

**Department for Employment and Learning**

**Resource Accounts**

**For the year ended 31 March 2010**

*The Accounting Officer authorised these  
financial statements for issue*

*on*

*30 June 2010*

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

*on*

*2 July 2010*



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## CONTENTS

## Page

Directors' Report	2
Annual Report	4
Departmental Remuneration Report	51
Management Commentary	58
Statement of Accounting Officer's Responsibilities	71
Statement on Internal Control	72
Certificate and Report of the Comptroller and Auditor General	78
Statement of Parliamentary Supply	81
Operating Cost Statement	82
Statement of Financial Position	83
Statement of Cash Flows	84
Statement of Changes in Taxpayers' Equity	85
Statement of Operating Costs by Departmental Strategic Objectives	86
Notes to the Departmental Resource Accounts	87



## **Directors' Report**

### **Scope**

#### **Departmental accounting boundary**

These accounts refer to the activities of the Department for Employment and Learning ('the Department' or 'DEL').

#### **Departmental Aim**

*The aim of the Department is:*

*“To promote learning and skills, prepare people for work and to support the economy”.*

DEL's Corporate Plan 2008-2011 (available from [www.delni.gov.uk](http://www.delni.gov.uk)) has aligned itself closely to the priorities outlined in the Programme for Government (PfG). DEL is responsible, as the lead Department, for delivery of 2 of the 23 Public Service Agreements (PSAs) in the PfG, and is a partner in 10 others.

#### **Principal activities**

The principal activities of the Department are:

- the funding of higher, further and adult education, student support and other matters related to tertiary education;
- the provision of a comprehensive range of advisory services, training and employment programmes and services to employers; and,
- the development and implementation of policies and legislation to promote effective employment relations and best practice in the workplace.

#### **Bodies outside the Departmental boundary**

Public Sector bodies not consolidated in these accounts for which the Department has lead policy responsibility are:

- Ulster Supported Employment Limited (a company limited by guarantee);
- Construction Industry Training Board Northern Ireland (a statutory training organisation); and,
- Labour Relations Agency (a non-departmental public body).

#### **Pension liabilities**

Staff pension liabilities are borne by the Principal Civil Service Pension Scheme (Northern Ireland) and are therefore not reflected in these accounts but in the accounts of that scheme.

#### **Our Purpose**

The Department is a key contributor to the delivery of the Northern Ireland Executive's vision of a peaceful, inclusive, prosperous, stable and fair society.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

It is responsible for policy, funding, corporate governance and service delivery across the spectrum from employment through training, careers advice, further and higher education, research and innovation, all underpinned by employment rights.

**Our Values**

The Department bases its work on a number of key values, which support its delivery of the commitments in the Corporate Plan. The Department seeks to provide a professional and responsive service to its customers in an equitable way. It strives to be innovative and dynamic and to improve continually as an organisation whilst motivating, developing and valuing its staff. Underpinning the work of the Department is its commitment to develop and manage a framework of employment rights, remedies and responsibilities to ensure that those in work are adequately protected. A useful acronym to describe the values of the Department is PRIDE;

**Professional**  
**Responsive**  
**Innovative**  
**Dynamic**  
**Equitable**

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

**HIGHLIGHTS OF OUR SERVICE IN 2009/10**

DEL is at the forefront of the response to the economic downturn – our Jobs and Benefits offices (JBOs) and Employment Service are on the frontline and our work with employers and employees in terms of skills and upskilling to minimise the impact of the downturn and ensure we are prepared to make the most of the opportunities for recovery will be vital. To underpin this, the learning infrastructure provided by Further Education (FE) and Higher Education (HE) will enable an effective and flexible response.

The following paragraphs highlight some of the important developments which have taken place in each of our areas of activity in the past year.

## **SKILLS AND INDUSTRY**

### **Future Skills Action Group for Hospitality and Tourism**

During the year the Department worked with a range of stakeholders through the Hospitality and Tourism Future Skills Action Group to develop a short term focussed plan of action to address three core themes; skills provision, sector attractiveness and coordination and communication.

