements of the public health situation. Guidance notes have also issued to schools as restrictions have been relaxed due to changes in the status of the pandemic.

The Directorate has prepared a number of Executive Papers and Assembly Statements which have been necessary to support schools reopening and subsequent reintroduction or relaxation of restrictions as required.

Changes in the approach to contact tracing and the definition of a school-based close contact in September 2021 were agreed with the Minister of Health and these significantly reduced the number of pupils having to self-isolate. No further mitigations were recommended in guidance during the 2021-22 academic year.

2.4 Summary of the Department's financial performance

Statement of Comprehensive Net Expenditure (SOCNE)

A summary of the SOCNE for the year to 31 March 2022 is set out below:

	2021-22 £000	2020-21 £000	Variance £000	Variance %
Net operating cost for the year ended 31 March	2,738,522	2,582,487	156,035	6

Income was mainly received for Co-funded ALBs (£12.3m), sale of property by NDPBs (£5.7m), for the EU Peace IV programme (£2.4m) and the Vulnerable Persons Relocation Scheme (£0.9m).

In 2021-22 the Department paid a total of £2,666m in Grant-in-Aid to its NDPBs to fund recurrent and capital expenditure on schools and youth services. The bulk of this grant funding, £2,175m, was paid to the EA. £467m was paid to Voluntary, VG and Grant Maintained Integrated (GMI) schools. £2,492m was paid in Grant-in-Aid to NDPBs in 2020-21. The increase in Grant-in Aid in 2021-22 compared to 2020-21 has been explained in the section on long term expenditure trends.

In 2021-22 the Department paid grants of £55m (compared to £72m in 2020-21) to other organisations. The decrease was primarily due to the Department's COVID-19 response, which included £12.8m (compared to £32.6m in 2020-21) in grants to support Childcare and Early Years.

Total DE staff costs in 2021-22 amounted to £30.4m (compared to £30.5m in 2020-21) of which £0.9m (compared to £1.0m in 2020-21) was capitalised. The increase in staff costs due to implementation of the August 2020 and August 2021 pay rises was offset by a decrease in the holiday pay accrual. In the years' ended 31 March 2020 and 31 March 2021, the holiday pay accrual increased as a result of staff carrying forward higher than usual levels of annual leave. By 31 March 2022 the level of annual leave carried forward had reduced.

Purchase of goods and services amounted to £10.1m in 2021-22 compared to £8.8m in 2020-21 (these figures included notional costs which amounted to £3.5m in 2021-22 and £3.4m in 2020-21). The increase is due to spend across a number of budget areas including the Emotional Health and Wellbeing Framework, the Independent Review of Education, the Fair Start Implementation Reviews, the Review of the EA and increased actuary charges due to additional actuarial work required for the Teachers' Pension Scheme (including the 2016 re-valuation; the 2020 valuation; and the McCloud remedy transitional protection arrangements).

Depreciation, amortisation and revaluation charges amounted to £0.7m in 2021-22 compared to £0.4m in 2020-21. The increase was due to a full year of deprecation in 2021-22 for the Teachers' Pension System compared to 5 months in 2020-21 (the new pension system was brought into use in November 2020).

Statement of Financial Position (SoFP)

A summary of the SoFP for the year to 31 March 2022 is set out below.

	31 March 2022 £000	31 March 2021 £000	Variance £000	Variance %
Total assets less total liabilities	(16,153)	(23,163)	7,010	30.3

Property, plant and equipment has increased to £50.9m from £46.4m in March 2021. This increase was mainly due to:

- additions of £2.8m for land for Gaelscoil na Daróige, for Gaelcholáiste Dhoire, and for the Ballycastle SEC (Ballycastle High School and Cross and Passion College) and £1.5m in respect of assets under construction at SECs);

- an increase of £0.5m in the value of the Arvalee School building at the Strule SEC, as a result of the year-end revaluation by Land and Property Services (LPS); and

- depreciation of £0.2m, mainly for the Arvalee School building.

Intangible assets increased from £5.2m at 31 March 2021 to £5.7m at 31 March 2022. This increase includes £0.5m for the Teachers' Pension System and £0.2m for the ETI Inspection Planning, Insight and Reporting Environment (InsPIRE) system plus indexation of £0.3m less depreciation of £0.4m.

Trade and other receivables have decreased from £10.5m at 31 March 2021 to £10.1m at 31 March 2022. Between 31 March 2021 and 31 March 2022 grants receivable for the EU Peace IV programme decreased from £3.3m to £2.0m as a result of receipts from the EU and the amount due from the Consolidated Fund in respect of Supply increased from £5.2m to £6.2m, owing to the receipt of Consolidated Fund Extra Receipts (CFERs).

Trade and other payables have decreased from £85.4m at 31 March 2021 to £83.1m at 31 March 2022. Movements in key areas are as follows:

- other taxation and social security, which relates to PAYE/NIC due to Her Majesty's Revenue and Customs (HMRC) for the March 2022 teachers' payroll, increased as a result of higher monthly teacher payroll costs owing to pay rises which were implemented during 2021-22;

- the Major/Minor Works creditor decreased from £50.9m at 31 March 2021 to £47.8m at 31 March 2022. The Major/Minor Works capital creditor which includes Major and Minor Works for VG Schools, Voluntary Maintained Schools, GMI schools and Youth Organisations is affected by the mix of projects that are ongoing at any point in time;

- Accruals decreased from £8.5m at 31 March 2021 to £7.0m at 31 March 2022 largely due to:

  - a decrease of £0.1m in the holiday pay accrual as a result of fewer staff carrying forward at least 9 days of the previous year's annual leave entitlement;

  - March 2021 accruals included an accrual of £0.8m for a Boarding School Support grant which was specific to the 2020-21 year; and

  - at 31 March 2022 the accruals for non-current assets included £0.5m (£0.7m at 31 March 2021) for the Strule SEC and £0.1m (£0.2m at 31 March 2021) for the Teachers' Pension System and the Ballycastle, Moy and Brookeborough SECs.

- Deferred income decreased from £1.5m at 31 March 2021 to £0.4m at 31 March 2022. The deferred income at 31 March 2021 was higher as a result of cash received in March 2021, relating to spend to be incurred in 2021-22, for the Vulnerable Persons Relocation Scheme;

- CFERs due to be paid to the Consolidated Fund have increased from £4.2m at 31 March 2021 to £6.5m at 31 March 2022. The amount due to the Consolidated Fund in respect of CFERs is largely due to the sale of property by the Department's NDPBs and varies significantly from year to year, depending on the property available for sale and on the buoyancy of the market.

Total provisions (current and non-current) have decreased from £630k at 31 March 2021 to £605k at 31 March 2022 as follows:

- the Early Departure Costs provision increased by £36k owing to a change in the discount rate for long term provisions, offset by payments of £21k;
- provisions were created for ongoing legal cases; and
- a provision for backdated holiday pay for staff who work overtime on a regular basis was based on an estimate provided by DoF.

2.5 Commentary on significant variances between Estimates and Outturn

A detailed analysis of Outturn against Estimate by function can be found in the Statement of Outturn against Assembly Supply (SOAS) note 1 within the Accountability Report. The table below summarises Outturn against Estimate and links directly to the SOAS, a key accountability statement which is audited.

	2021-22 Outturn £000	2021-22 Estimate £000	Outturn vs Estimate, saving/ (excess) £000
Total Resources*	2,745,044	2,838,969	93,925
Net Cash Requirement	2,747,717	2,857,801	110,084

* Total Resources is made up of: Departmental Expenditure Limit, Annually Managed Expenditure, and Non-Budget.

In terms of Total Resources, the Department's net resource outturn for the year was 3.3% (£94m) less than the Spring Supplementary Estimate for the year. This was primarily due to lower than anticipated drawdown of cash grant-in-aid (Non-Budget) by the Department's NDPBs.

The Estimate figure each year includes the best forecast of Non-Budget grant-in-aid i.e. the cash required by the Department and its NDPBs, when the Estimates were prepared. The last revision to the Estimate is normally in January, well before the end of the financial year in question. As cash is only drawn down as required, this variance reflects the difference between the estimated cash requirement and the actual amount of cash required in-year. The variance between the Estimate and net resource outturn does not represent an under-spend against the DE budget.

The Net Cash Requirement shows a variance of £110m (3.9%) against the Spring Supplementary Estimate for the year. This was due to:

- Resource outturn being less than the Estimate by £94m, as noted above;

- the following non-cash items: depreciation, impairments and revaluation charge to the SOCNE were £1.0m lower than the Estimate due to a higher than anticipated valuation for land and buildings;

- other non-cash items were £1.6m less than the Estimate due to lower than expected provisions and notional costs; and

- changes in working capital balances were less than the Estimate by £18.1m largely due to a lower than expected decrease in "trade payables" mainly due to the timing of both resource and capital grant payments.

Budgeting Framework

DoF is responsible for the management of the NI Executive Budget process in line with a budgetary framework set by HMT.

The total amount a department spends is referred to as the Total Managed Expenditure, which is split into:

- Annually Managed Expenditure (AME); and

- Departmental Expenditure Limit (DEL).

HMT, and in turn DoF, does not set firm AME budgets. They are volatile or demand-led in a way that departments cannot control. The Department monitors AME forecasts closely and this facilitates reporting to DoF, which in turn report to HMT.

As DEL budgets are understood and controllable, HMT sets firm limits for DEL budgets for Whitehall Departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive/NICS Departments.

DEL budgets are classified into Resource and Capital.

- Resource budgets are further split into non-ring-fenced resource that pays for programme delivery and departmental running costs, and separately ring-fenced resource that covers non-cash charges for depreciation and impairment of assets.

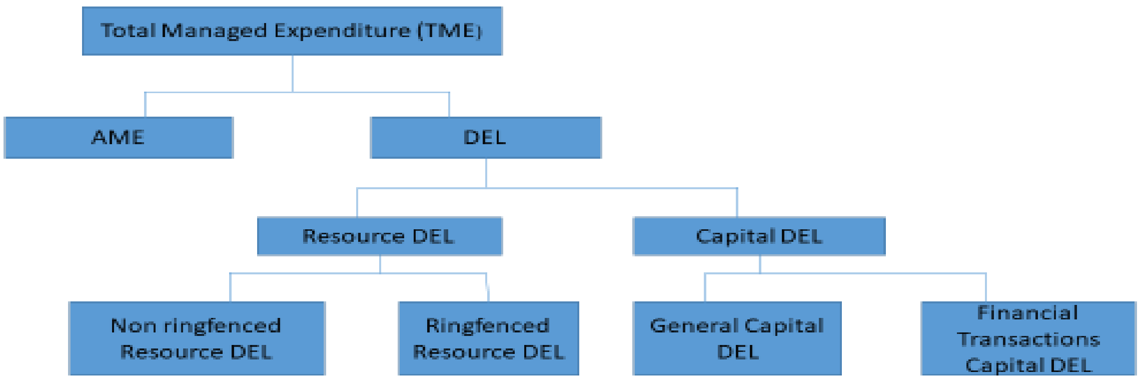
- Capital DEL is split into 'financial transactions' for loans given or shares purchased and 'general capital' for spending on all other assets or investments.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by HMT: Consolidated Budgeting guidance 2021 to 2022 (opens in a new window).

The information contained within budgetary controls does not currently read directly to financial information presented in Financial Statements due to a number of misalignments. It is intended that the Executive's Review of Financial

Process (RoFP) will help address these differences and improve transparency. RoFP is due to be implemented in 2022-23. Further information on the Executive's RoFP can be found on the NI Assembly website.

Budget Structure



Budgetary Performance

Details of the Department's performance against Budgetary Control totals is set out in the table below.

	Final Plan 2021-22 £000	Provisional Outturn 2021-22 £000	Underspend/ (Overspend) £000
Resource DEL	**2,515,872**	**2,501,423**	**14,449**
Non-ringfenced	2,514,650	2,500,246	14,404
Ringfenced Depreciation/Impairments	1,222	1,177	45
Capital DEL	**213,017**	**209,171**	**3,846**
General Capital	213,017	209,171	3,846
Financial Transactions Capital	-	-	-
Total DEL	**2,728,889**	**2,710,594**	**18,295**
AME	**225,936**	**260,280**	**(34,344)**
AME Resource	225,936	260,280	(34,344)
AME Capital	-	-	-
Total Managed Expenditure	**2,954,825**	**2,970,874**	**(16,049)**

Explanation of Variances

Resource DEL Underspend

The Resource DEL underspend is made up of a number of items including underspends in Earmarked funding by the EA of c£7.3m, funding held for COVID-19 responses that was subsequently not required of c£4m, lower than expected uptake in respect of childcare related COVID-19 responses of c£1.6m, and a number of other small over/under spends netting to an underspend of approximately £1.5m. The overall underspend of £14.4m is within the 1% tolerance set out in the Departmental business plan.

Capital DEL Underspend

The Capital DEL underspend of £3.8m relates mainly to a number of unexpected receipts (c£2.8m) received by the Department late in the financial year, over and above the amounts reflected in the Final Plan position, together with a number of other smaller over/under spends netting to an underspend of c£1m. The c£3.8m underspend represents a 1.81% underspend against the gross Capital budget which falls within the Departmental target of achieving 98% of Capital spend against budget.

AME Overspend

The net AME overspend of £34.3m mainly consists of a c£37.8m overspend as a result of year-end NILGOSC pension adjustments in respect of actuarial valuations provided to the EA, and significantly increased current service costs due to changes in the discount rate assumptions used by the Actuary. Also included is an overspend in respect of depreciation of £4.3m due to an increase in the value of the EA estate, and an underspend of £7.8m in respect of impairments.

Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

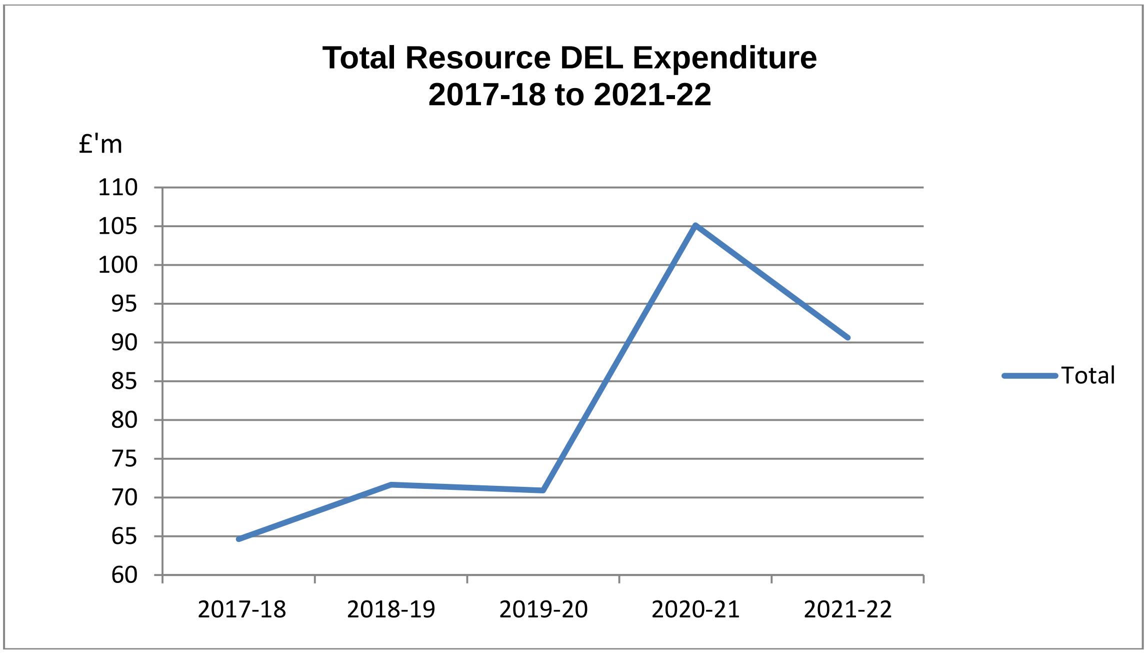
A reconciliation of the Department's resource expenditure between estimates, accounts and budgets is provided within the table below:

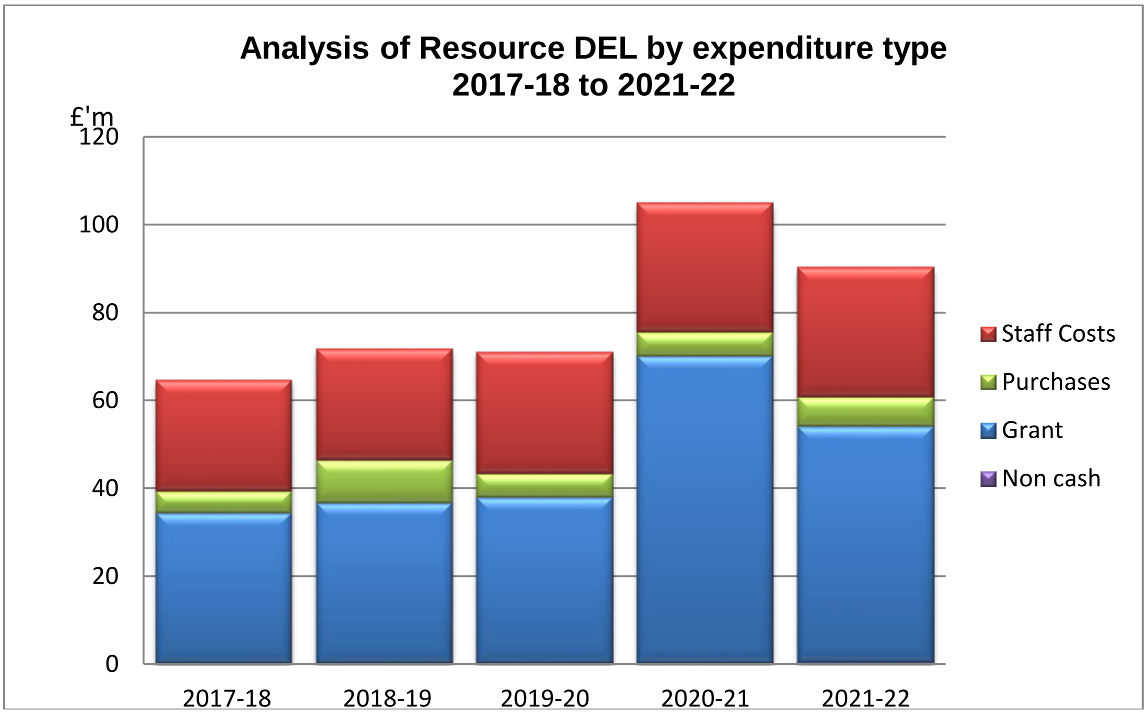
	2021-22 £000	2020-21 £000
Net Resource Outturn (SOAS note 2)	2,745,044	2,586,644
Consolidated Fund Extra Receipts in the Statement of Comprehensive Net Expenditure	(6,522)	(4,157)
Net Operating Expenditure (SOCNE)	**2,738,522**	**2,582,487**
Remove: Capital grants and capital grant income	(1,334)	(2,303)
Remove: Voted expenditure outside the budget	(2,666,265)	(2,492,456)
Remove: Notional inter-departmental charges	(3,474)	(3,467)
Include: Capital Consolidated Fund Extra Receipts	5,732	4,017
Include: Resource consumption of NDPBs	2,688,524	2,560,401
Resource Budget Outturn (Budget)	**2,761,703**	**2,648,679**
Of which		
Departmental Expenditure Limits (DEL)	2,501,423	2,464,107
Annually Managed Expenditure (AME)	260,280	184,572

2.6 Long term expenditure trends

The graphs below show 5 years of outturn data in relation to the Department's *own spending*. The detailed data is shown in the long term expenditure table at the end of this section.

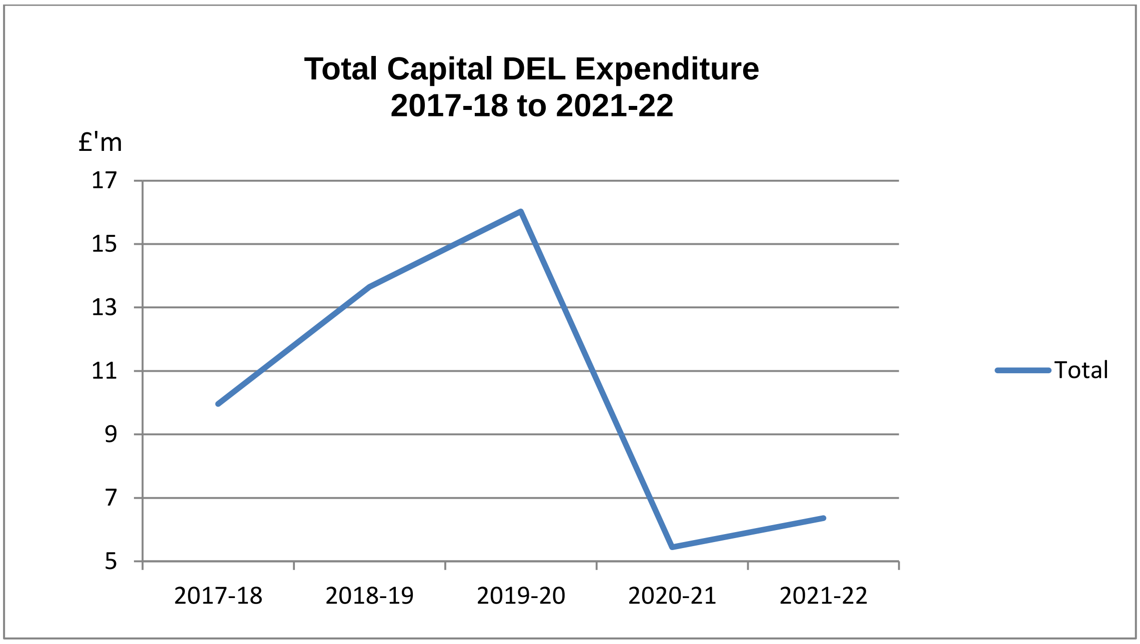
Resource DEL expenditure

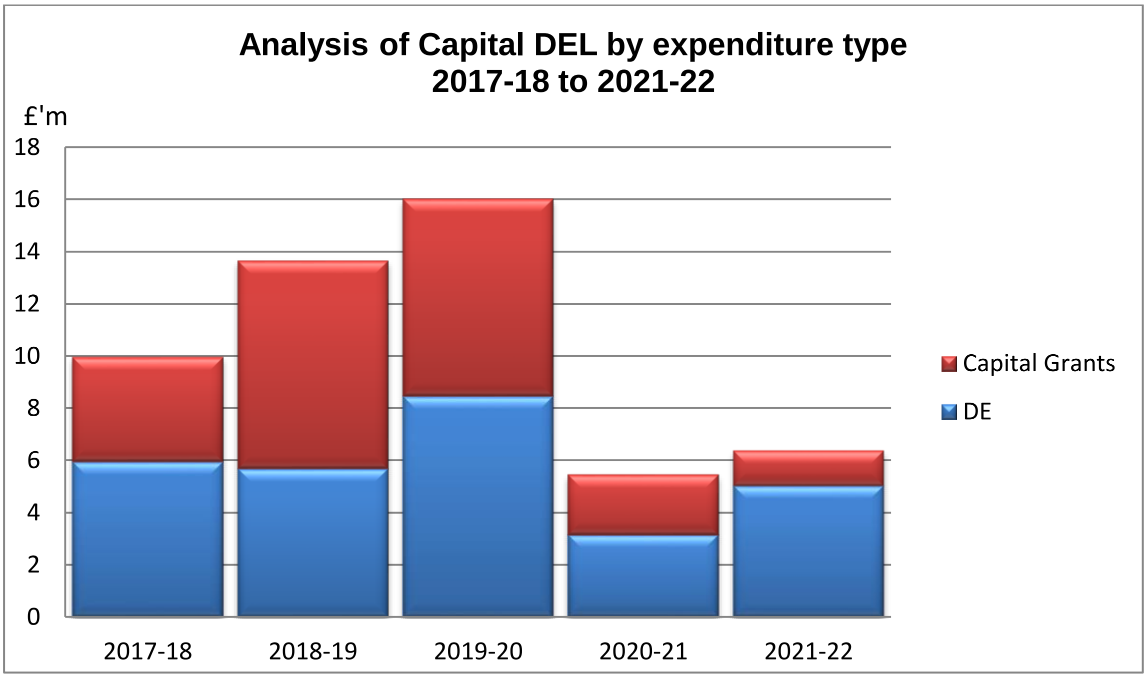




Resource DEL expenditure decreased from £105.1m in 2020-21 to £90.6m in 2021-22. The decrease was primarily due to the Department's COVID-19 response, which included £12.8m (compared to £32.6m in 2020-21) in grants to support Childcare and Early Years.

Capital DEL expenditure

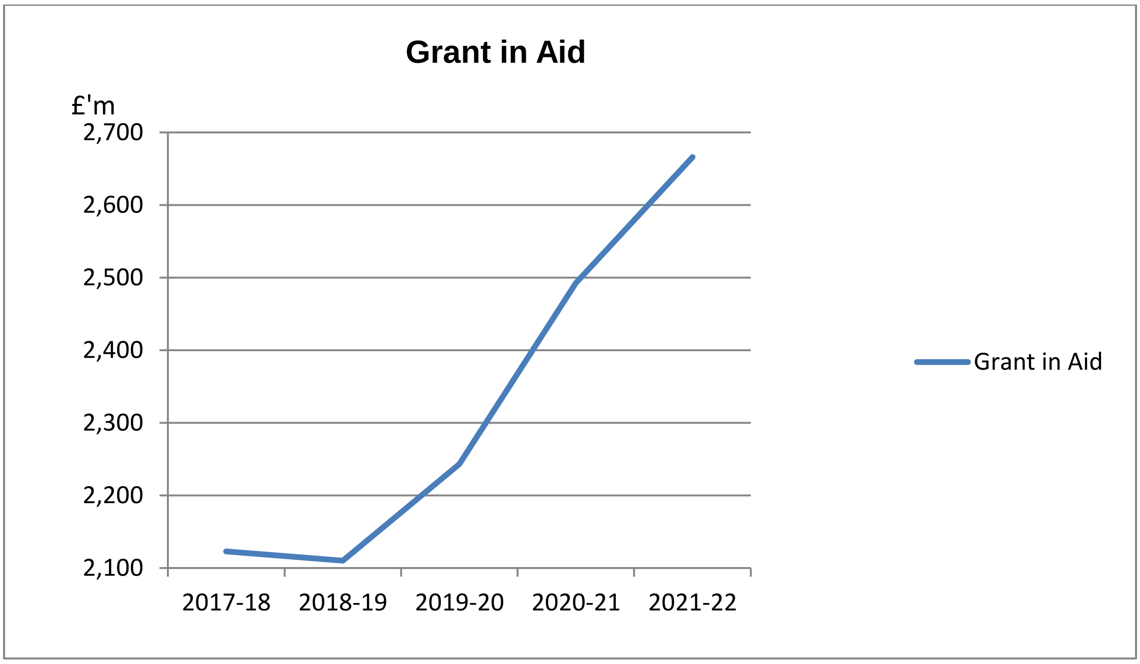




Capital grant paid by the Department to other organisations, excluding ALBs, is classified as capital DEL for budget reporting.

Capital DEL expenditure has increased from £5.5m in 2020-21 to £6.4m in 2021-22 largely due to the purchase of land for SECs.

Grant-in-Aid



Grant-in-Aid is funding provided to the Department's ALBs to fund recurrent and capital expenditure and is classified as Non-Budget for budget reporting. The 2021-22 Grant-in-Aid includes a back dated pay rise for the 2019-20 and 2020-21 teacher pay awards (2% for each year) for all permanent and temporary teachers as well as additional costs associated with the COVID-19 Response and Education Restart.

Long term expenditure tables

	2021-22 £000	2020-21 £000	2019-20 £000	2018-19 £000	2017-18 £000
Total Resource DEL	**90,609**	**105,135**	**70,910**	**71,668**	**64,617**
Of which:					
Staff costs	29,488	29,448	27,541	25,326	25,345
Purchases	6,643	5,403	5,431	9,606	4,867
Grant	53,738	69,882	37,724	36,526	34,189
Non-cash	740	402	214	210	216
Total Resource AME	**-**	**(15)**	**75**	**(242)**	**(739)**
Of which:					
Provisions	(4)	(15)	215	21	128
Impairments	4	-	(140)	(263)	(867)
Total Resource DEL and Resource AME	**90,609**	**105,120**	**70,985**	**71,426**	**63,878**
Of which:					
Staff costs	29,488	29,448	27,541	25,326	25,345
Purchases	6,643	5,403	5,431	9,606	4,867
Grant	53,738	69,882	37,724	36,526	34,189
Non-cash	740	402	214	210	216
Provisions	(4)	(15)	215	21	128
Impairments	4	-	(140)	(263)	(867)
Total Capital DEL	**6,361**	**5,451**	**16,025**	**13,646**	**9,961**
Of which:					
Departmental capital	5,026	3,148	8,464	5,683	5,946
Capital Grants	1,335	2,303	7,561	7,963	4,015
Total Capital AME	**-**	**-**	**-**	**-**	**-**
Total Capital DEL and Capital AME	**6,361**	**5,451**	**16,025**	**13,646**	**9,961**
Total Resource DEL, Resource AME, Capital DEL and Capital AME	**96,970**	**110,571**	**87,010**	**85,072**	**73,839**
Of which:					
Total DEL	96,970	110,586	86,935	85,314	74,578
Total AME	-	(15)	75	(242)	(739)

2.7 Future development and performance

Subject to the Executive's agreement, the next PfG will set out long term targets and commitments for the Department which will be incorporated into future Corporate and Business Plan documents.

2.8 Social, community and human rights

When preparing or revising policies/decisions, consideration is given to any impact on equality (in accordance with Section 75 of the NI Act 1998) and human rights (the Human Rights Act 1998 and United Nations conventions).

United Nations Convention on the Rights of the Child (UNCRC)

The Department has responsibility for coordinating UNCRC matters on behalf of the NI Executive.

The UNCRC is a human rights treaty which sets out rights specific to children and young people. Every five years the United Nations Committee on the Rights of the Child assesses how well a government is respecting the rights of children. At the end of its examination it publishes its 'concluding observations' report which sets out where the UN Committee thinks a government is doing well and where it needs to do better, and makes recommendations on actions the government should take to improve children's rights.

The UN Committee last examined the UK in 2016 and published its concluding observations in July 2016. While the UN Committee acknowledged the good progress made across all the four UK jurisdictions (England, Scotland, Wales and NI) there are a wide range of issues covered in the concluding observations and it is important that a collective approach across all of the UK countries is taken when considering its recommendations.

The next UNCRC examination of the UK has commenced and the UN Committee has provided the UK with the List of Issues Prior to Reporting (LOIPR). The Department for Education (England) is co-ordinating the UK response to the LOIPR. The Department has submitted responses to Department for Education (England) in respect of the LOIPR on behalf of the Executive. Department for Education (England) is currently drafting the UK report. The final UK report is due to be submitted to the UNCRC in June 2022. UNCRC Evidence sessions are currently scheduled for January 2023. The next 'concluding observations' report will be published following these sessions.

Executive Children and Young People's Strategy 2020-2030

Both the UNCRC articles and the concluding observations serve as a helpful and important guide to making sure that our policies – whether they hold direct or indirect consequences – consider children. The Executive's Children and Young People's Strategy, agreed on 10 December 2020, is the main strategic instrument through which all nine Departments will work together to improve the wellbeing of our children and young people and it will ensure that due regard is given to the rights of children and young people.

Developed to align with the draft PfG and the Children's Services Co-operation Act (NI) 2015, the new Strategy outlines how the Executive will work collaboratively to improve the wellbeing of children and young people and the outcomes it seeks to achieve across eight key areas of physical and mental health; play and leisure; learning and achievement; safety and stability; economic and environmental wellbeing; positive contribution to society; respect for their rights; and good relations and equality of opportunity.

Executive Childcare Strategy

DE has policy responsibility for the development of the Executive Childcare Strategy.

The principles of the UNCRC, will be taken into consideration in the development of the Executive Childcare Strategy. The Strategy will promote children's rights and reflect the main guiding principles of the UNCRC.

The timeline for publication and implementation of the Executive Childcare Strategy requires Executive agreement and approval on significant policy decisions, including agreement on the overall budget required for childcare.

Shared Education

Funding to support Shared Education continued in the reporting period. Given the impact of COVID-19 and the focus on education recovery, the level of pupil engagement has reduced significantly. Projects recognised that on-line delivery enabled children and young people to continue to engage remotely, but emphasised that this method cannot be used as a long-term replacement for face-to-face contact. The focus for school leaders has been on individual schools supporting their own pupils, staff and communities. There is some evidence across the system of collaboration and communication between Shared Education partnerships throughout this time. These relationships have been crucial in helping schools to navigate their way through this extremely challenging period.

The Department leads on the Executive's T:BUC Strategy headline action to create SECs. Capital funding was secured under the FSA for projects approved to proceed in planning. There have been three calls to date for applications. Four projects are proceeding from the first and second calls; Limavady SEC is leading the way with construction having commenced in 2021 and is scheduled for completion in 2023. Stage 3 Design work was completed on the Ballycastle SEC. The procurement of the Integrated Supply Teams began, and work continued to engage with Causeway Coast & Glens Borough Council on the planning application. Procurement of the Integrated Consultant Team for Moy SEC was completed in November 2020 who are engaging with both schools in the design of the Shared Campus. Work has continued within the EA on the business case for Brookeborough SEC.

Rural Needs Act (NI) 2016

In line with its obligations under Section 1 of the Rural Needs Act (NI) 2016, eight Rural Needs Impact Assessments were completed across the Department during the 2021-22 year. These assessments will be listed within the Rural Needs Annual Monitoring Report 2021-22, published by the Department for Agriculture, Environment and Rural Affairs

2.9 Other Matters

Environmental issues

DoF Properties Division is responsible for managing the NICS office estate which, for DE, relates to Rathgael House and Waterside House, and includes associated building services and planned preventative maintenance e.g. boilers, lighting etc.

DE oversees the development, co-ordination and implementation of the NICS strategy and policies in relation to energy and sustainability for the Department, by ensuring that a Departmental Energy Manager and Premises Officers are appointed and that their roles and responsibilities are clear.

DE's Energy Manager collects and maintains energy data for all buildings occupied by the Department and monitors energy in order to identify high or irregular energy consumption. The overall aim is to raise staff awareness and hence make savings through improvements and good housekeeping.

A project to assess the benefits of automatic meter reading systems in schools has been delayed by the COVID-19 pandemic. The systems have been installed in over 50 schools, and initial hands on training has taken place, to encourage schools to take an active role in the energy management of their buildings. However the project evaluation has been delayed, and re-commencement of this pilot project will be considered later in 2022.

The Department is represented on the Future Generations Group (formerly known as the Cross Departmental Working Group on Climate Change), as well as its mitigation and adaptation subgroups. This working group ensures a proactive, interdepartmental approach is taken towards achieving greenhouse gas emissions reductions targets, including those in the Climate Change Act 2008. Greenhouse gas emissions are also an indicator associated with Outcome 2 in the draft PfG, "We Live and Work Sustainably – protecting the environment".

Sustainability

The Department is committed to the achievement of sustainability in construction procurement. This concerns the procurement and delivery of building, engineering and refurbishment projects that promote environmental, social and economic gains now and for the future. All school projects that receive capital funding from the Department are expected to comply with the requirements detailed in Guidance Notes on sustainability issued by Construction and Procurement Delivery (CPD) within DoF.

All school building contracts include overarching requirements in respect of energy, water and low carbon design to ensure the accommodation is sustainable and energy efficient. Cycle shelters may also be incorporated into school design to encourage active travel to school. The Department works with Department for Infrastructure (DfI) and the PHA in support of their Active School Travel Programme, which aims to encourage more pupils to walk, cycle or scoot to school.

Building Research Establishment Environmental Assessment Method (BREEAM) is used to assess the environmental performance of new and existing buildings. Where possible, the Department requires all Major Works for schools to achieve a BREEAM rating of ‘excellent’ in new school builds and ‘very good’ for refurbishment projects. The Department’s building handbooks are designed to support the achievement of the appropriate BREEAM rating, within the affordability envelope for each project. Where appropriate, renewable energy sources are employed for the heating and power generation in schools.

The Department is also undertaking a pilot project across five recently announced Major Capital Works. The project will consider the costs and benefits realised from designing and constructing these new schools to enhanced energy efficiency standards. The integrated consultant teams responsible for the design work will be tasked with meeting near-zero emissions for the buildings. This requirement will be specified in slightly different way for two groups of the schools (one based on a BREEAM specification; the other based purely on energy consumption) with the aim of the pilot project also being used to assess the best mechanism for specifying the enhanced energy efficiency requirement. These five projects are at an early stage and the pilot will run throughout the complete design, approval, procurement, construction and early occupation life-cycle of each project.

An assessment of the impact of construction on ecology and biodiversity is undertaken as part of the BREEAM rating. The Schools’ Building Handbook specifies that outside space should satisfy the Department’s policy on biodiversity e.g. habitat replacement, bird boxes and bat boxes.

The recently passed Climate Change Bill confers statutory duties on all Departments. DE will work with the EA to develop our input the inaugural Climate Action Plan, which will set out the actions we propose to take. The Department is represented at Deputy Secretary Level on the Green Growth Strategic Oversight Group.

The Department’s waste management and recycling contracts are procured by CPD within DoF. Contractors have to deliver these services in accordance with the Sustainable Development Strategy for NI.

This Performance Report is approved and signed

Lianne Patterson

Lianne Patterson
Interim Accounting Officer
30 June 2022

ACCOUNTABILITY REPORT

3. CORPORATE GOVERNANCE REPORT

The purpose of the Corporate Governance Report is to explain the composition and organisation of the Department's governance structures and how they support the achievement of the Department's objectives.

3.1 Directors' report

Ministerial responsibility

Peter Weir MLA was Minister with responsibility for Education until June 2021. He was replaced by Michelle McIlveen MLA on 14 June 2021.

Senior officers

The Department is headed by the Minister for Education, supported by the Permanent Secretary, three Deputy Secretaries, a Chief Inspector, the Finance Director, DE Strategic HR Business Partner and two independent NEBM. There was one NEBM vacancy in 2021-22 but this has been filled from 1 May 2022. The composition of the Departmental Board during the year was as follows:

Mark Browne	Permanent Secretary
Fiona Hepper *Until 6 August 2021*	Deputy Secretary
Linsey Farrell *From 4 October 2021*	Deputy Secretary
John Smith	Deputy Secretary
Lianne Patterson	Deputy Secretary
Faustina Graham	Chief Inspector, ETI
Gary Fair	Finance Director
Marcella Phillips	Departmental Strategic HR Business Partner

Non-Executive Board Member(s)

Joan McEwan
Paul Corrigan (from 1 May 2022)

Pension liabilities

Treatment of pension liabilities is disclosed in accounting policy note 1.12 and in the Remuneration and Staff Report.

Financial instruments

Financial instruments are not material for the assessment of the Department's assets, liabilities, financial position and net expenditure (see note 9 in the Financial Statements section).

Company directorships

There are no company directorships or significant interests held by any of the senior management team members which conflict with their management responsibilities. Joan McEwan is a NEBM of the Patient and Client Council (an ALB of the DoH) and a voluntary Board Member of Engage with Age, a charity that provides support to older people experiencing isolation and loneliness. She has confirmed that these roles have not conflicted with her position as an independent NEBM of the Department. Lianne Patterson is a Non-Executive Director on the board of the Housing Finance Agency, Ireland and has confirmed that this role has not conflicted with her position as Deputy Secretary of the Department.

Auditor

The financial statements are audited by the Comptroller and Auditor General (C&AG) for NI in accordance with the Government Resources and Accounts Act (NI) 2001. He is head of the NIAO and he reports his findings to the NI Assembly. He and his staff are wholly independent of the Department.

The audit of the financial statements for 2021-22 resulted in a notional audit fee of £69k, for the Department and the Teachers' Superannuation Scheme (TSS), which is included in the administration costs in the SOCNE.

Equality statement

The Department, in carrying out its functions, has a statutory responsibility to have due regard to the need to promote equality of opportunity:

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- between men and women generally;
- between persons with disability and persons without; and
- between persons with dependants and persons without.

In addition, without prejudice to the above obligation, in carrying out its functions the Department is required have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

Complaints handling

Details of the Department's complaints procedure are available on the Department's internet site at DE Complaints Procedure (opens in a new window).

In 2021-22, 32 complaints were received under the procedure (however 1 was re-categorised as a Webmail query and 1 was withdrawn by the complainant), compared to 19 in the previous year. 5 of the remaining 30 complaints were escalations of previous complaints.

All complaints are analysed and lessons learned compiled into a year-end report which is considered by the Departmental Board. Complaints are centrally monitored for any emerging trends. Any such issues identified are raised with senior management for consideration and resolution.

Two complaints have been referred to the NI Public Services Ombudsman for investigation in2022-23.

Personal data related incidents

In line with the requirements of the Data Protection Act 2018/UK General Data Protection Regulation (UK GDPR), the Department has a data breach detection, investigation and internal reporting policy and process in place, which is published on the DE Intranet site for staff. The Department has a duty to report certain types of personal data breach to the ICO within 72 hours. In addition, if a breach is likely to result in a high risk of adversely affecting individuals' rights and freedoms, those individuals must be notified too.

In 2021-22, the Department did not have cause to report any personal data breaches to the ICO and data subjects.

Events occurring since the end of the financial year

Events after the reporting period relating to the 2021-22 financial year have been disclosed in note 21 in the Financial Statements.

Payment of suppliers

The Department is committed to the prompt payment of bills for goods and services received, in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

As part of the NI Assembly's efforts to support businesses during the current economic circumstances, Accounting Officers were asked to support a commitment to paying invoices within 10 working days.