The plan was launched in early November 2009 and a number of initiatives are well underway, including programmes to enhance the skills of senior managers in the sector and provisions to increase career attractiveness, such as Careers Awareness events arranged by the Learning and Skills Development Agency (LSDA) NI.

The Chef Conversion course is one of the actions listed on the Action Plan. It is a pilot fast track programme, specifically developed to produce skilled chefs within a 25 week period. The course began in March 2010 with two colleges delivering the programme – Belfast Metropolitan College and Southern Regional College. There has been unprecedented demand for places and 29 students are now signed up. Students receive a weekly training allowance and attend college four days per week with a fifth spent on placement.

A review of the Action Plan has been undertaken and was published in April 2010.

### **ICT Future Skills Action Plan Progress Report**

Implementation of the ICT Future Skills Action Plan has been on-going since mid 2008 and is led by a project team made up of the Department, e-skills UK (the Sector Skills Council for Business and Information Technology), Momentum (the Northern Ireland Trade Federation), Invest NI and industry.

During the first year of implementation a range of activities were undertaken including the launch of a new brand for careers in the ICT sector – Bring IT On – an accompanying advertising campaign and website plus specific initiatives such as a new improved Software Professional Course (graduate conversion programme).

November 2009 saw the publication of the ICT Future Skills Action Plan Progress Report which detailed all the outcomes from all the activities undertaken throughout the year.

Key results included:

- 130% increase in enrolments to the Software Professional Course;
  - 98% estimated reach of advertising campaign (across all media);
  - 200 teachers and careers advisers up-skilled and updated;
  - Over 1000 students (14-16) attended the Bring-IT-On workshops;
  - 11,000 unique visits to the new Bring-IT-On website ([www.bringitonni.info](http://www.bringitonni.info));
  - 100% increase in prospective students visiting QUB Computer Science Department;
- and,

- 2000 students (14-18) attended BEP/CCEA Employability Fests.

Further detailed information can be found at [www.delni.gov.uk/ict-futureskillsactionplan](http://www.delni.gov.uk/ict-futureskillsactionplan).

### **Management and Leadership Training and Development**

One of the Department's responses in 2009-10 to the economic downturn was to introduce a 100% funding initiative across its range of management and leadership programmes. Some 945 individual managers from Small to Medium-sized Enterprises (SMEs) and Social Economy Enterprises were supported to develop their skills during this time. The Management and Leadership Development Programme provided bursary support for over 670 participants in programmes ranging from front line supervisors to Director level skills. The Programme itself was extended from 10 to 16 endorsed development opportunities, and now includes new programmes in Exports; the use of the Balanced Scorecard; Lean Management; and Project Management Fundamentals. INTRO, the entry to management programme, helped 235 graduates develop their management and leadership potential; 32 managers received support to attend the well-known Meridian programme; and 7 Leaders for Tomorrow were funded on the Harvard-based programme.

In addition, over 160 Small to Medium-sized Enterprises and Social Economy Enterprises have been helped to identify, and to find local solutions for, their own corporate management training needs through the Management Analysis and Planning (MAP) programme.

To highlight the continued importance of training and development during recessionary times, the Department has extended its offer of 100% funding for all approved management and leadership training taking place during 2010/11.