During 2021-22, 96.84% (90.52% at 2020-21) of invoices were paid within 10 days and 99.30% (96.35% at 2020-21) of invoices were paid within 30 days.

The Department's performance both in terms of paying invoices within 10 days and 30 days can be viewed on the Account NI Website: NICS Prompt Payment Table for 2021-2022 (PDF 191KB) (opens in a new window)

No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Disclosure of information to auditors

So far as the Accounting Officer is aware, there is no relevant audit information of which the Department's auditors are unaware, and the Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

3.2 Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (NI) 2001, DoF has directed the Department to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the financial statements, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* (FReM) and in particular to:

- observe the Accounts Direction issued by DoF, 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* FReM have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable, and to take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

DoF has appointed the Permanent Secretary of DE as Accounting Officer of the Department. Due to the temporary absence of the Permanent Secretary, Deputy Secretary Lianne Patterson has been appointed by DoF as the Interim Accounting Officer.

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 Department's assets, are set out in the Accounting Officers' Memorandum issued by DoF and published in Managing Public Money NI (MPMNI).

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

3.3 GOVERNANCE STATEMENT

3.3.1 Introduction

This Governance Statement is a key feature of the Department's annual report and accounts. It provides details of how I, as the Accounting Officer, have ensured effective management and control of resources during the 2021-22 year, and of the action taken to ensure effective risk management and a high standard of corporate governance.

The Head of Internal Audit has provided me with a report on internal audit activity within the Department during the year and a satisfactory opinion on the Department's governance, risk management and internal control system. However, there has been one unacceptable opinion awarded in respect of the review of School Estate Management and there have been two limited opinions in respect of Strule SEC and Educational Maintenance Allowance (Draft). The latter report is currently being considered by management which may result in changes. In addition, three limited opinions remain after consideration of follow up reviews in respect of Minor Works, Additional Educational Needs and School Governance. An Annual Fraud Report was also drafted/finalised, which did not require an opinion.

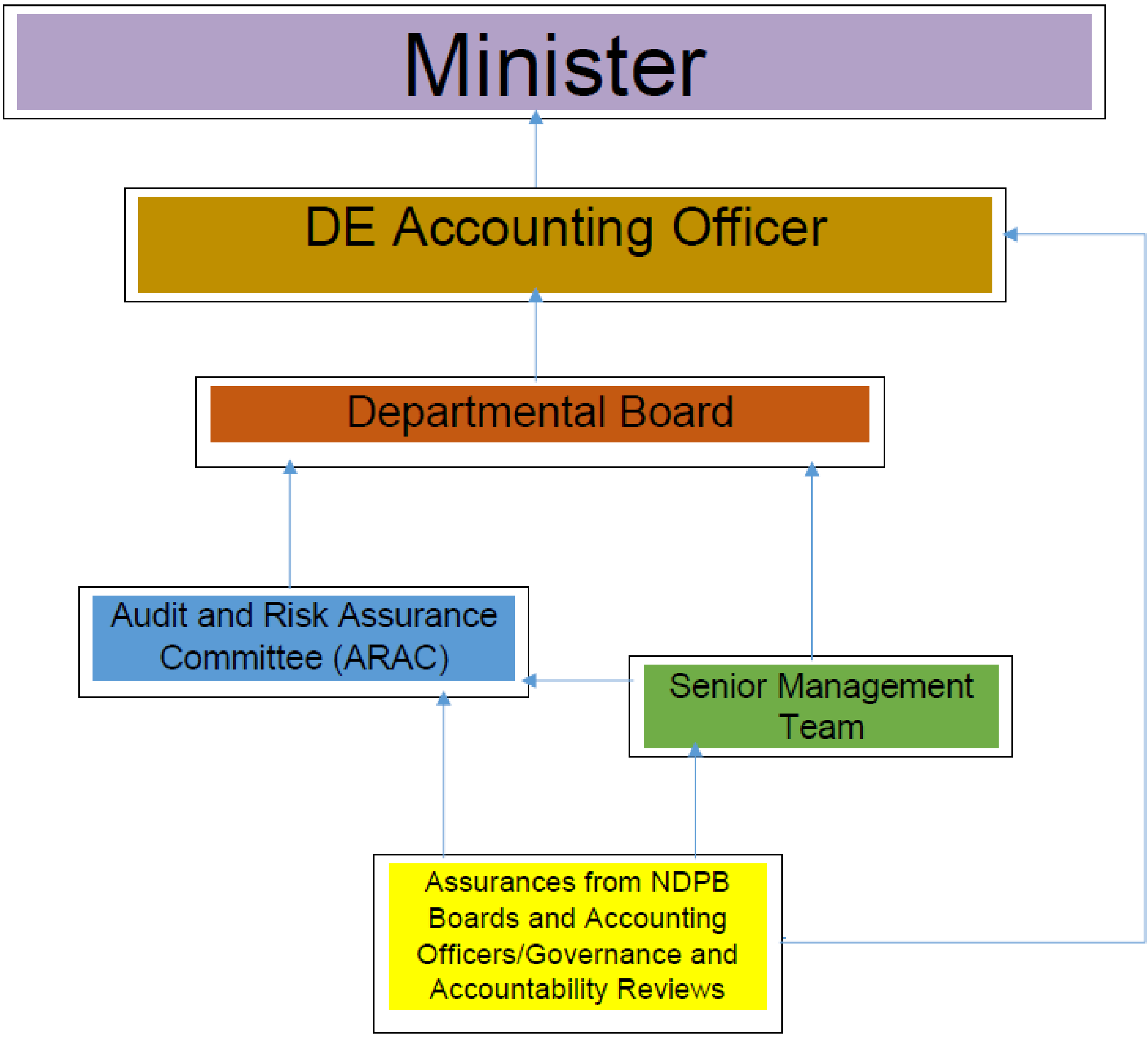
There was one DE specific audit completed within the NICS Cyber Risk Internal Audit Plan for 2021-22 namely Teachers Pensions system which was awarded a satisfactory opinion.

The following statement primarily focuses on the Department, as each of its eight sponsored NDPBs provides an equivalent statement within its published report and accounts.

3.3.2 DE's Governance framework

DE operates under the direction and control of the Minister of Education who is the Head of the Department. The Minister leads the Department and is responsible and accountable to the Assembly for the policies, programmes and actions of the Department. As Permanent Secretary, I am the Minister's principal adviser, the administrative head of the Department and the Accounting Officer. As the Accounting Officer, I am personally responsible and accountable to the Minister and to the Assembly for the effective management and organisation of the Department, including the use of public money and the stewardship of its assets.

The Department operates a detailed governance and accountability framework designed to help it oversee and hold to account the NDPBs which it sponsors. This is described more fully in section 3.3.9 below. In my role as the Accounting Officer, I function with the support of the Departmental Board, its ARAC and my Senior Management Team. This structure is outlined below:



The Departmental Board

The Department is managed by a Departmental Board which, within the strategic framework set by the Minister, supports me as Permanent Secretary in discharging my role.

The Departmental Board is chaired by me and comprises the three Deputy Secretaries; the Chief Inspector of ETI; the Finance Director; the Departmental Strategic HR Business Partner; and two independent non-executive directors. There has been one independent board member since January 2020; a recruitment competition has recently concluded with Mr Paul Corrigan taking up post on 1 May 2022). The role of the independent board members is to: provide an independent and external perspective on the work of the Departmental Board; bring some specific expertise to its discussions; and provide a constructive challenge across the Departmental Board's business. Other Departmental Directors have been invited to attend meetings where agenda items relevant to their business areas required their attendance to inform discussion. The Departmental Board's work is guided by a Corporate Governance Framework, which was reviewed in February 2022. During 2021-22, the Departmental Board met on 8 occasions.

Departmental Board Membership and Attendance 2021-22

A list of members is provided below along with details of their individual attendance records:

Board Member	Meetings Attended	Out of a possible
Dr Mark Browne (Chair)	8	8
Faustina Graham (Chief Inspector, ETI)	7	8
Fiona Hepper [1] (Deputy Secretary)	3	3
Linsey Farrell (Deputy Secretary)	3	4
John Smith (Deputy Secretary)	8	8
Lianne Patterson (Deputy Secretary)	8	8
Gary Fair (Finance Director)	7	8
Joan McEwan Independent Board Member and Chair of ARAC	7	8
Marcella Phillips [2] (Departmental Strategic Human Resource Business Partner)	5	6

[1] Fiona Hepper attended 3 meetings until her retirement on 6 August 2021. Linsey Farrell took up post on 4 October 2021 but sent apologies for the meeting on 14 October 2021
[2] Marcella Phillips attended meetings from June 2021. Janet Heath & Ann Moore attended in May 2021 and Carol Gordon attended in April 2021.

Due to the COVID-19 pandemic the Board met virtually throughout 2021/22.

The Departmental Board's role is set out in the Department's Corporate Governance Framework - March 2022 - Version 19 (PDF 1,062KB) (opens in new window).

During 2020-21, there were five categories of routine Board business. These reflected the areas set out in the Corporate Governance Framework:

- financial matters and allocations;
- business planning;
- policy and strategy;
- management including HR; and
- risk management and internal controls.

Conflicts of Interest

Every six months members of the DE Board are asked to sign a Declaration of Interest. Declarations are reviewed by the Accounting Officer and placed on the DE website at DE Register Interests (opens in new window) An explanation of how any actual potential conflicts will be managed is included.

Annually, all DE staff are asked to read the Conflicts of Interest guidance; disclose any actual, perceived or potential conflicts of interest in line with the Guidance, and record such interests on the Department's register of interests. Staff are reminded that the register of interests is a 'live' document, and as such, changes should be notified as and when they occur.

A signed Declaration of Interest has also been provided by the Special Adviser. As of March 2021, Peter Martin has declared that he is on a career break from Belfast Metropolitan College; is a former Democratic Unionist Party Councillor for Ards & North Down Borough Council; has three children who attend a local Primary School, and is a steering committee member of the Polish Heritage Flight. Where appropriate, action has been taken/arrangements have been put in place, in respect of individual interests, to avoid any conflict.

In compliance with Business Appointment rules, the NICS (and by extension DE), is transparent in the advice provided to individual applications for senior staff, including special advisers through the NICS HR Policy. Advice regarding specific business appointments is available in the HR Handbook (6.01 Standards of Conduct (opens in new window)); all former senior staff who have left the NICS are required to complete a declaration, Application to accept an outside appointment after leaving the NICS (opens in new window), which is held by HR Connect on the Department's behalf.

Board sub-committee

During 2021-22 the Departmental Board was supported by the ARAC.

ARAC

The ARAC is an independent advisory committee with no executive functions. Further information on its roles and responsibilities can be found at the attached link [DAO (DoF) 03/18 ARAC handbook (PDF 272KB) (opens in new window)]

The DE ARAC normally comprises four independent members. Two members are NEBMs, one of whom serves as the DE ARAC Chair. During 2021-22, Mrs Joan McEwan served as NEBM and ARAC Chair. However, the second NEBM post has been vacant since January 2020. This vacancy has now been filled, with Mr Paul Corrigan taking up post on 1 May 2022. The remaining two members are serving senior civil servants. During 2020-21, Gavin Patrick (Director of Finance, DfC and former DE Deputy Finance Director (2014 to 2019)) and Judith Andrews (Director of Revenue & Benefits, DoF) supported the DE ARAC as independent members.

Judith Andrew's term of office ended on 30 June 2021, however, she was temporarily co-opted to the ARAC from 18 October until 19 November 2021 to facilitate the review of the Department's 2020-21 Annual Report and Accounts. Judith was replaced by Mandy Kilpatrick (Principal Private Secretary to the Lady Chief Justice, Department of Justice in October 2021.

Throughout the year the Committee considered the findings from internal and external audit activity, including updates on whistleblowing and fraud cases along with the outcomes of key governance processes such as risk management, Governance and Accountability Review meetings and the biannual NDPB governance statements. In addition, the Committee invited various risk owners (DE Directors) to attend and provide assurance on their areas of responsibility.

Attendance 2021-22

Name	Meetings Attended	Out of a possible
Joan McEwan Chairperson	3	3
Judith Andrews	2	3
Gavin Patrick	3	3
Mandy Kilpatrick	2	2

It should be noted that due to circumstances beyond control, two ARAC meetings (June and September 2021) were unable to take place, however all papers and updates were issued to the Committee and cleared via correspondence.

3.3.3 Departmental Board Performance

I consider that the Departmental Board operated effectively during 2021-22, meeting regularly and considering relevant issues at the appropriate time. The Departmental Board fulfilled its role as set out at section 3.3.2 above.

2021-22 Review of Board Effectiveness

The annual evaluation of DE Board effectiveness for 2021-22 was initiated by way of a questionnaire for members in April 2022. A report is expected to be provided to the Board at its meeting in July 2022.

3.3.4 Highlights of Board committee reports

This section provides information on key areas progressed by the Departmental Board's ARAC.

The ARAC normally meet five times during the year, reporting at each subsequent Board meeting on the key issues discussed, and the full minutes circulated to Departmental Board members when finalised. It should be noted that due to circumstances beyond control, two ARAC meetings were unable to take place, however all papers and updates were cleared via correspondence.

The Chair met with the Head of Internal Audit in advance of each meeting to discuss current and emerging risks and issues. During ARAC meetings, the Committee received updates on priority Departmental issues. The ARAC continued to seek to understand and keep abreast of the main challenges facing the Department's NDPBs throughout the year and received regular high level updates on significant risks. Additionally, the DE ARAC has continued to receive an update on the GTCNI at each meeting.

The ARAC Annual Report for 2021-22, which summarises the work of the committee and provides its opinion on the comprehensiveness and reliability of the assurances available to support the Departmental Board and, particularly, to support the DE Accounting Officer in his accountability obligations is being prepared. The report will be timed to support finalisation of the DE Annual Report and Accounts, which are due to be submitted to the ARAC in June 2022.

The independent ARAC members' annual self-assessment for 2021-22 took place in April. It includes a review of the recommendations from the previous two years and the identification of the key areas on which to focus their attention in 2022-23.

3.3.5 Corporate Governance

As noted above, the Department has in place a Corporate Governance Framework which aligns with the *Corporate Governance in Central Government Departments: Code of Practice NI 2013*.

Subsidiary Governance Statements were prepared and signed by all Directors and have been used to prepare the DE Governance Statement.

Directorates were asked to confirm that no significant lapses of security took place during 2021-22. No significant lapses of security were reported.

3.3.6 Quality of the data used by the Departmental Board

The Departmental Board relies on four main sources of data to inform its deliberations. These are:

- statistical information (for example, data related to enrolments, attainment, attendance, workforce);
- financial information (including monitoring reports on capital and resource expenditure);
- HR information, mainly data on attendance management; and
- inspection evidence, mainly data used to compile the Chief Inspector's report and the annual report to the Departmental Board.

All statistics produced by the Department are designated as 'Official Statistics' and some are designated as 'National Statistics'. As such, they are produced in line with the eight principles and three supporting protocols set out in the UK Statistics Authority's *Code of Practice for Official Statistics*. Accordingly, the Departmental Board considers that it can take assurance regarding the quality of the statistical data it uses to monitor performance and inform decision-making.

The finance data presented to the Departmental Board are prepared from internal and external finance systems, which are supported by internal control frameworks. These are subject to both internal and external audit scrutiny across the education sector.

Information on attendance management is sourced from official reports provided by the Northern Ireland Statistics and Research Agency (NISRA).

Up until 2021/2022, the inspection data presented to the Departmental Board was prepared from the ETI's Management and Recording System. This is currently being replaced by a more dynamic and intuitive recording and reporting system, called InsPIRE. The InsPIRE capital project is at an advanced stage of development and will deliver significant benefits for the ETI and the department. The core workforce management and planning tool (the Scheduling module) went live on the IT Assist servers in February 2022 and is now being used to schedule the work of ETI starting from September 2022.

3.3.7 Ministerial Directions

Arrangements exist to respond to a situation where an Accounting Officer believes that he/she is being asked by a Minister to take a course of action that could potentially result in irregular expenditure, impropriety, or poor value for money. In such circumstances, the Accounting Officer may seek a formal Ministerial Direction to proceed. There has been one formal Ministerial direction issued during 2021-22:

- The Strule SEC is the first large scale shared campus of its kind and, given the absence of a comparable benchmark, the previous Accounting Officer indicated that he could not provide assurance that the programme provided value for money, and this has required the Minister to issue a Ministerial Direction in order for the programme to proceed. The Ministerial Direction was given in July 2021 to the Permanent Secretary.

3.3.8 Risk Assessment

The Departmental Board has responsibility for ensuring that an effective risk management process is in place and is regularly reviewed. In discharging this responsibility, it is supported by the ARAC and the Department's Internal Audit Team. NEBMs are privy to discussions in relation to Departmental risk at Departmental Board meetings. This arrangement, in conjunction with written and oral updates provided at each meeting, ensures that the ARAC is kept fully informed of the Department's risk profile to enable it to undertake its responsibilities effectively.

The DE Risk Management Framework (RMF) sets out the Department's approach to risk and the mechanisms through which potential risks to the achievement of the Departmental objectives are identified and evaluated. The RMF was updated in April 2021 to reflect working from home arrangements and other routine amendments and again in April 2022, particularly to strengthen the rules for risk registers at all levels in the Department.

The RMF requires that any Directorate residual risk that is assessed as "Orange" or "Red" must be reported to the Departmental Board, with the Minister also being informed of any "Red" risks. Contingency plans should also be developed and tested, where required.

Risk Management

The Departmental Board agrees the risks to be included in the Department's CRR and agrees ownership of each risk. The risk management process is integrated with normal management processes and informs the annual business planning cycle in order to link risk management and internal control with the Department's ability to fulfil its business objectives. Risk is managed in the Department by way of an on-line Risk Management Application, which hosts all risk registers at Corporate, Directorate, Programme/Project and Team levels.

At the start of 2021-22, the Departmental Board identified 14 corporate risks to the Department's ability to deliver progress in key priority areas. The Departmental Board reviewed its corporate risks regularly throughout the year, identifying changes that needed to be made to ensure effective categorisation and management of risk. The Departmental Board particularly ensured that risks were reviewed in the context of progress in delivering business plan commitments within the challenging environment of COVID-19 disruption across the Department and the entire education system.

There were no new risks added to the CRR during 2021-22, but one existing risk was removed in December 2021:

- Failure by GTCNI to deliver one or more of its statutory functions; or that dysfunction within the Council to impacts on GTCNI's ongoing effectiveness and/or causes reputational damage to GTCNI, the Department or the wider teaching profession.

This issue is considered within Corporate Risk 3, which deals more generally with weaknesses in the governance and accountability arrangements for the oversight of the Department's ALBs. It is also reflected in the relevant Directorate Risk Register.

Following consideration of the findings of an independent organisational review of GTCNI, the Minister stood down the Council on 13 December 2021 (see 'Significant Issues Arising' below). As the risk had materialised, it was now being managed as a live issue rather than a risk. As of 31 March 2022, the CRR comprised 13 risks.

Additionally, each directorate/business area was required by the Departmental Board to have in place appropriate arrangements for managing risk at a lower level.

The Department is dependent on its ALBs for the delivery of policies and services. The Department needs to be assured that risk is being managed effectively by all of its ALBs, and they must in turn provide assurance to DE on risk management, governance and internal control.

With this in mind, all ALB and DE Directorate risk registers were examined during 2021-22 and reports were provided on the findings in relation to:

a) the alignment of risks to those in the Department's Risk Register; and
b) the standard of risk registers and their adherence to the principles of risk management contained in the Department's RMF.

Reports were provided to the Departmental Board and ARAC throughout 2021-22.

Significant issues arising during 2021-22

During 2021-22 the Department managed a number of significant issues in relation to:

- 2022-23 Budget Position
- EA 2021-22 Financial Position
- Continued adaptation to COVID-19, including provision of remote learning and Alternative Awarding Arrangements
- Dissolution of GTCNI Council
- Safeguarding and Child Protection
- Oversight of EA's Strategic Development Programme (SDP) for SEN and Disability
- Placements for Children with Statements of SEN

- EA IT Projects – EA One (HR & Payroll) Project / Education Information Solutions (EdIS) formerly Education Technology Services (ETS) C2k Replacement
- Preparation and planning for the development of the 2nd SAP and SESAP which will cover the 5-year cycle 1 September 2022 to 31 August 2027
- Strule Shared Education Campus (SSEC) Programme
- Teachers' Pay and Pensions for 2021 and 2022
- Fraud Prevention and Whistleblowing
- Staff vacancies and absences
- Youth Council for NI (YCNI)
- The Integrated Education Private Member's Bill

2022-23 Budget Position

Departmental Budgets for 2022-23 onwards have not yet been finalised, however without significant additional funding, the budget position for the DE is likely to be extremely challenging given the scale of pressures facing the sector.

The Assembly passed the Budget Act (NI) 2022 in March 2022 which authorised the cash and use of resources for all departments for the 2021-22 year, based on the Executive's final expenditure plans for the year. The Budget Act (NI) 2022 also included a Vote on Account which authorised departments' access to cash and use of resources for the early months of the 2022-23 financial year. The cash and resource balance to complete for the remainder of 2022-23 will be authorised by the 2022-23 Main Estimates and the associated Budget Bill based on an agreed 2022-23 Budget. In the event that this is delayed, then the powers available to the Permanent Secretary of the DoF under Section 59 of the NI Act 1998 and Section 7 of the Government Resources and Accounts Act (NI) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

While there is no agreed Executive Budget, the Education Minister realises the importance of schools and other education bodies having an indication of the 2022-23 resource allocation available to them in order to assist with financial planning. Therefore following decisions by the Education Minister, the Department has advised them of a resource position for 2022-23 for planning purposes.

EA 2021-22 Financial Position

The EA's financial position poses a significant financial risk to the overall Department's budget due to the quantum of the EA's budget. Therefore, the Department robustly engages with the EA throughout the year in assessing its financial position.

From a financial planning viewpoint this year has been difficult for the EA, as it continued through the COVID-19 pandemic, with ongoing restrictions continuing to be in place throughout the year. Clearly this has impacted on the EA's 2021-22 financial position.

The Department successfully secured COVID-19 funding from the Executive in-year, which included funding allocated to schools to mitigate the additional costs associated with COVID-19. The impact of restrictions and additional funding resulted in an improved in-year school financial position, with increasing surpluses and decreasing deficits. The Department declared an easement of £34.5m, as a result of increasing schools surpluses at January Monitoring. The improved schools' financial position, along with significant in-year funding has also had a positive impact on the EA's Block Grant. That is, the EA's latest forecast outturn shows an overall net underspend of c£3m across EA Budgets.

In line with Executive's commitment to address resourcing pressures in schools the ASB increased by £95.1m in 2021-22 from the ASB in 2020-21. However, this combination of factors masks the continuing significant financial pressures facing the education sector. That is, between 2010-11 and 2019-20, the education budget had reduced by £229m in real terms, and while the budget outcomes in 2020-21 and 2021-22 have provided additional funding for education, a gap still remains. At the same time as a real terms reduction in the education budget in the past decade, the school population has increased, as has the number of children presenting with SEN. The education sector therefore faces extensive unavoidable cost pressures and rising service demands associated with delivering statutory and policy obligations. The cumulative effect of this has been a significant deterioration in the financial health of schools.

Similar to 2020-21, COVID-19 has also impacted on the progression of recommendations from the EA Surplus and Deficit Working Group and the NIAO's Financial Health of Schools report in this financial year.

Looking ahead to the 2022-23 financial year, the Department will continue to challenge the EA in relation to the robustness of its forecast in-year pressures. In relation to schools' spend, the Department is working with the EA to bring COVID-19 support funding more closely into line with existing CFS arrangements, with a focus on ensuring that financial support is targeted to where there is greatest need.

Continued adaptation to COVID-19, including provision of remote learning and Alternative Awarding Arrangements

The Department continued to engage closely with a range of stakeholders to inform its response to a range of COVID issues, including the DoH, the PHA, the Department's ALBs, Trade Unions and the Practitioners Group of School Principals:

After the 2021 Easter Break, all schools were permitted to open for all pupil groups after the period of mass remote learning during the previous term. The Department's COVID-19 guidance to schools and educational settings continued to be revised throughout the 2021-22 reporting period to reflect the changing public health position. This included a fundamental reshaping of the guidance in August 2021 ahead of the new academic year.

2021-22 saw a number of mitigations continue to be recommended in guidance in areas such as the use of face coverings by post-primary pupils in classrooms, the provision of regular asymptomatic testing for pupils in post-primary and special schools and all staff, the maximisation of ventilation and self-isolation in line with PHA guidelines. Changes in the approach to contact tracing and the definition of a school-based close contact in September 2021 were agreed with the Minister of Health and these significantly reduced the number of pupils having to self-isolate as close contacts. No further mitigations were recommended in guidance since the start of the 2021-22 academic year.

After September 2021, ETI inspectors resumed normal district inspector duties, including undertaking monitoring visits and thematic evaluations, while still responding to schools which raised COVID-19 related issues with them. In pre-school and youth, ETI District Inspectors continued to provide advice and guidance to settings in their locality. During 2021-22, ETI embarked on a programme of engagement with the education system in relation to school improvement with a focus on building capacity to ensure sustainability in improvement processes, and to consult widely on the development of a quality improvement strategy for the future. This is an important step in giving schools the opportunity to self-evaluate and build their capacity within the education sector as they move on from COVID-19.

Public examinations had been cancelled in January 2021. During the 2021-22 business year, the Department worked closely with CCEA to implement alternative awarding arrangements for Summer 2021 whereby schools provided “CDG” and samples of candidates' work from every school and college in NI were reviewed by CCEA. The Minister issued a direction under Article 101 of the 1986 Education and Libraries (NI) Order to CCEA setting out the decisions on alternative awarding arrangements for 2021 that he required CCEA to implement. This process was implemented smoothly with an extremely low number of qualification appeals.

In May 2021, the Minister announced that examinations would resume in the 2021-22 academic year with wide ranging adaptations to CCEA qualifications. Students have been permitted to omit one unit of assessment from the vast majority of GCSE and GCE qualifications, reducing the number of exams that need to be taken. In Autumn 2021, the Minister further agreed that CCEA will ensure that examiner judgement is at the centre of the Summer 2022 awarding process and takes account of the significant disruption that young people have encountered. Through this approach, student interests will be protected and comparability across qualifications will be maintained. Bespoke arrangements, including a reserve examination series in late June 2022, have been put in place for young people who miss examinations due to COVID-19 in order to ensure as many young people as possible are enabled to complete their qualifications.

The Department also undertook a number of initiatives throughout 2021-22 to mitigate the impact of COVID-19 on children and young people, including:

- Continuation of the Engage programme (providing additional learning and developments support for pupils most severely affected by the COVID-19 restrictions and school closures);
- Financial support for youth services (particularly Outdoor Education Centres severely impacted by COVID-19 restrictions);

- Support for vulnerable children through Sure Start; a range of EA services (including the Child Protection Support Service for Schools; the Children Looked-After Education Service, the Intercultural Education Service; Education Otherwise Than at School (EOTAS) services, the Education Welfare Service, Schools' Counselling Service and the Youth Service); and contingency guidance for schools and other educational settings entitled "Support Vulnerable Children and Young People";
- Continued financial assistance to support the childcare sector during the pandemic, with a further Childcare Sustainability Fund and COVID-19 Childcare Temporary Closure Fund remaining in place until 31 March 2022;
- Continued financial assistance by way of a school holiday food grant until Easter 2022; and
- Support for Irish-Medium schools to mitigate impact on language acquisition.

Dissolution of GTCNI Council

Internal Audit has again advised that an overall unacceptable opinion is appropriate for GTCNI for 2021-22. The key factors which have informed this opinion are unchanged from 2020-21, namely:

- Investigation work carried out within GTCNI has identified important control weaknesses in relation to corporate governance which have the potential to impact on the overall achievement of corporate objectives.
- Information Management has been deemed unacceptable for the last two years. Following a significant data breach in March 2021 steps have been tighten access, physical security and records management within Albany House. Improvements have also been made to increase the protection of GTCNI's electronic records. The Chief Executive Officer (CEO) has developed a project specification for recruiting an IT specialist to holistically address all identified IM weaknesses. While this remains a work in progress and will be impacted by the Minister's decision to legislate to dissolve GTCNI, the Executive team remain committed to making progress on all outstanding IM audit concerns and the Department is continuing to monitor their progress in this matter.
- GTCNI do not have an adequate business continuity process in place, which means that, in the event of a disaster, GTCNI business operations may be vulnerable.
- Failure to fully deliver on all statutory functions. Regulation is one of GTCNI's core functions and it is now apparent that this cannot become fully operational without amending primary legislation.

In November 2021, the Department received the report from an independent effectiveness review of GTCNI's Council and Committees. This report found that GTCNI's leadership was highly ineffective and deeply divided, with poor personal relationships and limited trust among Council members leading to its failure to materially address any of the previously identified governance and audit weaknesses within GTCNI. It concluded that the organisation, as currently structured, was irredeemably flawed and should be dissolved at the earliest opportunity. It also recommended, given the degree of toxicity it had identified, that the current Council should be stood down immediately. The Minister accepted both these recommendations and announced the standing down of GTCNI's Council on 13 December 2021. GTCNI's CEO had confirmed an intention to step down from GTCNI prior to this announcement. Given the limited remaining lifespan for the organisation, DE elected to appoint a Departmental official (Grade 6) to act as interim Chief Executive for GTCNI until its dissolution.

A consultation on possible options for the replacement of GTCNI launched in June 2022. This will inform the drafting of the required legislative changes. As evidenced above, GTCNI has, for some considerable time, been failing to meet normal governance requirements for NDPBs. It would be wasteful of Departmental resource to continue to apply normal NDPB governance systems to an organisation which cannot meet these and which will be legally dissolved within the next 18-24 months. Accordingly, the interim CEO will continue to be line managed within DE, directly reporting to the Director for Promoting Collaboration and Tackling Disadvantage. To enhance this arrangement and further strengthen ongoing accountability, DE is also working to develop simplified governance and financial reporting processes which can still be applied until the GTCNI is wound up. In doing so it will be seeking to agree these mechanisms with key stakeholders such as the NIAO and DoF.

Safeguarding and Child Protection

The Department continued to engage throughout the year with the EA and other managing authorities as required on child safeguarding and protection issues, including follow-up to ETI inspection findings and internal audit reports. Officials continue to work with the EA on options to mitigate the risk of recurrence of previous incidents in relation to the safeguarding of pupils on buses. The EA confirmed that there is an appropriate focus on ensuring that the required Accessing checks are carried out for drivers transporting pupils and is developing a Business Case for improving safeguarding arrangements for transport.

On 27 March 2021, the Minister wrote to schools to indicate that Safeguarding and Child Protection Regulations as outlined in DE Circular 2017/04 would remain applicable to education services during the pandemic and the EA issued guidance for education staff at his request. To ensure teachers, parents and carers had the knowledge they needed to keep children safe online in a climate of increased remote working, the iNEQE Safeguarding Group offered the Department use of their Safer Schools App on a trial basis during the COVID-19 pandemic. The Direct Award Contract that was awarded to iNEQE to provide this service for a further year from 23 February 2021 pending a full procurement exercise has been extended for a further 6 months until 22 August 2022.

Everyone's Invited is an anti-rape culture organisation, founded in June 2020 which allows survivors of rape culture to share their stories through testimonies shared anonymously. The website published a list of schools which had been mentioned in testimonies from pupils and 32 NI schools are included. In response to these testimonies, Ofsted commissioned a review into safeguarding in schools which was published in April 2021. The ETI has also been commissioned to undertake an effective safeguarding evaluation within NI Schools and the

Department has established a working group, the membership of which includes DE, DoH, ETI and the EA to consider the appropriate response for this jurisdiction and a draft action plan has been developed and approved.

Oversight of EA's Strategic Development Programme for Special Educational Needs and Disability

A number of independent reviews including by the NI Audit Office, PAC, and NI Commissioner for Children and Young People have been completed on support provided for children with SEN. A total of over 150 recommendations have subsequently informed a comprehensive transformation agenda and are being taken forward through the EA's SEND SDP with oversight provided by the Department's Governance Group which is chaired by the Permanent Secretary.

The timeframe for Phase 1 of the SDP was initially across 2021-22, 2022-23 and 2023-24 academic years, however this was subject to approval of the EA business case and funding being available. Unfortunately no funding was secured during 2021-22 and the timeframe has been re-profiled across the 2022-23 and 2023-24 academic years; implementation is subject to business case approval. Subsequent phases of the programme will follow beyond 2023-24 (including the implementation of reformed SEND services models which are developed during Phase 1), but these will be dependent on subsequent programme business cases being brought forward.

Placements for Children with Statements of SEN

Each year children are identified as requiring either a new or change of placement as a result of an Annual Review of their statements, or as they undergo the Statutory Assessment Process to determine appropriate provision and placement.

Inclusion and Well Being Directorate led on the placement of children with Statements of SEN in special schools and specialist provisions in mainstream settings. This was, and remains a priority for both the Department and the EA. All children with a Statement were placed in an educational setting appropriate to their needs in time for September 2021, and the Department is working in partnership with the EA to identify suitable placements for September 2022.

EA IT Projects – EA One (HR & Payroll) Project / Education Information Solutions (EdIS) formerly Education Technology Services (ETS) C2k Replacement

As the sponsor Department, DE has a particular interest in these EA programmes and projects given the scale, strategic importance and the estimated costs involved.

<u>(i) EA One Project</u>

To modernise and integrate its legacy Finance and HR systems, the EA undertook a major IT Project that covers procurement, finance, HR and payroll. Phase 1 of the Project went live in December 2016 with the procurement and finance elements. The online recruitment module, went live during 2019-20. However the remaining HR and Payroll elements of the Project have been subject to delay due to solution complexity issues and resource constraints that were not fully understood when the Project commenced.

A decision was taken in January 2021 to delay the go-live rollout of the project from April 2021 until October 2021 due to the ongoing impact of COVID-19 on schools. A key recommendation of the EA One Gateway Report in September 2021 was to consider a less aggressive implementation timeframe to reduce risks to delivery. The EA One Project Manager has advised that re-planning of the implementation and cutover for the remaining payroll will impact the delivery timeframes of the project, which is now expected to complete in 2023. As a result of the extended implementation schedule an addendum business case is now required. The addendum was submitted to the Department on 30 May 2022 and is currently going through the review and approvals process.

The Department meets with the EA One Project every six weeks to discuss the project's progress including the key risks to delivery. The Department is also represented on the EA One Project Board and provides a challenge function through the DE ICT Programme Board, the DE Board and the DE ARAC.

(ii) Education Information Solutions (EdIS) formerly ETS (C2k Replacement)

The EA is currently taking forward the procurement of a replacement ICT service to provide critical systems infrastructure and applications to deliver modernised, integrated ICT services to schools (EdIS).

Due to ongoing delays to the implementation of the EdIS programme, the EA submitted an addendum business case to seek approval for a further extension via modification to the Education Network EN (ni) contract (also known as the c2k service). The addendum business case has been approved by DoF and allows for extension of the current contract to March 2024. This is to enable continuity of IT services to schools and support transitional arrangements to the EdIS programme.

As the procurement of the subsidiary projects will not be implemented in line with the initial ETS OBC timeline of March 2022. A draft addendum business case to seek DoF approval to extend the implementation timelines to March 2024 was submitted to the Department and is currently with DoF Supply for approval.

Significant risks remain regarding the successful delivery of the EdIS programme and as previously reported, the programme has had ongoing resourcing issues. The programme is currently working through a proposal to address the key issue, namely the retention of project managers. The proposal seeks to establish a project management office within the EA, resourced with permanent staff contracted out to projects.

The Department continues to challenge the EA to ensure delivery of this key Programme through regular six weekly meetings between EA Programme staff and DE officials and at the DE ICT Programme Board Meetings. The DE Board and the DE ARAC are provided with regular updates.

Preparation and planning for the development of the 2nd Strategic Area Plan (SAP) and Special Education Strategic Area Plan (SESAP) which will cover the 5-year cycle 1 September 2022 to 31 August 2027

While there has been some progress towards a sustainable network of schools (the number of schools falling below the recommended minimum enrolment thresholds has reduced from 542 to 372 and the number of children being educated in schools falling beneath the aforementioned thresholds has fallen from 59,000 to 43,000), more progress is needed. The first regional SAP will conclude in August 2022. Given the levels of unsustainability that remain in the system, a substantial work programme was implemented and delivered during 2021-22 with a view to supporting the development of the second Strategic Area Plan (SAP2) and first SESAP.

This programme included the development of trend and baseline analysis (Sustainability Baseline Report) of the impact of area planning activity over the 10-year period commencing 2010-11; revision of area planning guidance and preparation of a simplified user guide to the Sustainable Schools Policy; and the development and delivery of a number of "agile" processes to make changes to approved admission/enrolment numbers at primary schools outside the formal DP process.

Area Planning Challenge and Strategic Insight Labs were also run with key stakeholders to examine the challenges of sustainable rural education provision and the development of a more collaborative and exploratory approach to potential solutions for education provision across different geographies.

In the context of the SESAP, Ministerial endorsement was secured for two frameworks brought forward by the EA for Specialist Provision in Mainstream Schools and Special Schools as part of the EA's wider Area Planning Strategy. Both frameworks will support more agile and responsive planning for SEN provision.

In addition, a pilot exercise was undertaken by the EA on the Department's behalf to scope and test a new process to effect change to Specialist Provision at Mainstream Schools without the need for the publication of a statutory DP and Ministerial approval secured for a second pilot to test the robustness of the new SEN Area Planning Frameworks and establish a robust baseline for the future strategic area planning of SEN provision across mainstream and standalone settings for the new Area Planning Cycle (2022-2027).

Strule Shared Education Campus (SSEC) Programme

Throughout the 2021-22 financial year, COVID-19 continued to impact upon Programme progress within the Department, the EA and within schools.

Some DE and EA staff continued to be seconded onto COVID-19 recovery and Education Restart activities during the financial year, though this was not to the same extent as the previous financial year. Progress in the development of the Funding Model, the Education Model Plan and Business Case, and the Ownership, Governance and Management arrangements for the Campus in particular were impacted by COVID-19. The Department continued to work closely with the six principals and their teams to build on the culture of sharing in Omagh, albeit within a challenging environment as schools continued to manage ongoing disruption.

As referenced in Section 3.3.7 above, following Executive endorsement, a Ministerial Direction was issued to the Permanent Secretary in July 2021 which enabled the programme to progress to the next phase of construction. The Department formally commenced a fresh Main Works procurement competition with the release of the Invitation to tender on 13 December 2021.

Construction is now currently planned to complete early 2026, with full campus opening planned for September 2026. Work is on-going on the Programme FBC. This is a significant exercise and is being conducted to a challenging timeframe, prior to any award of a Main Works contract. A recent Gateway Review in April 2022 assessed the overall delivery confidence of the project as Amber i.e. successful delivery of the project on time, cost and quality appears feasible, but significant issues exist requiring management attention. The Gateway Review has made a number of recommendations, which are being taken forward by the Project Team via an action plan with progress reported quarterly to the Programme Board. A number of the recommendations are already in progress.

Teachers' Pay and Pensions for 2021 and 2022

The Northern Ireland Teachers' Council (NITC) submitted a pay claim for 2021-22. A number of 'without prejudice' discussions took place between Management Side and NITC representatives to consider their pay claim. On 7 February 2022 a formal offer of a two-year pay deal worth c. 3.2% from 1 September 2021 was made to the NITC. At a meeting of the Teachers' Negotiating Committee on 16 February 2022, the NITC advised that they were rejecting the pay offer citing that it was inadequate; did not reflect the current inflationary situation or pending national insurance increases; and did not take into account the work that their members had done during the pandemic. The pay offer had been made despite a very difficult financial situation and would have led to a completion of the pay negotiations for 2021-22 and 2022-23 during the current mandate. It would have seen the removal of the bottom point of the current teachers' pay scale and the addition of a further point at the top of the scale, with a similar approach applied to each of the pay ranges for school leaders. Management Side have recommenced engagement with NITC representatives.

Production of the NI Teacher's Pension Scheme Annual Report and Accounts for 2020-21 has been delayed primarily due to issues around the implementation of the new Teachers' Pension System and the associated Financials Module. Whilst the system issues have now been resolved and the Department has made steady progress in addressing the resulting backlogs in respect of the 2020-21 accounting processes it will take several months to fully recover the time lost due to the delays and to bring the accounts up-to-date. Based on current planning assumptions the 2020-21 accounts will be complete by the end of 2022 and the 2021-22 accounts shortly thereafter.

Fraud Prevention and Whistleblowing

The Department's fraud and whistleblowing arrangements were reviewed as part of the Internal Audit Plan and it was concluded that they are compliant with current best practice.

Fraud monitoring and reporting arrangements have been effectively maintained throughout the year. During 2021-22, the Department continued to work closely with the EA on their investigation of a serious fraud relating to a number of schools' compliance with the Voluntary Exit Scheme criteria. The Department has sought regular updates and assurances on wider issues and continues to review the relevant policy and guidance.

Staff vacancies and absences

As of 31 March 2022, the Department's headcount was 520.8 fulltime equivalent staff who play an important role in the delivery of services to the Minister, education sector and citizens. However, the Department is carrying a significant number of vacancies (73, as of March 2022), which is placing significant strain on staff. This is primarily due to a backlog of all recruitment competitions due to COVID-19; however the pressure was somewhat alleviated during 2021-22 through a number of recent successful recruitment competitions. Nonetheless, it is expected to take some time to fill vacancies as NICS HR work to reduce the backlog across the system; the Department continues to liaise with NICS HR to fill vacancies as quickly as possible.

The most recently validated information from NISRA indicated that the Department recorded 8.5 days lost per full time equivalent member of staff for 2021-22, which is an increase from 6.4 days lost in 2020-21. The sickness absence for NICS overall in 2021-22 was 12.2 days lost per full time equivalent member of staff.