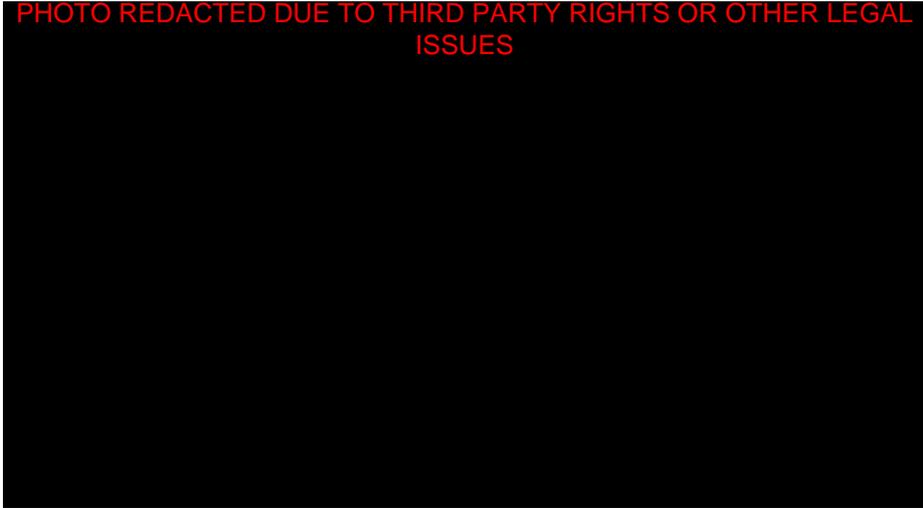
### **Made Not Born**

The Made Not Born Campaign was launched in the autumn of 2009 with a view to raising the profile of Management Development issues and highlighting the importance of good management and leadership practice in improving the productivity of Northern Ireland's SMEs.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

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Michael Gould, Assistant Director of Skills & Industry Division, and Raymond McAuley, Acting Head of Management Development Branch, welcomed guest speaker, Pierre-Yves Gerbeau to the launch of the Made Not Born Management and Leadership road show held in November 2009.

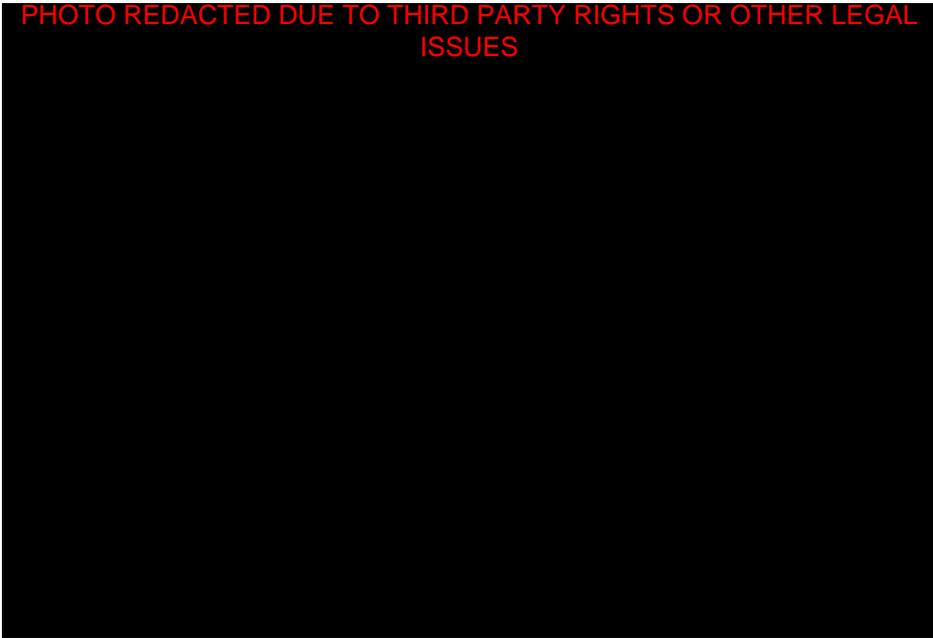
Since the launch of the Made Not Born campaign more than 800 delegates have heard from key note speakers such as Geoff Burch, Hilarie Owen and Jeff Grout. In total ten road shows have been held throughout Northern Ireland. Three regional master classes were also held on topics such as Mentoring and Coaching and helping SMEs embrace change.

The campaign is based on the proven concept that great leaders and managers are not born, but made and of course it is a little of both. DEL is encouraging Northern Ireland's business community to make their own leaders and managers of tomorrow. The main purpose of the programme is to show SMEs that by simply adopting good management practices they can achieve tangible business benefits including higher productivity, better returns on capital and more robust growth.