While the Department has seen an increase in staff absence, the results of the 2021 NICS People Survey indicate high levels of satisfaction within DE across a range of themes. A key indicator of staff satisfaction is the Engagement Index, currently 59% for DE. Although there has been no percentage change from 2020, the score preserves the Department's upward trend from previous years, 59% in 2020, 55% in 2019, 52% in 2018, 50% in 2017 and 48% in 2015 and indicates we are making incremental improvements.

Youth Council for NI (YCNI)

Since the restoration of the NI Executive and the appointment of an Education Minister, the Department has been working on the development of options regarding the future of YCNI. This work was delayed due to closure of the majority of youth service provision and with resources diverted to address the need of young people during the pandemic. Work recommended early in 2021, including a survey of the youth sector for views on the future role of the YCNI to inform options for the Education Minister. A Ministerial decision on the way forward is expected to be taken in 2022-23.

The Integrated Education Private Member's Bill

The Integrated Education Bill passed Final Stage on 9 March 2022 and will come into force six months after receiving Royal Assent. It will have a range of implications across the Department for workload and budget – potentially capital as well as resource – during the 2022-23 Business Year.

Update on prior year significant issues

The remaining prior year significant issues were as follows:

- Industrial Action by Teacher Unions
- DE Transformation Programme
- Appointments to the Department's ALBs and school Boards of Governors
- National measures of system performance

Industrial Action by Teacher Unions

An offer and settlement set out within the Teachers' Pay and Workload Agreement 2017-19 was formally accepted by NI Teachers' Council on 28 April 2020, bringing to an end all industrial action at the time.

During the course of 2021-22, the Workforce Review Project to deliver the nine reviews contained within the Agreement has been well progressed. The reviews are expected to address teacher concerns about workload and accountability and improve the efficiency and effectiveness of the education system. Eight reviews are now underway with two reports under consideration by the project Oversight Group. The reviews are being delivered in a joined-up manner via working groups with representatives from management and teacher unions to ensure that proposals are developed in the most collaborative manner. The project is due to complete by the end of 2022-23.

DE Transformation Programme

In March 2021 the Minister decided to formally close the Programme, in light of the lack of certainty around the additional funding required and the wider financial pressures on the Departmental Budget in 2021-22, as well as the redeployment of resources to COVID-19-related priorities. However, transformation and improvement efforts continue across the Department in line with the Business Plan with progress kept under regular review by management, ARAC and the Board.

The scope of the Independent Review of Education is very much in the sphere of transformation and it will specifically consider many aspects of the former Transformation Programme. In September 2021, the Minister appointed the Panel to undertake the Independent Review of Education. The Review was a commitment within New Decade, New Approach, which stated that the Executive would *"establish an external, independent review of education provision, with a focus on securing greater efficiency in delivery costs, raising standards, access to the curriculum for all pupils, and the prospects of moving towards a single education system."*

The Panel was appointed by the Minister, following an open public appointments process and commenced work in October 2021. The Panel is expected to deliver against the Terms of Reference agreed by the Executive. During 2021-22, the Panel commenced its work by gathering evidence, engagement with stakeholders and developing its understanding of the strategic context. This included the delivery of a public survey with 1,300 responses.

The Panel is expected to deliver an interim report by October 2022 and final report by April 2023.

Appointments to the Department's ALBs and school Boards of Governors

All Ministerial appointments to the boards of the Department's ALBs were completed in 2021; therefore no significant vacancies exist and the boards are able to function (with the exception of GTCNI and YCNI, for the reasons outlined above). The appointment and nomination of DE Governors resumed in March 2021 following a prolonged suspension due to the COVID-19 Pandemic. The impact on schools was mitigated during this time by a number of factors, including existing DE Governors being able to remain in post until such times as they are replaced.

National Measures of System Performance

The use of Alternative Awarding Arrangements based on teacher professional judgement in 2020 and again in 2021 meant that outcomes are not directly comparable with and cannot be measured against previous years. The Department continues to work on identifying and developing new/alternative measures of performance to enable comparisons with other jurisdictions.

3.3.9 NDPB Governance Framework

The Chief Executive of each of the Department's NDPBs is designated by the Departmental Accounting Officer as the Accounting Officer for his or her organisation. The allocation of accounting officer responsibilities is set out in the Statement of Accounting Officers' Responsibilities on page 43.

During 2021-22 the Department adopted a robust framework for ensuring effective governance within its existing NDPBs and to provide the Accounting Officer with assurance that designated accounting officers were fulfilling their responsibilities. Key features of this framework included:

- a requirement to ensure compliance with statute and with the body's Management Statement and Financial Memorandum;
- arrangements to ensure that NDPB business plans reflected and supported the delivery of the Education Minister's strategic priorities, particularly those related to raising standards and closing the attainment gap;
- monitoring of progress in delivering agreed business plan targets;
- regular, formal Governance and Accountability Review meetings chaired by the Permanent Secretary and attended by the respective chief executives and chairs;

- the completion of mid-year governance statements which provided confirmation (and, where necessary, evidence) that required processes were being followed;
- regular engagement between DE directors and senior NDPB counterparts; and
- the regular attendance of a senior DE member of staff as an observer at meetings of each NDPB's audit committee and routine and timely feedback from these meetings.

In adherence to the NIAO's review of ALB oversight arrangements, the DE Sponsorship Manual 'Governance and Accountability Arrangements for the Oversight of ALBs' is reviewed on an annual basis. This was reviewed in December 2020 to reflect organisational changes within the Department, with the next review scheduled for mid-2022.

NDPB Governance Statements

The DE Governance Statement needs to reflect, and be informed by, the content of the Governance Statements of the NDPBs for which the Department is accountable. Accordingly, the Department requested sight of the draft Governance Statements from all of its executive NDPBs by March 2022. All draft Governance Statements were received by March with the exception of GTCNI which was not received until 5 May. These have been reviewed by the Department, taking into account guidance on compliance and content contained in Annex 3.1 of Managing Public Money NI, the related fact sheet provided by NIAO, and previous feedback provided by the Department.

Bodies were asked to submit their final draft statements to DE by 22 April. Finalised Governance Statements were received from the ALBs by 26 April with the exception of the CCEA and MCA. Final draft Governance Statements were received from CCEA on 4 May and MCA on 9 May. Feedback was provided to GTCNI on 17 May and a final draft statement was received on 27 May. A subsequent analysis by DE indicated that the feedback provided had largely been taken account of by the bodies prior to submitting the final draft Statements. The Department also used its analysis of the draft Governance Statements to ensure that its own statement captures all relevant significant issues (see section 3.3.8).

3.3.10 Conclusion

In conclusion, it is my assessment that DE operates an appropriately rigorous system of governance and accountability which I can rely on as the Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively and appropriately. Where significant issues have arisen that could affect the principles of regularity, propriety or value for money I am satisfied that appropriate action is being taken to address these.

4. REMUNERATION AND STAFF REPORT

The remuneration and staff report sets out the Department's remuneration policy for Ministers and the Departmental Board, reports on how that policy has been implemented and sets out the amounts awarded to them and, where relevant, the link between performance and remuneration. In addition, the report provides details on remuneration and staff that the Assembly and other users see as key to accountability.

Remuneration Report

4.1 Remuneration policy

The pay remit for the NI public sector, including senior civil servants (SCS) in the NICS, is approved by the Minister of Finance. The Minister set the 2021-22 NI public sector pay policy (March 2021).

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay awards for NICS staff, including SCS, for 2020-21 were paid in June and July 2021. The pay awards for 2021-22 were paid in September and October 2021.

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

4.2 Service contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for NI specifies the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commissioners for NI can be found at NICS Commissioners (opens in new window).

4.3 Remuneration and pension entitlements

The following sections provide details of the remuneration and pension interests of the Minister and most senior management (i.e. Board Members) of the Department.

4.4 Remuneration and pension entitlements (Audited)

Remuneration and pension entitlements – Ministers (Audited)

Minister	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1000)		Total (to nearest £1000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Peter Weir MLA (to 14 June 2021)	7,811	38,000	-	-	3,000	12,000	10,811	50,000
Michelle McIlveen MLA (from 14 June 2021)	32,728	-	-	-	9,000	-	41,728	-

* *The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

Remuneration and pension entitlements – Officials (Audited)

Officials	Salary (£000)		Pension Benefits* (£000)		Total (£000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Mr Derek Baker *Permanent Secretary To 27 November 2020*	-	80-85 (120-125 full year equivalent)	-	80	-	160-165
Dr Mark Browne *Permanent Secretary From 1 March 2021*	120-125	5-10 (115-120 full year equivalent)	221	1	340-345	5-10
Mrs Fiona Hepper *Deputy Secretary To 6 August 2021*	35-40 (100-105 full year equivalent)	95-100	35	53	70-75	150-155
Mrs Faustina Graham Chief Inspector	95-100	35-40 (90-95 full year equivalent)	124	62	220-225	95-100
Mr Gary Fair *Director*	80-85	75-80	32	42	115-120	115-120
Mr John Smith *Deputy Secretary*	100-105	95-100	46	51	145-150	145-150
Mrs Lianne Patterson *Deputy Secretary*	100-105	100-105	30	69	130-135	170-175
Mrs Linsey Farrell *Deputy Secretary From 4 October 2021*	45-50 (95-100 full year equivalent)	-	47	-	95-100	-
Mrs Joan McEwan** Non-executive Director	5-10	5-10	-	-	5-10	5-10

* *The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

***The Department and non-executive directors may terminate the appointment by giving three months' notice in writing.*

As per the Accountability Report, Marcella Phillips is listed as a Senior Officer within the Department. However, details of her remuneration has not been disclosed as it was paid by another Department.

4.5 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 severance or ex gratia payments. This report is based on accrued payments made by DE and thus recorded in these accounts.

DE was under the direction and control of Peter Weir MLA from 1 April 2021 to 14 June 2021 and Michelle McIlveen MLA from 14 June 2021 to 31 March 2022. Their salaries and allowances were paid by the Department and have been included in these accounts. These amounts do not include costs relating to their roles as MLAs which are disclosed in the NI Assembly Commission accounts.

4.6 Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were no such benefits in kind made in 2021-22 or 2020-21.

Fair Pay Disclosures

4.7 Pay Ratios (Audited)

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

The banded remuneration of the highest-paid director in DE in the financial year 2021-22 was £120,000 - £125,000 (2020-21: £115,000 - £120,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2021-22	**25th percentile**	**Median**	**75th percentile**
Total remuneration (£)	26,575	33,459	42,639
Pay ratio	4.6:1	3.7:1	2.9:1

2020-21	25th percentile	Median	75th percentile
Total remuneration (£)	25,504	32,245	41,799
Pay ratio	4.6:1	3.6:1	2.8:1

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the Cash Equivalent Transfer Value (CETV) of pensions.

For 2021-22, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2021-22 no employees received remuneration in excess of the highest paid director.

Remuneration ranged from £10,000 to £124,282 (2020-21: £10,000 to £119,000).

Percentage Change in Remuneration

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

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

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

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

Percentage change for:	2021-22 v 2020-21	2020-21 v 2019-20
Average employee salary and allowances	4.8%	2.5%
Highest paid director's salary and allowances	4.3%	0%

No performance pay or bonuses were payable to any employees or the highest paid director in the current or previous years.

4.8 Pension Entitlements (Audited)

Pension Entitlements – Ministers (Audited)

	Accrued pension at pension age as at 31/3/22 £000	Real increase in pension at pension age £000	CETV at 31/3/22 £000	CETV at 31/3/21 £000	Real increase in CETV £000
Peter Weir MLA (to 14 June 2021)	0-5	0-2.5	51	8	2
Michelle McIlveen MLA (from 14 June 2021)	0-5	0-2.5	56	46	5

* *The calculation of the starting pension for the 2021-22 CETV was based on the pensionable salary used in the 2021-22 annual benefit statement and may therefore be greater or lower than the closing pension for the 31 March 2021 CETV.*

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (NI) 2016 (AMPS). In 2011, the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (NI) 2011 establishing a panel to make determinations in relation to the salaries, allowances and pensions payable to members of the NI Assembly. The tenure of the first Panel ended in July 2016. As a consequence of the Assembly Commission's desire to consider a reform of the Panel and the political situation between March 2017 and January 2020, a new Panel was not appointed. Legislation to reform the Panel, although started, was not completed before the dissolution of the Assembly on 28 March 2022, therefore, the legislation and appointment of the Panel will be taken forward during the next mandate.

In April 2016 the Independent Financial Review Panel (IFRP) issued The Assembly Members (Pensions) Determination (NI) 2016 which introduced a Career Average Revalued Earnings (CARE) scheme for new and existing members. The scheme is named AMPS (NI) 2016.

Assembly Members aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 retained their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on Members who missed out on the Transitional Protection policy in the AMPS because of their age. However the applicability of, and approach to, the McCloud judgement in relation to this scheme is not a matter for the Assembly Commission, instead it is a matter for IFRP. Therefore, this matter will be given further consideration once a new panel is appointed.

As Ministers are Members of the Legislative Assembly they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate ($1/50^{th}$ or $1/40^{th}$) multiplied by the cumulative contribution factors and the relevant final salary as a Member. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLAs' benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index (CPI). Up to the 6 May 2021 those Ministers under the transitional protection arrangements paid contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. The contribution paid by Ministers in the CARE Scheme is 9% of the Ministerial salary. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. Following the publication of the triennial valuation of the AMPS by the Government Actuary's Department (GAD), this was increased from 14.4% to 17.1% of Ministerial salary, effective from 1 April 2021. The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to their State Pension Age.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

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

Pension Entitlements – Officials (Audited)

	Accrued pension at pension age as at 31/3/22 and related lump sum £000	Real increase/ (decrease) in pension and related lump sum at pension age £000	CETV at 31/3/22* £000	CETV at 31/3/21** £000	Real increase/ (decrease) in CETV £000	Employer contribution to partnership pension account (nearest £100)
Mr Derek Baker *Permanent Secretary To 27 November 2020*	-	-	-	1,499	-	-
Dr Mark Browne *Permanent Secretary From 1 March 2021*	55-60 plus a lump sum of 170-175	10-12.5 plus a lump sum of 30-32.5	1,255	1,027	212	-
Mrs Fiona Hepper *Deputy Secretary To 6 August 2021*	40-45 plus a lump sum of 130-135	0-2.5 plus a lump sum of 2.5-5	1,059	1,015	38	-
Mrs Faustina Graham *Chief Inspector*	45-50 plus a lump sum of 135-140	5-7.5 plus a lump sum of 15-17.5	1,054	917	122	-
Mr Gary Fair *Director*	35-40 plus a lump sum of 110-115	0-2.5 plus a lump sum of 2.5-5	872	807	33	-
Mr John Smith *Deputy Secretary*	30-35	2.5-5	540	483	28	-
Mrs Lianne Patterson *Deputy Secretary*	30-35	0-2.5	526	482	14	-
Mrs Linsey Farrell *Deputy Secretary From 4 October 2021*	25-30	2.5-5	348	315	26	-
Mrs Joan McEwan *Non-executive director*	-	-	-	-	-	-

** CETV at 31 March 2022 or date of leaving the board, if earlier.*
*** CETV at 31 March 2021 or date of joining the board, if later.*

4.9 NICS Pension Schemes

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

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (NI)

[PCSPS(NI)]) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

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

Alpha is a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

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

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

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

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

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

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

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

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

Scheme Year 1 April 2022 to 31 March 2023

Annualised Rate of Pensionable Earnings (Salary Bands)		**Contribution rates – All members**
From	**To**	**From 01 April 2022 to 31 March 2023**
£0	£24,449.99	4.6%
£24,450.00	£56,399.99	5.45%
£56,400.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

4.10 Cash Equivalent Transfer Values

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

4.11 Real increase in CETV

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

4.12 Compensation for loss of office (Audited)

The Department incurred no compensation for loss of office in 2021-22.

Staff Report

4.13 Staff costs (Audited)

Staff costs comprise:

	Permanently employed staff* £000	Others £000	Ministers £000	2021-22 Total £000	2020-21 Total £000
Wages and salaries	19,719	2,181	41	21,941	22,146
Social security costs	2,239	-	5	2,244	2,190
Other pension costs	6,194	-	6	6,200	6,135
Total net costs**	**28,152**	**2,181**	**52**	**30,385**	**30,471**

Analysed as:	2021-22 £000	2020-21 £000
Administration costs	16,056	15,182
Minister's costs	52	48
Total administration costs	**16,108**	**15,230**
Programme costs	13,380	14,266
Total charged to the SOCNE	**29,488**	**29,496**
Capitalised	897	975
Total net costs	**30,385**	**30,471**

**The 2021-22 figures include the cost of the Department's Special Adviser who was paid in the pay band £56,000 to £71,406 (2020-21: £55,000 to £69,999).*

***Of the total, £897k has been charged to capital.*

The NICS main pension schemes are unfunded multi-employer defined benefit schemes, and therefore DE is unable to identify its share of the underlying assets and liabilities.

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

The GAD is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. DoF also commissioned a consultation in relation to the Cost Cap element of Scheme.

Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the DoF website NICS Pension Scheme Valuations (opens in new window).

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

For 2021-22, employers' contributions of £6,190,409.87 were payable to the NICS pension arrangements (2020-21: £6,124,870.65) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £3,434.73 (2020-21: £5,118.17) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2020-21: 8% to 14.75%) of pensionable pay.

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

Employer contributions of £101.03, 0.5% (2020-21: £120.12, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

One person (2020-21: one person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £8,185.68 (2020-21: £4,742.42).

4.14 Average number of persons employed (Audited)

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

Activity	Permanently employed staff Number	Others Number	Ministers Number	Special advisers Number	2021-22 Total Number	2020-21 Total Number
Aggregated Schools Budget	257	32	1	1	291	287
Education Authority (EA) Block Grant	148	20	-	-	168	154
Earmarked budgets	48	6	-	-	54	58
Other NDPBs	4	1	-	-	5	6
Other Education Services	4	1	-	-	5	8
Early Years Provision	6	1	-	-	7	7
Youth and Community Relations	8	1	-	-	9	8
Department of Education costs	6	1	-	-	7	7
Capital grants	12	2	-	-	14	13
Staff engaged on capital projects	15	-	-	-	15	19
Total	**508**	**65**	**1**	**1**	**575**	**567**

The above disclosure relates to the core Department, split proportionately across the operating segments detailed in Note 2 in the Financial Statements section. The staff numbers are apportioned on the basis of the total net costs of each segment and consequently changes in staff numbers for a particular segment are driven by the levels of spend within each segment. The Department does not have any agencies.

4.15 Number of SCS staff by grade (Audited)

The number of SCS staff employed as at 31 March 2022 was as follows:

Grade (including Analogous Grades)	Number
Grade 2	1
Grade 3	4
Grade 5	13

The breakdown of SCS staff by pay band (based on a full year equivalent) is as follows:

Pay band (£)	Number
70,000 - 75,000	-
75,000 - 80,000	3
80,000 - 85,000	10
85,000 - 90,000	-
90,000 - 95,000	-
95,000 - 100,000	2
100,000 - 105,000	1
105,000 - 110,000	1
110,000 - 115,000	-
115,000 - 120,000	-
120,000 – 125,000	1

4.16 Staff composition - breakdown of employees by gender (Audited)

The analysis of the Department's employees by gender at 31 March 2022 was as follows:

	Male	Male %	Female	Female %	Total	Total %
Executive Directors	3	50	3	50	6	100
Non-executive Directors	-	-	1	100	1	100
Total Directors*	3	42.9	4	57.1	7	100
Senior Managers**	8	66.7	4	33.3	12	100
Other employees	208	40.2	310	59.8	518	100
Total * **	**219**	**40.8**	**318**	**59.2**	**537**	100

**Directors include members of the DE Board as at 31 March 2022.*
***Senior managers include members of staff at SCS level.*
Note: this table is based on the number of staff in post rather than full time equivalents, and excludes 11 staff on career break.
******* *Paragraph 4.14 shows the average number of staff employed by the Department (on a whole time equivalents basis) during the financial year. The table above reports the actual number of staff employed by the Department at 31 March 2022.*

4.17 Staff turnover percentage

The DE Staff Turnover percentage (the number of people that have left the Department but have moved within the NICS) for 2021-22 is 7.9% (2020-21 7.5%), and the general turnover percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 4.9% (2020-21 4.1%). This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

4.18 Reporting of compensation and exit packages for all staff (Audited)

Redundancy and other departure costs would be paid in accordance with the provisions of the Civil Service Compensation Scheme (NI), a statutory scheme made under the Superannuation (NI) Order 1972. No exit costs were paid in 2021-22, the year of departure (2020-21: £nil). Where the Department has agreed early retirements, the additional costs are met by the Department and not by the CSP scheme. Ill-health retirement costs would be met by the pension scheme.

4.19 Sickness absence

The Department had an overall sickness absence rate of 8.5 days lost per employee in 2021-22. Annual sickness absence figures can be found in the "Sickness Absence in the NICS 2021-22" report at Sickness Absence in the Northern Ireland Civil Service 2021-22 | Northern Ireland Statistics and Research Agency (nisra.gov.uk) (opens in new window).

4.20 Staff policies

At 31 March 2022, the Department has 522 full time equivalent staff (which includes 1 NEBM) who play an important role in the development of policy and delivery of services to support the draft PfG outcome: '*We give our children and young people the best start in life*.'

In early 2018, a Staff Engagement Forum, comprising staff from across DE at all grades, was established. Using the results of the 2017 DE People Survey and feedback on issues raised by NICS People Strategy focus groups, the Forum identified the priorities of Leadership and Managing Change; Learning and Development; and Accommodation. A number of actions were developed under each priority and included in the 2018-19 DE People Plan which was endorsed by the DE Board. Results of the 2018 People Survey showed an increase in scores across the majority of the themes. The Staff Engagement Forum was refreshed for 2019-20, however an update of the Staff Engagement Forum and preparation of a People Plan for 2020-21 was delayed due to the COVID-19 pandemic. A refreshed Forum has been established for a two year period, with a revised Terms of Reference, for the period 2021-23. The Forum has identified 3 priorities for its work:

- New Ways of Working and Accommodation;
- Health and Wellbeing; and
- Developing and Communication.

An Action Plan, based on the three priority areas, is in development, and will take account of the results of the 2021 NICS People Survey.

Staff engagement scores

The 2021 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. As the 2020 survey related primarily to the impact of COVID-19 and did not include engagement themes, the latest year for which direct comparisons can be made is 2019. For the Department there were 579 (2019: 562) staff invited to complete the survey, of which 344 (2019: 395) participated, a response rate of 59.4% (2019: 70.3%). The Employee Engagement Index is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. The Department responses indicated an Employee Engagement Index of 59% (2019: 55%), compared to the NICS average of 57% (2019: 51%). The full survey can be accessed at NICS People Survey Results (opens in new window).

Equal opportunities

The Department is an Equal Opportunity employer and fully endorses the NICS Equal Opportunities Policy Statement.

The policy statement is that all eligible persons shall have equal opportunity for employment and advancement in the NICS on the basis of their ability, qualifications and aptitude for the work. Everyone has a right to equality of opportunity and to a good and harmonious working environment and atmosphere in which all workers are encouraged to apply their diverse talents and in which no worker feels under threat or intimidated. This right is protected in many instances by legislation.

We aim to foster a culture that encourages every member of staff to develop their full potential and which rewards achievement. Creating a working environment where individual differences are valued and respected enables all staff to give of their best and helps us to respond more effectively to the needs of the people we serve.

Employment, training and advancement of disabled persons

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS has a wide and active network of Diversity Champions. The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the NICS.

The NICS applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for NI, appointing candidates based on merit through fair and open competition. Mandatory training for recruitment and selection panel members includes raising awareness of unconscious bias. Unconscious bias training is available to all staff.

The NICS undertakes outreach activities to promote career opportunities to the disability sector and offers a Work Experience Scheme for People with Disabilities and participates in the annual International Job Shadow Day. In 2021-22 the NICS offered a number of work experience opportunities under the JobStart Scheme.

In 2021-22, the NICS implemented a Guaranteed Interview Scheme

To maintain and promote a diverse and inclusive workforce, the NICS has policies in place to support reasonable adjustments to working practices or the work environment as required by disabled persons.

Health and safety

To comply with the Health and Safety at Work (NI) Order 1978, the Department has a duty to ensure the health, safety and welfare of its employees. The Department is fully committed to the pursuit of its obligations in this area.

4.21 Other Employee Matters

Equality, Diversity and Inclusion

In the NICS, we are committed to building an inclusive workplace culture where diversity is truly valued at all levels, where you are valued for who you are and where you can bring your true self to work. We want to make use of all the talent that exists across the NICS to ensure we are a well-led, high performing, outcome-focused Service and a Service that is a great place to work.

The NICS People Strategy (opens in new window) includes a range of actions that will help accelerate our ambition of a truly inclusive NICS, which reflects the society we serve.

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity Champions and Thematic Diversity Champions, NICS colleague networks and NICSHR, as well as through partnership working with stakeholder organisations.

The NICS Diversity Action Plan sets out our priorities for action by diversity and inclusion theme, cross-cutting priorities, departmental priorities and includes supporting plans on communications and outreach.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. Further information on the NICS' commitment to equality of opportunity is available in the Equality, Diversity and Inclusion Policy (opens in new window).

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of data. The statistics are available on the NICS HR Statistics section of the Northern Ireland Statistics and Research Agency (NISRA)'s website (opens in new window).

The annual "Equality Statistics for the NICS" reports work force composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI, both of which assess the composition of the NICS workforce and the composition of applicants and appointees. In addition, the NICS conducts a similar formal review of the gender profile of its workforce. The finding are published in the NICS Article 55 and Gender Reviews (opens in new window).

The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the NI Act 1998 in carrying out its functions. Further information on the department's equality scheme is available on its website Equality Department of Education (opens in new window).

Learning & Development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Development and delivery of generic staff training is centralised in NICSHR[1]. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and this year the focus continued on promoting the importance of improving the quality of the development conversation between managers and staff, with additional resources being added to the existing talent management toolkit.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing.

Employee Consultation and Trade Union Relationships

The DoF is responsible for the NICS Industrial Relations Policy. NICSHR, consults on HR policy with all recognised Trade Unions and local departmental

[1] NICSHR is the NICS' centralised human resources function. It falls under the responsibility of the Department of Finance.

arrangements are in place to enable consultation on matters specific to a department or individual business area.

4.22 Expenditure on consultancy

External consultancy spend during 2021-22, based on provisional outturn figures, is currently recorded as £162k on five individual projects.

Final external consultancy outturn figures for 2020-21 noted overall spend of £620 on 1 individual project.

4.23 Temporary staff

Departmental temporary staff costs in 2021-22 amounted to £2,181k (2020-21: £2,079k). The majority of these costs are for staff on loan from DoF working in the specialist areas of Statistics and the Building Advisory Team. The remainder of the costs were spent on agency workers and secondees.

The 2021-22 expenditure on temporary staff is 5% more than in 2020-21. The main reasons for this are an increase in costs relating to agency workers who were covering for staff temporarily redeployed to work on other projects including a pilot project to strengthen internal communications, the management of the DE website and social media accounts and an increase in costs relating to Internal Audit and Statistics.

4.24 Off-payroll engagements

There were no ‘off-payroll’ engagements at a cost of over £245 per day in place during 2021-22.

	Department
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	**-**
Total number of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year.	**6**

4.25 Staff redeployment for COVID-19 and EU Exit work (Audited)

COVID-19

Grade of staff	2021-22 Short term loan (0 to 6 months)	2021-22 Long term loan (6-12 months)	2020-21 Short term loan (0 to 6 months)	2020-21 Long term loan (6-12 months)
Grade 5	-	1	-	-
Grade 6	-	1	-	1
Grade 7	-	2	-	-
Deputy Principal	-	1	1	-
Staff Officer	-	1	4	-
Executive Officer I	-	2	-	-
Executive Officer II	-	-	-	1
Admin Officer	-	2	-	-
Total	**-**	**10**	**5**	**2**

The average number of days on which staff were redeployed was 330 (2020-21:121) and the staff costs were classified as programme.

EU Exit

Grade of staff	2021-22 Short term loan (0 to 6 months)	2021-22 Long term loan (6-12 months)	2020-21 Short term loan (0 to 6 months)	2020-21 Long term loan (6-12 months)
Grade 7	-	-	-	1
Staff Officer	-	-	-	1
Executive Officer I	-	-	-	1
Total	**-**	**-**	**-**	**3**

During 2021-22 no staff were redeployed for EU Exit. The average number of days on which staff were redeployed for EU Exit during 2020-21 was 169 and the staff costs were classified as programme.

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

The Assembly accountability and audit report brings together the key Assembly accountability documents within the annual report and accounts. It comprises a SOAS and supporting notes, regularity of expenditure, Assembly accountability disclosures and the Certificate and Report of the C&AG to the NI Assembly.

5 STATEMENT OF OUTTURN AGAINST ASSEMBLY SUPPLY (AUDITED)

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the FReM requires the Department to prepare a SOAS and supporting notes.

The SOAS and related notes are subject to audit, as detailed in the Certificate and Report of the C&AG to the NI Assembly.

The SOAS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SOAS.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website Supply Estimates (PDF 2.6MB) (opens in new window).

The supporting notes detail the following: Outturn detailed by Estimate line providing a more detailed breakdown (SOAS note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOAS to the financial statements (SOAS note 2); a reconciliation of net resource outturn to net cash requirement (SOAS note 3); an analysis of income payable to the Consolidated Fund (SOAS note 4), a reconciliation of income recorded within the SOCNE to operating income payable to the Consolidated Fund (SOAS note 5); and detail on non-operating income – excess Accruing Resources (SOAS note 6).

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided in the Performance Report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on GOV UK (opens in new window).

The SOAS provides a detailed view of financial performance, in a form that is voted on and recognised by the Assembly. The Performance Report provides a summarised discussion of outturn against estimate and functions as an introduction to the SOAS disclosures.

5.1 Summary tables – mirror Part II and III of the Estimates (Audited)

Summary table, 2021-22, all figures presented in £000 (Audited)

Type of spend	Note	Outturn Gross expenditure £000	Outturn Accruing Resources £000	Outturn Net total £000	Estimate Gross expenditure £000	Estimate Accruing Resources £000	Estimate Net total £000	Outturn vs Estimate, saving/ (excess) Net total £000	Prior year outturn total, 2020-21 £000
Request for Resources A	SOAS 1	2,761,683	(16,639)	2,745,044	2,855,692	(16,723)	2,838,969	93,925	2,586,644
Total resources	SOAS 2	**2,761,683**	**(16,639)**	**2,745,044**	**2,855,692**	**(16,723)**	**2,838,969**	**93,925**	**2,586,644**
Non-operating Accruing Resources		**-**	**(57)**	**(57)**	**-**	**(57)**	**(57)**	**-**	**-**

5.2 Net Cash Requirement 2021-22, all figures presented in £000 (Audited)

Item	Note	Outturn £000	Estimate £000	Outturn vs Estimate, saving/ (excess) £000	Prior year outturn total, 2020-21 £000
Net cash requirement	SOAS 3	**2,747,717**	**2,857,801**	**110,084**	**2,584,299**

5.3 Summary of income payable to the Consolidated Fund (Audited)

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

Item	Note	Forecast 2021-22 Income £000	Forecast 2021-22 Receipts £000	Outturn 2021-22 Income £000	Outturn 2021-22 Receipts £000
Total amount payable to the Consolidated Fund	SOAS 4	**2,885**	***2,885***	**6,522**	***6,285***

Explanations of the variances between Estimate and outturn are given in note SOAS1 and in the Performance Report.

SOAS Notes 1 to 6 form part of these accounts.

Notes to the Statement of Outturn against Assembly Supply, 2021-22 (£000) (Audited)

This note mirrors Part II of the Estimates: (Revised) Subhead Detail and Resource to Cash Reconciliation.

5.4 SOAS note 1. Outturn detail by Estimate line (Audited)

	Resource outturn						Estimate			Outturn vs Estimate (including virements), saving/ (excess) £000	Prior-year outturn total 2020-21 £000
Type of spend	Admin £000	Other Current £000	Grants £000	Gross Expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Virements* £000	Net total including virements £000		
Request for Resources A											
Departmental Expenditure in DEL:											
1.Education Authority - Departmental overheads	10,353	15,647	-	26,000	(816)	25,184	26,452	(1,268)	25,184	-	25,233
2. Non-Departmental Public Bodies – Departmental overheads	780	14	-	794	-	794	803	(9)	794	-	734
3.Voluntary and Grant Maintained Integrated Schools – Departmental overheads	5,541	52	-	5,593	-	5,593	5,653	(59)	5,594	1	5,167
4.Centrally Financed Services	921	2,788	17,934	21,643	-	21,643	20,333	1,310	21,643	-	40,264
5. Early Years Services	159	-	33,152	33,311	-	33,311	32,939	372	33,311	-	31,097
6. Co-funded ALB Income	-	-	-	-	(12,274)	(12,274)	(12,302)	28	(12,274)	-	(13,554)
7. European Union Programme for Peace and Reconciliation	-	-	2,804	2,804	(2,383)	421	421	-	421	-	183
8. Shared Education (from Atlantic Philanthropies)	-	-	-	-	(304)	(304)	(312)	8	(304)	-	(103)
9. Vulnerable Persons Relocation Scheme	-	-	-	-	(862)	(862)	(905)	43	(862)	-	(1,118)
10. Youth and Other Children's Services	-	616	1,183	1,799	-	1,799	2,057	(258)	1,799	-	2,833
Annually Managed Expenditure:											
11. Provisions	54	(58)	-	(4)	-	(4)	703	-	703	707	(15)
12. Impairments	-	4	-	4	-	4	1,000	-	1,000	996	-

Type of spend	Resource outturn Admin £000	Other Current £000	Grants £000	Gross Expenditure £000	Accruing Resources £000	Net Total £000	Estimate Net Total £000	Virements* £000	Net total including virements £000	Outturn vs Estimate (including virements), saving/ (excess) £000	Prior-year outturn total 2020-21 £000
Non-Budget:											
13. Education Authority	-	-	2,174,809	2,174,809	-	2,174,809	2,224,142	(228)	2,223,914	49,105	2,038,398
14. Voluntary and Grant Maintained Integrated Schools	-	-	467,331	467,331	-	467,331	507,620	-	507,620	40,289	429,405
15. Council for the Curriculum, Examinations and Assessment	-	-	17,489	17,489	-	17,489	19,200	-	19,200	1,711	18,375
16. Council for Catholic Maintained Schools	-	-	3,790	3,790	-	3,790	3,844	-	3,844	54	3,549
17. General Teaching Council for Northern Ireland	-	-	-	-	-	-	59	-	59	59	62
18. Comhairle na Gaelscolaíochta	-	-	876	876	-	876	815	61	876	-	779
19. Northern Ireland Council for Integrated Education	-	-	639	639	-	639	670	-	670	31	634
20. Middletown Centre for Autism Ltd	-	-	1,331	1,331	-	1,331	1,362	-	1,362	31	1,254
21. Youth Council for Northern Ireland	-	-	-	-	-	-	53	-	53	53	-
22. Notional Charges	3,474	-	-	3,474	-	3,474	4,362	-	4,362	888	3,467
Resource Outturn	**21,282**	**19,063**	**2,721,338**	**2,761,683**	**(16,639)**	**2,745,044**	**2,838,969**	**-**	**2,838,969**	**93,925**	**2,586,644**

*Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail but delegates this to DoF). Further information on virements is provided in the Supply Estimates in the NI Guidance Manual, which is available on the DoF website.

The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

Explanation of variance between Estimate and outturn

Request for Resources A shows a total variance of £93.9m (3.3%) against the Spring Supplementary Estimate for the year. The variance was primarily due to lower than anticipated drawdown of cash grant-in-aid by the Department's NDPBs. Cash grant-in-aid is "non-budget" and the Estimate figure represents the best forecast of the cash required by the Department and its NDPBs when the Estimates were prepared i.e. the last revision to the Estimate is normally in January, well before the end of the financial year in question. As cash is only drawn down as required, this variance reflects the difference between the estimated cash requirement and the actual amount of cash required in-year. It does not represent an underspend against the DE budget.

Detailed explanations of the variances between Estimate and outturn are given in the Performance Report.

Key to Request for Resources

Request for Resources

Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement that will give them a secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society. Promoting, through the youth service and children's services, the personal and social development of children and young people and assisting them to gain knowledge, skills and experience to reach their full potential as valued individuals. Encouraging children and young people to develop mutual understanding and promote recognition of, and respect for cultural diversity, human rights, equality of opportunity and social inclusion.

5.5 SOAS note 2. Reconciliation of outturn to net operating expenditure (Audited)

Item	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Prior year outturn total, 2020-21 £000
Net resource outturn	SOAS 1	2,745,044	2,838,969	93,925	2,586,644
Non-supply income (CFERs)		(6,522)	(2,885)	3,637	(4,157)
Net operating expenditure in the Statement of Comprehensive Net Expenditure	**SOCNE**	**2,738,522**	**2,836,084**	**97,562**	**2,582,487**

As noted in the introduction to the SOAS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the resource outturn to net operating expenditure, linking the SOAS to the financial statements.

Net operating expenditure for the year is the total of expenditure and income appearing in the SOCNE. Net resource outturn is the total of those elements of expenditure and income that are subject to Assembly approval and included in the Department's Supply Estimate.

5.6 SOAS note 3. Reconciliation of net resource outturn to net cash requirement (Audited)

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation

Item	Note	Outturn £000	Estimate £000	Outturn vs Estimate: saving/ (excess) £000
Resource Outturn	SOAS 1	2,745,044	2,838,969	93,925
Capital:				
Acquisition of property, plant and equipment and intangible assets	6, 7	5,026	5,711	685
Non-operating Accruing Resources				
Net book value of asset disposals	6	(57)	(57)	-
Accruals to cash adjustments				
Adjustments to remove non-cash items:				
Depreciation, impairments and revaluations	3.1	(744)	(1,778)	(1,034)
New provisions and adjustments to previous provisions	3.1	4	(703)	(707)
Other non-cash items	3.1	(3,474)	(4,362)	(888)
Adjustments to reflect movements in working capital balances:				
Decrease in receivables	12	(1,641)	-	1,641
Decrease in payables falling due within one year	13	3,538	20,000	16,462
Use of provision	14	21	21	-
Net cash requirement		**2,747,717**	**2,857,801**	**110,084**

As noted in the introduction to the SOAS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation bridges the resource outturn to the net cash requirement.

Detailed explanations of the variances between Estimate and outturn are given in the Performance Report.

Reconciliation of net cash requirement to increase in cash (Audited)

	Note	2021-22 £000
Net cash requirement	SOAS 3	(2,747,717)
From Consolidated Fund (supply) - current year	SoCFs	2,741,471
From Consolidated Fund (supply) - prior year	SoCFs	5,218
Amounts due to the Consolidated Fund - received in a prior year and paid over	13	(4,157)
Amounts due to the Consolidated Fund – received and not paid over	13	6,285
Increase in cash	11	**1,100**

5.7 SOAS note 4. Amounts of income payable to the Consolidated Fund (Audited)

This note mirrors Part III of the Estimates: Extra Receipts Payable to the Consolidated Fund.

SOAS 4.1 Analysis of income payable to the Consolidated Fund (Audited)

In addition to income retained by the Department, the following income is payable to the Consolidated Fund (cash receipts being shown in italics).

		Forecast 2021-22		Outturn 2021-22	
Item	**Note**	**Income £000**	**Receipts £000**	**Income £000**	**Receipts £000**
Other operating income and receipts not classified as Accruing Resources		2,885	*2,885*	6,522	*6,285*
	SOAS 5	**2,885**	***2,885***	**6,522**	***6,285***
Non-operating income and receipts – excess Accruing Resources	SOAS 6	-	-	-	-
Total income payable to the Consolidated Fund		**2,885**	***2,885***	**6,522**	***6,285***

SOAS 4.2 Consolidated Fund Income (Audited)

The Department did not collect any amounts where it was acting as agent for the Consolidated Fund rather than as principal.

5.8 SOAS note 5. Reconciliation of income recorded within the SOCNE to operating income payable to the Consolidated Fund (Audited)

Item	Note	2021-22 £000	2020-21 £000
Operating income	5	23,161	20,858
Gross income		**23,161**	**20,858**
Income authorised to be Accruing Resources	SOAS 1	(16,639)	(16,701)
Operating income payable to the Consolidated Fund	SOAS 4.1	**6,522**	**4,157**

5.9 SOAS note 6. Non-operating income – Excess Accruing Resources (Audited)

There is no non-operating income – excess Accruing Resources (2020-21: £nil).

5.10 OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURE NOTES

Departmental accounting boundary (Audited)

These accounts have been prepared in accordance with directions given by DoF in pursuance of the Government Resources and Accounts Act (NI) 2001 and relate to the activities of DE and the Exceptional Circumstances Body.

For resource accounts purposes, with the exception of the Exceptional Circumstances Body, all other NDPBs fall outside the Departmental accounting boundary, defined within the *FReM*, and their results are not therefore consolidated with those of the Department. Financial information in respect of the individual NDPBs may be obtained from their separately published annual report and accounts. From 2022-23 the bodies listed below will fall inside the Department’s accounting boundary and their results will be consolidated with those of the Department.

The following list represents those bodies for which the Department had direct funding responsibility during this financial year.

Executive NDPBs

Education Authority
Comhairle na Gaelscolaíochta
Council for Catholic Maintained Schools
General Teaching Council for Northern Ireland
Middletown Centre for Autism
Northern Ireland Council for Integrated Education
Northern Ireland Council for the Curriculum, Examinations and Assessment
Youth Council for Northern Ireland

Tribunals

Exceptional Circumstances Body

Other public bodies

Middletown Centre for Autism (Holdings) Limited
Grant Maintained Integrated (GMI) schools*
Voluntary Grammar (VG) schools*

* Note: Other schools, maintained and controlled, are funded via the EA. From the 1 April 2017 the administrative arrangements for the VG/GMI Schools' Funding Authority function transferred from the Department to the EA. During 2018-19 further funding streams for the VG/GMI Schools transferred from DE to the EA.