To learn more about the continuing campaign Made Not Born please visit [www.delni.gov.uk/madenotborn](http://www.delni.gov.uk/madenotborn).

## **Investors in People**

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William McCauseland, Managing Director of fona CAB, receives the Investors in People Award from Sir Reg Empey, Minister for Employment and Learning. fona CAB is the first taxi company in Northern Ireland to achieve Investors in People Recognition.

A diverse range of over 250 organisations celebrated a successful assessment against the framework. Organisation achieving recognition for the first time over that past year include; the Northern Ireland Chamber of Commerce, fonaCAB Ltd, Belfast Health and Social Care Trust, along with 66 Henderson's Spars, Vivos and Eurospars and all of Northern Ireland's 17 Rural Community Transport Partnerships.

Working with the IIP framework continues to deliver tangible business benefits; for example, fonaCAB reported how achieving IIP has resulted in an increase in profits as well as a reduction in customer complaints, staff turnover and absenteeism.

In May 2009, IIP introduced some exciting new developments, with delivery of services becoming more flexible and tailored to each individual organisation's business needs - adding even more value to local employers. On top of this, new levels of recognition – Bronze, Silver and Gold were introduced for organisations choosing to be challenged and assessed above the core Standard.

## **Skills Delivery Projects**

Bridge to Employment continued to respond to local employers wishing to recruit new staff and delivered a total of 34 projects for client companies. Of the 403 unemployed trainees who were recruited for Bridge to Employment, 366 completed their training course and 350 were offered employment.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

A range of upskilling projects were also designed to assist companies with their training and development needs. These include bespoke projects for a number of major employers as well as the successful Business Improvement Techniques Programme for the manufacturing industry. A number of pilot projects also trialled different methods of delivering qualifications to workers with existing skills but who lacked accreditation of their prior experience.

The Skillsafe programme was introduced in June 2009 to provide short term relief to apprentices from the worst effects of the recession. The programme supported 7 companies to help them to avoid making apprentices redundant by providing paid training opportunities during periods of short time working.

### **Training for Success**

During the year, the Department established a Pre-Entry Support Service for potential entrants to its Training for Success programme for those with a disability. This service aims to ensure that appropriate support mechanisms are in place on entry to training for those young people who need it. Of the 251 young people who availed of this service in 2009/10, 82% proceeded to join the programme.

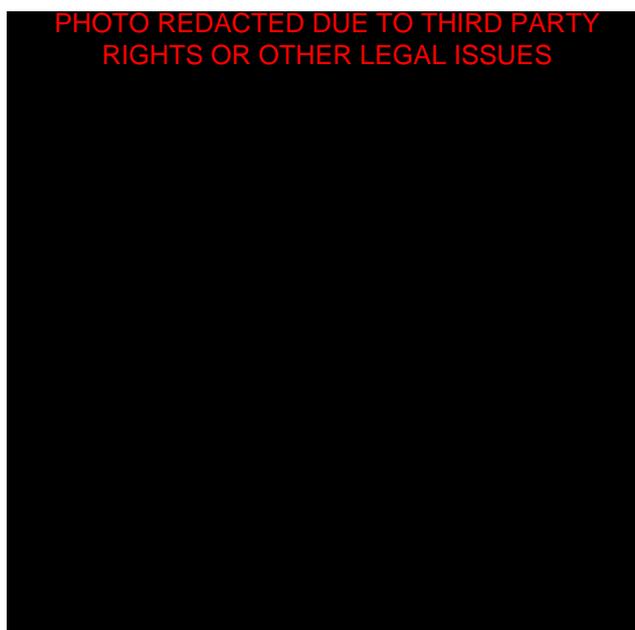
### **Apprenticeships**

The Department met its target for participation in its flagship ApprenticeshipsNI programme, with over 10,000 apprentices taking part across a wider range of employment sectors.