Losses and special payments (Audited)

Losses statement

2021-22 Number of cases	2021-22 £000	2020-21 Number of cases	2020-21 £000
2	**82**	**-**	**-**

No individual cases in 2021-22 or 2020-21 exceeded £250,000.

Special Payments

	2021-22 Number of cases	2021-22 £000	2020-21 Number of cases	2020-21 £000
ECB Panel Member's fees	125	96	128	51
Out of court settlement	-	-	1	31
	125	**96**	**129**	**82**

No individual cases in 2021-22 or 2020-21 exceeded £250,000.

Other notes

Details of any losses and special payments made by the Department's executive NDPBs will be reported in the accounts of those bodies.

Remote contingent liabilities (Audited)

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37, the Department also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability.

In November 2019, a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a global pandemic on 11 March 2020. As a result of the disruption caused by the pandemic the Department provided a number indemnities which have been reported in confidence to the NI Assembly, in line with the requirements of MPMNI. For each of these indemnities it is not possible to estimate or quantify the value of any potential liability. All parties to the indemnities are expected to take reasonable steps to avoid a liability. In the event that the indemnities are called upon, authority for any expenditure required under the liability will be sought through the normal Estimates and Supply procedure.

The Department has no other contingent liabilities to report for the purpose of NI Assembly reporting and accountability.

This Accountability Report is approved and signed

Lianne Patterson
Interim Accounting Officer
30 June 2022

DEPARTMENT OF EDUCATION

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

Opinion on financial statements

I certify that I have audited the financial statements of the Department of Education for the year ended 31st March 2022 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31st March 2022 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31st March 2022 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

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

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

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

Conclusions relating to going concern

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

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

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

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department of Education and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report

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

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

Responsibilities of the Accounting Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department of Education through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001, the Government Financial Reporting Manual (FReM), Managing Public Money NI and Accounts Directions issued by the Department of Finance;
- making enquires of management and those charged with governance on the Department of Education's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Department of Education's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
    - performing analytical procedures to identify unusual or unexpected relationships or movements;
    - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
    - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
    - investigating significant or unusual transactions made outside of the normal course of business; and
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

KJ Donnelly CB
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB

5 July 2022

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2021-22 £000	2020-21 £000
Other operating income	5	(23,161)	(20,858)
Total operating income		**(23,161)**	**(20,858)**
Staff costs	3.2	29,488	29,496
Purchase of goods and services	3.2	10,117	8,822
Depreciation, amortisation and impairment	3.2	744	402
Provision expense	3.2	(4)	(15)
Other operating expenditure	3.2	2,721,338	2,564,640
Total operating expenditure		**2,761,683**	**2,603,345**
Net operating expenditure		**2,738,522**	**2,582,487**
Net expenditure for the year		**2,738,522**	**2,582,487**
Other comprehensive net expenditure			
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of property, plant and equipment	6	(532)	(175)
Net gain on revaluation of intangible assets	7	(331)	-
Comprehensive net expenditure for the year		**2,737,659**	**2,582,312**

All income and expenditure are derived from continuing operations.

Notes 1 to 21 form part of these accounts.

Statement of Financial Position as at 31 March 2022

This statement presents the financial position of DE. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2022 £000	2021 £000
Non-current assets:			
Property, plant and equipment	6	50,912	46,372
Intangible assets	7	5,703	5,155
Financial assets	10	815	815
Total non-current assets		**57,430**	**52,342**
Current assets:			
Trade and other receivables	12	10,100	10,476
Cash and cash equivalents	11	39	-
Total current assets		**10,139**	**10,476**
Total assets		**67,569**	**62,818**
Current liabilities:			
Trade and other payables	13	(83,117)	(85,351)
Provisions	14	(77)	(117)
Total current liabilities		**(83,194)**	**(85,468)**
Total assets less current liabilities		**(15,625)**	**(22,650)**
Non-current liabilities:			
Provisions	14	(528)	(513)
Total non-current liabilities		**(528)**	**(513)**
Total assets less total liabilities		**(16,153)**	**(23,163)**
Taxpayers' equity and other reserves:			
General fund		(19,147)	(25,302)
Revaluation reserve		2,994	2,139
Total equity		**(16,153)**	**(23,163)**

Lianne Patterson

Lianne Patterson
Interim Accounting Officer
30 June 2022

Notes 1 to 21 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2022

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Department's future public service delivery.

	Note	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net expenditure for the year	SOAS 2	(2,738,522)	(2,582,487)
Adjustments for non-cash transactions	3.1	4,214	3,854
Decrease/(increase) in trade and other receivables	12	376	(3,408)
movements in receivables relating to items not passing through the statement of comprehensive net expenditure	12	1,028	3,139
(Decrease)/increase in trade and other payables excluding bank overdraft	13	(1,173)	3,371
movements in payables relating to items not passing through the statement of comprehensive net expenditure	13	(2,062)	102
Use of provisions	14	(21)	(20)
Net cash outflow from operating activities		**(2,736,160)**	**(2,575,449)**
Cash flows from investing activities			
Purchase of non-financial assets - property, plant and equipment		(4,558)	(2,404)
Purchase of non-financial assets - intangible assets		(771)	(2,289)
Proceeds from disposal of non-financial assets - property, plant and equipment		57	-
Net cash outflow from investing activities		**(5,272)**	**(4,693)**
Cash flows from financing activities			
From the Consolidated Fund (supply) – current year		2,741,471	2,579,081
From the Consolidated Fund (supply) – prior year	12	5,218	2,079
Net financing		**2,746,689**	**2,581,160**
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**5,257**	**1,018**
Payments of amounts due to the Consolidated Fund		(4,157)	(2,714)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	11	**1,100**	**(1,696)**
Cash and cash equivalents at the beginning of the period	11	**(1,061)**	**635**
Cash and cash equivalents at the end of the period	11	**39**	**(1,061)**

Notes 1 to 21 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2022

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

	Note	General Fund £000	Revaluation reserve (property, plant & equipment) £000	Revaluation reserve (intangible assets) £000	Taxpayers' equity £000
Balance at 31 March 2020		(26,432)	1,972	-	(24,460)
Net Assembly funding – drawn down		2,579,081	-	-	2,579,081
Supply receivable adjustment	12	5,218	-	-	5,218
CFERs payable to the Consolidated Fund		(4,157)	-	-	(4,157)
Comprehensive expenditure for the year		(2,582,487)	175	-	(2,582,312)
Non-cash charges – accommodation and other charges	3, 3.1	3,402	-	-	3,402
Non-cash charges – auditor's remuneration and expenses	3, 3.1	65	-	-	65
Transfers between reserves		8	(8)	-	-
Balance at 31 March 2021		**(25,302)**	**2,139**	**-**	**(23,163)**
Net Assembly funding – drawn down		2,741,471	-	-	2,741,471
Supply receivable adjustment	12	6,246	-	-	6,246
CFERs payable to the Consolidated Fund	SOAS 4.1	(6,522)	-	-	(6,522)
Comprehensive expenditure for the year	SOAS 2	(2,738,522)	532	331	(2,737,659)
Non-cash charges – accommodation and other charges	3, 3.1	3,405	-	-	3,405
Non-cash charges – auditor's remuneration and expenses	3, 3.1	69	-	-	69
Transfers between reserves		8	(8)	-	-
Balance at 31 March 2022		**(19,147)**	**2,663**	**331**	**(16,153)**

Notes 1 to 21 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2021-22 *Government FReM* issued by the DoF. The accounting policies contained in the *FReM* apply IFRS as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material to the accounts.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare one additional primary statement. The SOAS and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

In accordance with the *FReM*, the Department is not able to accrue funding due from the Consolidated Fund in respect of Assembly Grant to match net liabilities recorded within the statement of financial position. Under IAS 1 (revised), *Presentation of Financial Statements*, such a closing financial position which shows a surplus of liabilities over assets requires the Accounting Officer to make an assessment of the viability of the Department as a going concern. These accounts have been prepared under the going concern principle.

1.1 Accounting convention

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

1.2 Basis of consolidation

These accounts comprise a consolidation of the Department (the Core Department), and the Exceptional Circumstances Body which falls within the Departmental accounting boundary as defined in the *FReM*, interpreted for NI. Transactions between entities included in the consolidation are eliminated.

As the results of the Core Department are not materially different from those of the Consolidated Department, the results of the Exceptional Circumstances Body have not been separately disclosed on the SOCNE, SoFP and supporting notes.

A list of all those entities within the Departmental accounting boundary is given at note 20.

1.3 Property, plant and equipment

On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the SoFP to the extent that money has been paid or a liability has been incurred.

Subsequent expenditure on an asset, that meets the criteria in compliance with IAS 16, *Property, Plant and Equipment*, is capitalised, otherwise it is written off to revenue.

At each annual reporting date, property, plant and equipment are stated at fair value, determined as follows:

- Land and Buildings

  Title to land and buildings shown in the accounts is held by the Department. Land and buildings are stated at current value in existing use. Land is valued in the year of purchase and buildings in the year in which they are brought into use, using a professional valuation provided by LPS, a directorate within DoF, in accordance with HMT guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Global Standards. Subsequently, a full professional valuation is made by LPS every five years and in the intervening years interim valuations are obtained from LPS. The basis of the valuation for each of the property types is as follows:

PROPERTY TYPE	***ASSET CATEGORY***	***BASIS/METHOD OF VALUATION***
School buildings & other associated structures	Land & buildings, owner occupied for the purposes of the undertaking **Specialised operational**	**Current Value in existing use** ***Depreciated Replacement Cost***
Land supporting existing school buildings	Lands owner occupied for the purposes of the undertaking **Non-Specialised operational**	**Current Value in existing use** ***Existing Use Value (as defined by RICS UK VS 1.3)***
Land for ongoing and future development of school campus	Lands owner occupied for the purposes of the undertaking **Non-Specialised non-operational**	**Current Value in existing use** ***Existing Use Value (as defined by RICS UK VS 1.3)***

- Assets under construction are carried at cost.

- Other assets:

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

  - The minimum level for capitalisation is £1,000. PCs (including laptops) and network equipment are grouped for all assets utilised in connection with the Departmental Local Area Network.

Revaluations below historic cost which are not temporary fluctuations in market value are treated as an impairment in accordance with IAS 36, *Impairment of Assets*, and charged in full to the SOCNE.

Impairment reviews of property, plant and equipment are performed annually and additionally where there is an indication of impairment as defined by IAS 36.

1.4 Depreciation

Depreciation of property, plant and equipment is provided on a straight-line basis by reference to current values and to the remaining economic useful lives of assets and their estimated residual value. Freehold land and assets under construction are not depreciated.

Asset lives are reviewed annually and are normally within the following ranges:

Buildings	50 years
Transport equipment	3 to 5 years
Information technology	3 to 10 years
Plant and machinery	3 to 5 years

1.5 Intangible assets

Software and associated licences are capitalised as intangible assets where expenditure of £1,000 or more is incurred on the purchase of an individual or grouped asset.

Assets under construction are carried at cost. Other intangible assets are measured at depreciated replacement cost using suitable indices compiled by the ONS.

Assets under construction are not amortised. Software licences are amortised over the shorter of the term of the licence and their useful economic life. Other intangible assets are amortised over three to ten years.

1.6 Assets funded by government grants

Government grants to fund capital assets are recognised in the SOCNE as income. They are recognised when receivable unless there are conditions on their use which, if not met, would mean the grant is repayable. In such cases, the income is deferred and released when the obligations are met. Where grants have restricted use and there are no conditions on their use, the income is recognised immediately as income in the SOCNE.

1.7 Investments

In 2004-05 the Department invested in the ''MCA (Holdings) Limited'', which is a company registered in NI and limited by guarantee. The Company is a joint venture between the Department in NI and the Department of Education, Ireland, developed under the 1998 Good Friday Agreement as an agreed area of co-operation within the North South Ministerial Council, and is funded equally by each department.

The primary object of the company is to purchase, acquire and hold the property located at Middletown, Co Armagh, NI for the purpose of supporting the promotion of excellence throughout NI and Ireland in the development and harmonisation of education and allied services to children and young people with autistic spectrum disorders.

A Board of Directors comprising four members monitors the effectiveness and management of the company. The Department in NI and the Department of Education, Ireland each nominate two members to the Board.

The investment falls outside the Departmental accounting boundary and in accordance with paragraph 10 of Finance Director Letters (FD) (DoF) 01/22 has been valued at historical cost less impairment within the Department's SoFP.

1.8 Inventories

Inventories are not deemed to be material, and are expensed to the SOCNE as purchased.

1.9 Other operating income

Other operating income is income which relates directly to the operating activities of the Department. It includes funding from the DfE for co-funded NDPBs and other income such as that from the sale of property, plant and equipment by NDPBs. It includes both operating Accruing Resources and income payable to the Consolidated Fund which in accordance with the *FReM* is treated as operating income. Other operating income is stated net of Value Added Tax (VAT).

1.10 Administration and programme expenditure

The classification of expenditure and income as administration or as programme follows the definition of administration costs set by DoF. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery.

1.11 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Monetary assets and liabilities denominated in foreign currency at the reporting period date are translated at the rates ruling at that date. These translation differences are dealt with in the SOCNE.

1.12 Employee Benefits including Pensions

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. This cost has been calculated using untaken annual leave balances from the payroll system and untaken flexi-leave balances from the results of a survey. It is not anticipated that the level of untaken flexi-leave will vary significantly from year to year.

Past and present employees are covered by the provisions of the NICS Pension arrangements. The defined benefit schemes are multi-employer unfunded schemes, which produce their own resource accounts. The Department is unable to identify its share of the underlying assets and liabilities. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS Pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS Pension arrangements. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.13 Early departure costs

DE employees

The Department meets the additional cost of benefits beyond the normal NICS Pension arrangements in respect of employees who retire early by paying the required amounts annually to the NICS Pension arrangements over the period between early departure and normal retirement date (or, in the case of Injury Awards, between early departure and estimated life expectancy). The Department provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in current or previous years or, to the estimated life expectancy in respect of Injury Awards. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the DoF Superannuation Vote. The amount provided is shown net of any such payments.

Teachers

The Teachers' Premature Retirement Compensation Scheme for NI recovers compensation costs via increased employer contributions. Compensation costs fall within the remit of the scheme and are therefore not included as a cost within the Department's accounts.

1.14 Leases

All leases are regarded as operating leases and the rentals are charged to the SOCNE on a straight-line basis over the term of the lease.

1.15 Grants payable

In line with the *FReM*, the Department recognises grant on the basis of the underlying activity of the recipient as follows:

- The extent of the grant liability in relation to the EA and other NDPBs for both recurrent and capital expenditure is equal to their expenditure to the extent that the latter has been properly incurred. Expenditure in this context is when the EA/NDPBs make the payments which are due to be funded by the Department. This is equivalent to grant issued by the Department.

- Grants issued to VG and GMI schools in respect of recurrent funding each year reflects the totality of the schools' entitlements under the Local Management of Schools' arrangements.

- Grants issued to voluntary maintained, VG and GMI schools in respect of capital project funding is recognised based on the payments actually made plus accruals for valid grant claims in the possession of the Department.

- Other grant payments are recognised on an accruals basis where such information is available or on the basis of the extent of the grant issued or approved for payment as at 31 March each year.

1.16 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the reporting period date on the basis of the best estimate of the expenditure required to settle the obligation. 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 HMT.

1.17 Contingent liabilities

In accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses as contingent liabilities, potential future obligations arising from past obligating events where the existence of such obligations remain uncertain pending the outcome of future events outside the Department's control, unless their likelihood is considered to be remote.

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for Assembly 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 Assembly in accordance with the requirements of MPMNI.

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 Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.18 Value Added Tax (VAT)

Most of the activities of the Department are outside the scope of VAT and in general output tax does not apply, however input tax on expenditure is recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19 Financial instruments

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

A financial instrument is recognised when, and only when, the 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 de-recognition. A financial liability is derecognised when, and only when, it is extinguished.

The Department has financial instruments in the form of an investment in the MCA (Holdings) Limited, trade receivables and payables and cash and cash equivalents.

The investment in the MCA (Holdings) Limited is measured at historical cost less any impairment. Trade receivables and cash and cash equivalents are measured at amortised cost. Financial liabilities are recognised and carried at fair value, net of transaction costs.

The Department impairs its trade receivables by making loss allowances equal to the lifetime expected credit losses if the credit risk on the trade receivables has increased significantly since its initial recognition.

The Department assesses at each reporting period date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the SOCNE and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

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

1.20 Third party assets

Third party assets are assets for which the Department acts as custodian or trustee but in which neither the Department nor government more generally has a direct beneficial interest. Third party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of the Department's third party assets are provided in note 19.

1.21 Currency and rounding

The functional currency is Sterling and, except where otherwise stated, for presentational purposes figures have been rounded to the nearest thousand pounds.

1.22 New accounting standards that have been issued but are not yet effective

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.

IFRS 10, IFRS 11 & IFRS 12 *Group Accounting Standards*

The International Accounting Standard Board (IASB) issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.

Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI (Review of Financial Process (RoFP)), which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may have changed as a result of these Standards.

The Department is implementing RoFP in 2022-23. The aim of RoFP is to align the boundaries of budgets, estimates and accounts as far as it is practicable, including consolidation of NDPBs and other central government bodies in Estimates and accounts. The bodies intended for inclusion within the 2022-23 departmental boundary are detailed in paragraph 5.10 of the Assembly Accountability and Audit Report. The list of bodies is subject to change and the final list of bodies to be included within the departmental boundary will be designated each year in an Estimates and Accounts (Designation of Bodies) Order for consolidation into the Department's annual Estimates and Accounts.

IFRS 16 *Leases*

IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise assets and liabilities for leases with a term greater than 12 months, excluding those where the associated right-of-use asset is of low value, largely eliminating the current "off-balance sheet" treatment of operating leases under IAS 17. The Department has assessed the impact that the application of IFRS 16 will have and has judged that it is immaterial.

IFRS 17 *Insurance Contracts*

IFRS 17 *Insurance Contracts* will replace IFRS 4 *Insurance Contracts* and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2023. The Department has assessed the impact that the application of IFRS 17 will have and has judged that it is immaterial.

2. Statement of Operating Costs by Operating Segment

The operating segments detailed below have been identified on the basis of financial information reported to the Departmental Board. Refer to Appendix 1 for further details on each segment.

Operating Segments	2021-22 Gross expenditure £000	2021-22 Income £000	2021-22 Net expenditure £000	2020-21 Gross expenditure £000	2020-21 Income £000	2020-21 Net expenditure £000
Aggregated Schools Budget**	1,425,106	-	1,425,106	1,356,336	-	1,356,336
Education Authority Block Grant**	825,061	-	825,061	724,938	-	724,938
Earmarked budgets**	283,726	(15,819)	267,907	287,545	(15,855)	271,690
Other NDPBs	24,125	-	24,125	24,653	-	24,653
Other Education Services	20,618	-	20,618	39,507	-	39,507
Early Years Provision	33,000	-	33,000	30,946	-	30,946
Youth and Community Relations	43,258	-	43,258	37,689	-	37,689
Department of Education costs	33,448	(101)	33,347	33,058	(92)	32,966
Total resource	**2,688,342**	**(15,920)**	**2,672,422**	**2,534,672**	**(15,947)**	**2,518,725**
Capital grants and Departmental capital	74,153	(719)	73,434	67,967	(754)	67,213
Total resource and capital*	**2,762,495**	**(16,639)**	**2,745,856**	**2,602,639**	**(16,701)**	**2,585,938**

*****The expenditure position reported above includes the cash grant in aid and not the resource and capital outturn reported to the Departmental Board.

**The expenditure position which is based on the cash grant in aid for ASB, EA Block Grant and Earmarked budgets has been apportioned using the percentage spend reported by the EA for outturn.

The total assets, total liabilities and net assets are not disclosed as they are not reported separately to the Departmental Board.

2.1 Reconciliation between Operating Segments and the Statement of Comprehensive Net Expenditure

	Note	2021-22 £000	2020-21 £000
Total net expenditure reported for operating segments	2	2,745,856	2,585,938
Reconciling items:			
AME – provisions	SOAS 1	(4)	(15)
Operating income payable to the Consolidated Fund	SOAS 2	(6,522)	(4,157)
Depreciation, amortisation and revaluation	3.1	744	402
Notional charges	3.1	3,474	3,467
Departmental capital	6, 7	(5,026)	(3,148)
Total net expenditure per the statement of comprehensive net expenditure		**2,738,522**	**2,582,487**

3. Other administration expenditure

	Note	2021-22 £000	2020-21 £000
Staff costs*			
Wages and salaries		11,731	11,171
Social security costs		1,171	1,074
Other pension costs		3,206	2,985
		16,108	15,230
Purchase of goods and services			
Travel and subsistence		16	9
Other staff related costs		88	67
Accommodation costs		160	170
Office services		359	382
Contracted out services		830	680
Other professional fees		2	2
Managed services – information technology		28	28
Other expenses		159	134
		1,642	1,472
Non-cash items (Note 3.1)			
Depreciation		4	3
Notional charges			
- auditor's remuneration and expenses		69	65
- accommodation		1,299	1,265
- others		2,106	2,089
		3,474	3,419
Increase in provisions (provision provided for in year less any release)	14	54	60
Total		**21,282**	**20,184**

***Further analysis of staff costs is located in the Staff Report within the Accountability Report.

During the year the Department did not purchase any non-audit services from its auditor, the NIAO.

3.1 Non-cash transactions included in the reconciliation of resources to net cash requirement in SOAS note 3 and the Statement of Cash Flows

	2021-22 £000	2020-21 £000
Depreciation (Note 3)	4	3
Depreciation, amortisation and revaluation (Note 4)	740	399
	744	402
New provisions, and adjustments to previous provisions (Note 3)	54	60
New provisions, and adjustments to previous provisions (Note 4)	(58)	(75)
	(4)	(15)
Other non-cash items		
Notional charges (Note 3)	3,474	3,419
Notional Minister's salary	-	48
	3,474	3,467
Total non-cash transactions (SOAS 3 and Statement of Cash Flows)	**4,214**	**3,854**

3.2 Analysis of notes 3 and 4 for the Statement of Comprehensive Net Expenditure

	Other administration expenditure (Note 3) £000	Programme expenditure (Note 4) £000	2021-22 £000	2020-21 £000
Staff costs	16,108	13,380	29,488	29,496
Purchase of goods and services (including notional charges)	5,116	5,001	10,117	8,822
Depreciation, amortisation and revaluation	4	740	744	402
Provision expense	54	(58)	(4)	(15)
Other operating expenditure	-	2,721,338	2,721,338	2,564,640
	21,282	**2,740,401**	**2,761,683**	**2,603,345**

4. Programme expenditure

	Note	2021-22 £000	2020-21 £000
Staff costs*			
Wages and salaries		9,584	10,275
Social security costs		1,000	1,044
Other pension costs		2,796	2,947
		13,380	14,266
Other operating expenditure			
Grants		2,718,534	2,563,419
EU Grant		2,804	1,221
		2,721,338	2,564,640
Purchase of goods and services			
Travel and subsistence		86	34
Other staff related costs		43	91
Accommodation costs		120	138
Office services		1,898	1,720
Contracted out services		22	39
Other expenses		2,832	1,909
		5,001	3,931
Non-cash items (Note 3.1)			
Depreciation		214	217
Amortisation		441	182
Revaluation		85	-
		740	399
Increase in provisions (provision provided for in year less any release)	14	(58)	(75)
Total		**2,740,401**	**2,583,161**

*Further analysis of staff costs is located in the Staff Report within the Accountability Report.

5. Income

	2021-22 Total £000	2020-21 Total £000
Co-funded ALB income (Further Education and Student Support (from DfE)	12,274	13,554
Shared Education (from Atlantic Philanthropies)	304	145
European Union Programme for Peace and Reconciliation	2,383	1,038
Sale of property, plant and equipment (NDPBs)	5,733	4,078
Vulnerable Persons Relocation Scheme	862	1,118
Other income	1,605	925
Other operating income	**23,161**	**20,858**

6. Property, plant and equipment

	Land £000	Buildings £000	Transport equipment £000	Information technology £000	Plant and machinery £000	Asset under construction £000	2021-22 Total £000
Cost or valuation							
At 1 April 2021	7,724	9,486	28	94	81	29,140	46,553
Additions	2,859	-	-	(1)	(1)	1,511	4,368
Disposals	(57)	-	-	-	(42)	-	(99)
Revaluation charge to SOCNE	(4)	-	-	-	-	(81)	(85)
Revaluations	43	280	-	-	-	-	323
At 31 March 2022	**10,565**	**9,766**	**28**	**93**	**38**	**30,570**	**51,060**
Depreciation							
At 1 April 2021	-	-	28	78	75	-	181
Charged in year	-	209	-	7	2	-	218
Disposals	-	-	-	-	(42)	-	(42)
Revaluations	-	(209)	-	-	-	-	(209)
At 31 March 2022	**-**	**-**	**28**	**85**	**35**	**-**	**148**
Carrying amount at 31 March 2022	**10,565**	**9,766**	**-**	**8**	**3**	**30,570**	**50,912**
Carrying amount at 31 March 2021	**7,724**	**9,486**	**-**	**16**	**6**	**29,140**	**46,372**
Asset financing							
Owned	10,565	9,766	-	8	3	30,570	50,912
Carrying amount at 31 March 2022	**10,565**	**9,766**	**-**	**8**	**3**	**30,570**	**50,912**

Land comprises a site at Strule (formerly Lisanelly), Omagh, which was transferred from the Ministry of Defence to the DE on 15 April 2011. This land was “gifted” under the Hillsborough Agreement 2010, made 5 February 2010. The Department also owns land at Ormeau Road, Belfast (purchased in July 2015 and January 2020) and land at Dungiven, Coshquin and Ballycastle (purchased during 2021-22). Buildings relate to the SSEC.

Land and buildings are stated at current value in existing use. Land is valued in the year of purchase and buildings in the year in which they are brought into use, using a professional valuation provided by LPS, a directorate within DoF. Subsequently, a professional valuation is made by LPS every five years and in the intervening years interim valuations are obtained from LPS. The last full professional valuation of the land and buildings was undertaken by LPS as at 31 March 2018. All other assets are re-valued using indices.

	Land £000	Buildings £000	Transport equipment £000	Information technology £000	Plant and machinery £000	Asset under construction £000	2020-21 Total £000
Cost or valuation							
At 1 April 2020	7,560	9,684	28	92	84	27,567	45,015
Additions	-	-	-	10	-	1,573	1,583
Disposals	-	-	-	(8)	(3)	-	(11)
Revaluations	164	(198)	-	-	-	-	(34)
At 31 March 2021	**7,724**	**9,486**	**28**	**94**	**81**	**29,140**	**46,553**
Depreciation							
At 1 April 2020	-	-	28	77	76	-	181
Charged in year	-	209	-	9	2	-	220
Disposals	-	-	-	(8)	(3)	-	(11)
Revaluations	-	(209)	-	-	-	-	(209)
At 31 March 2021	**-**	**-**	**28**	**78**	**75**	**-**	**181**
Carrying amount at 31 March 2021	**7,724**	**9,486**	**-**	**16**	**6**	**29,140**	**46,372**
Carrying amount at 31 March 2020	**7,560**	**9,684**	**-**	**15**	**8**	**27,567**	**44,834**
Asset financing							
Owned	7,724	9,486	-	16	6	29,140	46,372
Carrying amount at 31 March 2021	**7,724**	**9,486**	**-**	**16**	**6**	**29,140**	**46,372**

7. Intangible assets

	Information technology £000	Software licences £000	Asset under construction £000	2021-22 Total £000
Cost or valuation				
At 1 April 2021	5,212	15	985	6,212
Additions	48	-	610	658
Reclassifications	660	-	(660)	-
Revaluations	378	-	-	378
At 31 March 2022	**6,298**	**15**	**935**	**7,248**
Amortisation				
At 1 April 2021	1,042	15	-	1,057
Charged in year	441	-	-	441
Revaluations	47	-	-	47
At 31 March 2022	**1,530**	**15**	**-**	**1,545**
Carrying amount at 31 March 2022	**4,768**	**-**	**935**	**5,703**
Carrying amount at 31 March 2021	**4,170**	**-**	**985**	**5,155**
Asset financing				
Owned	4,768	-	935	5,703
Carrying amount at 31 March 2022	**4,768**	**-**	**935**	**5,703**

	Information technology £000	Software licences £000	Asset under construction £000	2020-21 Total £000
Cost or valuation				
At 1 April 2020	1,363	16	3,772	5,151
Additions	147	-	1,418	1,565
Disposals	(503)	(1)	-	(504)
Reclassifications	4,205	-	(4,205)	-
At 31 March 2021	**5,212**	**15**	**985**	**6,212**
Amortisation				
At 1 April 2020	1,363	16	-	1,379
Charged in year	182	-	-	182
Disposals	(503)	(1)	-	(504)
At 31 March 2021	**1,042**	**15**	**-**	**1,057**
Carrying amount at 31 March 2021	**4,170**	**-**	**985**	**5,155**
Carrying amount at 31 March 2020	**-**	**-**	**3,772**	**3,772**
Asset financing				
Owned	4,170	-	985	5,155
Carrying amount at 31 March 2021	**4,170**	**-**	**985**	**5,155**

8. Impairments

The Department has incurred the following impairments to current and non-current assets during the financial year.

	2021-22 £000	2020-21 £000
Impairment charge/(credit) to the Statement of Comprehensive Net Expenditure	97	(19)
Impairment taken through the revaluation reserve	-	-
Total impairment charge/(credit) for the year	**97**	**(19)**

9. Financial Instruments

IFRS 7, *Financial Instruments: Disclosures*, requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of the non-trading nature of its activities and the way in which Government Departments are financed, the Department is not exposed to the degree of financial risk faced by business entities.

Classification of financial instruments

The Department has financial instruments in the form of an investment in the MCA (Holdings) Limited, trade receivables and payables and cash and cash equivalents.

The investment in the MCA (Holdings) Limited is measured at historical cost less any impairment. Trade receivables and cash and cash equivalents are measured at amortised cost. Financial liabilities are recognised and carried at fair value, net of transaction costs.

The following table shows the net gains/losses recognised through the SOCNE by measurement category:

		From subsequent measurement			Net (gain)/ loss	Net (gain)/ loss
	From interest £000	At fair value £000	Currency translation £000	Impairment /(reversal of impairment) £000	2021-22 £000	2020-21 £000
Investments	-	-	-	-	-	-
Loans and receivables	-	-	-	12	12	(19)
Total	**-**	**-**	**-**	**12**	**12**	**(19)**

Risk management

Financial risks include credit risk, liquidity risk and market risks (interest rate and currency).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Department is not exposed to significant credit risk and manages its exposure via credit risk management policies which require review of the credit history of the organisations that the Department wishes to trade with. Publicly available credit information from recognised providers is utilised for this purpose where available. The maximum exposure to credit risk is represented by the carrying amounts of the trade receivables carried in the Statement of Financial Position.

Liquidity risk

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. The Department's net revenue resource requirements are financed by resources voted annually by the NI Assembly, as is its capital expenditure. The Department is not, therefore, exposed to significant liquidity risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

All of the Department’s financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Department receives reimbursement of certain grant payments from the EU. Transactions with the EU are denominated in euro and therefore exposed to currency risk. The revenue due from the EU is recognised as a receivable when it is initially paid to grant recipients. However, only when the Department submits claims to the EU is the relevant portion of the receivable subject to exchange rate risk.

The Department does not have the authority to manage currency risk through hedging.

10. Investments in other public bodies

In the year to 31 March 2005 the Department invested in the “MCA (Holdings) Limited” as a joint venture with the Department of Education, Ireland. Both parties fund the company equally.

The investment falls outside the Departmental accounting boundary and in accordance with paragraph 10 of FD (DoF) 01/22 has been valued at historical cost less impairment, within the Department’s Statement of Financial Position.

The investment in the MCA (Holdings) Limited at 31 March 2021 was £815k (31 March 2020 and 1 April 2019: £815k).

11. Cash and cash equivalents

	2021-22 £000	2020-21 £000
At 1 April 2021	(1,061)	635
Net change in cash and cash equivalents	1,100	(1,696)
At 31 March 2022	**39**	**(1,061)**
The following balances at 31 March were held at:		
Commercial banks and cash in hand	39	(1,061)
At 31 March 2022	**39**	**(1,061)**
The balance comprises:		
Cash at bank	39	-
Bank overdraft	-	(1,061)
	39	**(1,061)**

11.1 Reconciliation of liabilities arising from financing activities

There are no liabilities arising from financing activities at 31 March 2022 and 31 March 2021.

12. Trade receivables, financial and other assets

	2021-22 £000	2020-21 £000
Amounts falling due within one year:		
VAT	197	226
EU grants receivable	2,015	3,306
Trade receivables	292	317
Other receivables	178	129
Prepayments	219	526
Accrued income	953	754
Amounts due from the Consolidated Fund in respect of Supply	6,246	5,218
	10,100	**10,476**

Included within accrued income is £236,944.11 (2020-21: £nil) that will be due to the Consolidated Fund once the debt is collected.

There are no amounts falling due after more than one year at 31 March 2022 and 31 March 2021.

The following table shows the impairment of trade receivables through the bad debt provision account at the reporting period date:

	2021-22 £000	2020-21 £000
At 1 April 2021	90	109
Impairment losses recognised on trade receivables	12	-
Reversal of impairment losses recognised on trade receivables	-	(19)
At 31 March 2022	**102**	**90**

In determining the recoverability of a trade receivable, the Department considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

No interest is charged on the trade receivables. The Department has provided for trade receivables over six months old where there have been no cash receipts in the six months prior to the year end because historical experience is such that trade receivables that are past due beyond six months are generally not recoverable. The following table shows the ageing of receivables past due but not impaired; no provision has been made as there has not been a significant change in credit quality and the Department believes that the amounts are still fully recoverable:

	2021-22 £000	2020-21 £000
Neither past due nor impaired trade receivables		
Less than 1 month	105	98
1 to 3 months	38	54
3 to 6 months	30	50
Past due but not impaired trade receivables	119	115
Impaired trade receivables	102	90
Gross carrying value	**394**	**407**
Less: impairment	(102)	(90)
Net carrying value	**292**	**317**

13. Trade payables and other current liabilities

	2021-22 £000	2020-21 £000
Amounts falling due within one year:		
Bank overdraft (Note 11)	-	1,061
Other taxation and social security	20,022	18,154
Trade payables	47,848	50,890
Other payables	1,270	1,131
Accruals	7,001	8,487
Deferred income	454	1,471
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
- received	6,285	4,157
- receivable	237	-
	83,117	**85,351**

There are no amounts falling due after more than one year at 31 March 2022 or 31 March 2021.

14. Provisions for liabilities and charges

	Early departure costs £000	Legal Claims £000	Total £000
At 1 April 2021	534	96	630
Provided in the year	-	40	40
Provisions not required written back	-	(80)	(80)
Provisions utilised in the year	(21)	-	(21)
Change in discount rate	36	-	36
At 31 March 2022	**549**	**56**	**605**
Analysis of expected timing of cash flows			
Not later than one year	21	56	77
Later than one year and not later than five years	83	-	83
Later than five years	445	-	445
At 31 March 2022	**549**	**56**	**605**

	Early departure costs £000	Legal Claims £000	Total £000
At 1 April 2020	505	160	665
Provided in the year	-	20	20
Provisions not required written back	-	(84)	(84)
Provisions utilised in the year	(20)	-	(20)
Change in discount rate	49	-	49
At 31 March 2021	**534**	**96**	**630**
Analysis of expected timing of cash flows			
Not later than one year	21	96	117
Later than one year and not later than five years	82	-	82
Later than five years	431	-	431
At 31 March 2021	**534**	**96**	**630**

14.1 Early departure costs

The Department is required to meet the costs of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age (or, in the case of Injury Awards estimated life expectancy), and must provide in full for the cost of meeting pensions resulting from such early retirement schemes. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the DoF Superannuation Vote. The Treasury discount rate of minus 1.3 per cent in real terms has been applied to early departure provisions where the time value of money is significant.

14.2 Legal claims

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. A discount rate has not been applied to the provisions for legal claims as the time value of money is not significant.

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in note 15.

The Court of Appeal (CoA) judgment from 17 June 2019 (Police Service of NI (Police Service of Northern Ireland (PSNI) v Agnew)) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for June 2021 but this has subsequently been adjourned and re-listed for December 2022. The 2021-22 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

- The appeal to the Supreme Court (as detailed above);

- Lack of accessible data for years previous to 2011;
- Ongoing negotiations with Trade Unions; and
- Obtaining relevant approvals.

15. Contingent liabilities and contingent assets

15.1 Contingent liabilities

The Department has contingent liabilities estimated at £138k for 5 legal challenges.

In addition to the above, the Department has entered into a number of guarantees, indemnities or provided letters of comfort, but the possibility of these crystallising is considered to be too remote to require disclosure. Remote contingent liabilities which the Department has reported to the Assembly are disclosed within the Other Assembly Accountability Disclosures section of the Assembly Accountability and Audit Report.

15.2 Contingent assets

The following contingent assets at 31 March 2022 have not been included in the financial statements:

	Number of cases	**Value £000**
Probable recoupment of monies from school trustees following closure	15	3,858

16. Commitments under leases (IAS 17 disclosures)

16.1 Finance leases

The Department does not have any finance leases.

16.2 Operating leases

£nil (2020-21: £nil) was included as an expense on operating leases in the SOCNE.

At the 31 March 2022 there were no future liabilities under operating leases.

The Department has leased a number of land and building assets to the EA and to St.MacNissi's Educational Trust for a peppercorn rent.

17. Capital and other commitments

17.1 Capital commitments

	2022 £000	2021 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	3,811	1,029
Intangible assets	460	833
	4,271	**1,862**

17.2 Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases or Private Finance Initiatives contracts or service concession arrangements), for the provision of security, facilities management, evaluation and other services.

The payments to which the Department is committed at 31 March are as follows:

	2022 £000	2021 £000
Not later than one year	1,161	1,180
Later than one year and not later than five years	1,482	1,948
Later than five years	224	588
	2,867	**3,716**

18. Related-party transactions

The following list represents those bodies for which the Department had direct funding responsibility during this financial year. These bodies are regarded as related parties with which the Department has had material transactions during the year.

Executive NDPBs

Education Authority
Comhairle na Gaelscolaíochta
Council for Catholic Maintained Schools
General Teaching Council for Northern Ireland
Middletown Centre for Autism
Northern Ireland Council for Integrated Education
Northern Ireland Council for the Curriculum, Examinations and Assessment
Youth Council for Northern Ireland

Tribunals

Exceptional Circumstances Body

Other public bodies

Middletown Centre for Autism (Holdings) Limited
GMI schools*
VG schools*
Health and Social Care Board in respect of the Sure Start programme

* Note: Other schools, maintained and controlled, were funded via the EA.

The Department has had a small number of transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the DoF.

No minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year.

19. Third-party assets

The Department administers the Endowment and Miscellaneous Trust Funds on behalf of a number of Royal Schools. These are not departmental assets and are not included in the Statement of Financial Position. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances, and listed securities. They are set out in the table below.

	31 March 2022 £000	31 March 2021 £000
Monetary assets such as bank balances	30	20
Listed securities	925	866
Total	**955**	**886**

The Department also holds legal title to a number of Turbary rights (the right to extract peat) and associated land which is held in Trust. These assets are not included within the Departmental accounts on the grounds that the legal basis of the trusts involved ensures that the Department cannot obtain economic benefit from these assets.

20. Entities within the departmental accounting boundary

The entities within the accounting boundary during 2021-22 were as follows:

Supply-financed agencies: None

Non-executive NDPBs: Exceptional Circumstances Body

Other entities: None

21. Events after the reporting period

In May 2022 it was identified that grant aid payments made in respect of emergency/minor works had not been received by the Grantee. Records indicated that the Grantee requested a change in bank account details on 8 March 2022. Seven payments in total were identified as not received, four of which, related to Financial Year 2021-22 and the remaining payments occurred in 2022-23. As the Grantee has confirmed that they did not request a change in bank account details; this matter has been reported to the PSNI and is being investigated as a potential mandate fraud. There are no other events after the reporting period relating to the 2021-22 financial year.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 5 July 2022.

Appendix 1

Description of segments for Note 2

The financial information reported to the Departmental Board represents Departmental expenditure and resource consumption of the Department's NDPBs. The financial information reported to the Departmental Board focused on the following areas:

Aggregated Schools Budget - the main allocations to schools funded via the Common Funding Formula;

Education Authority Block Grant – funding allocated to schools from central budgets held by the EA (including: Special Schools; Special Education Needs in mainstream; C2k managed ICT service; rates; and teacher substitution costs); and funding attributed to schools for services provided by the EA (including: transport; FSM; headquarters; pupil support; schools development service; music service; and school library service);

Earmarked budgets - funding allocated for specific activities which meet defined criteria;

Other NDPBs - the Department is supported by CnaG, the CCMS, the GTCNI, the MCA, the NICIE and the Northern Ireland CCEA;

Other Education Services – a range of services, including miscellaneous grants to third party organisations;

Early Years Provision – some specific early years programmes, including the Sure Start Programme and the Pathway Fund;

Youth and Community Relations - resource funding for youth services;

Department of Education costs - salary and administration costs for the Department;

Capital grants and Departmental capital - capital programmes including Major Works, the Schools' Enhancement Programme, the Fresh Start Programme, Minor Works schemes, youth capital projects and Departmental non-current assets.