As part of its response to the recession, the Department introduced a Programme-Led Apprenticeship programme for unemployed 16 and 17 year olds on 7 September 2009. This programme is providing an invaluable alternative for around 3,000 young people who aspired to commencing an apprenticeship, but who were unable to find employment in the current economic climate.

### **Marketing**

The Department's advertising campaign for Training for Success and ApprenticeshipsNI continued for its second year, running from August 2008 to October 2009. This comprised a multimedia approach of television, radio, web based and outdoor advertising. This resulted in an excellent response to the campaign helpline and websites, which contributed to the number of trainees on both the Training for Success and ApprenticeshipsNI programmes. The Apprentice of the Year Awards continued to grow in stature, with 102 nominations received across a varied range of sectors in four categories; Apprentice of the Year Apprentice; Most Promising 1st Year Apprentice; Personal Achievement Apprentice; and Partnership Award.



Photograph: The Minister for Employment and Learning, Sir Reg Empey with the 2009 Apprentice of the Year Rafal Cherezniak, and BBC presenter Stephen Nolan.

### **Re-contracting of Training Suppliers for Training for Success and ApprenticeshipsNI**

Contracts for the delivery of Training for Success and ApprenticeshipsNI were due for expiry on 31st March 2010. The Department opted to extend these contracts for one year until 31st March 2011. The re-contracting process is now underway, with an expectation that new contracts will be in place from 1st April 2011.

### **Quality and Performance**

The Department continues to implement its Quality Improvement Strategy, Success through Excellence and an evaluation on its effectiveness was completed recently with the recommendations currently being taken forward.

The overall aim of the strategy continues to be raising further the quality and standards of provision across further education colleges and training providers, by improving their capacity for continuous improvement through effective self-evaluation and quality improvement planning.

To upskill the tutors and trainers employed in the further education, training and employment sectors a pilot programme, Certificate in Teaching qualification, provided by the University of Ulster, and aimed at developing the teaching and training skills of staff in these sectors was completed very successfully in January 2010. The Department is currently considering how best to roll this qualification out across the sectors.

### **WorldSkills and Skills Competitions**

The Department has been raising the profile of skills competitions and WorldSkills through the appointment of a skills champion in each of the FE Colleges, a press campaign, and Ministerial attendance at events. This has resulted in an increase in the number of Northern Ireland based competitions and the portfolio now includes hairdressing, engineering, cookery and restaurant services, floristry, automotive and Skillbuild. The winners of these competitions have the opportunity to compete further to be part of Team UK at WorldSkills which is being held in London in October 2011.

At the most recent WorldSkills competition which took place in Calgary in September 2009, Northern Ireland once again proved that we have world class training and talent, when Trevor Woods from County Fermanagh won a bronze medal for Team UK in joinery. Trevor was supported by Sir Reg Empey at the event, who later hosted a celebration event in the Long Gallery to mark the success.

### **CITB ConstructionSkills NI**

The Department commissioned an independent review of the CITB which was finalised in July 2009. The recommendations have been either fully implemented or are well underway. Milestones include:

- CITB and their ConstructionSkills branch have become more fully integrated, they now operate from the one location and have been re-branded as CITB ConstructionSkills NI;
- legislation is due to be introduced on 31 August 2010 removing certain sub-sectors from the Board's footprint;
- running costs have been reduced with the purpose of returning additional training grant and other support services to construction employers;
- the organisation has been restructured, reducing staffing levels by 30%;
- legislation was introduced from 1 September 2009 so that small construction businesses no longer have to pay levy to the Board, but can still avail of its training grants and other support services; and,
- the Board has improved its engagement with construction employers.

### **Sector Skills Councils**

In 2009, the 25 Sector Skills Councils (SSCs) underwent a rigorous process to determine whether their licence from the UK Government and the Devolved Administrations should be renewed. Licences were only granted by Government to those SSCs which met the robust standards laid out in the technical prospectus, and which demonstrated that they have the confidence and support of employers within their sector. The process is almost complete; to date 22 SSCs have been successful in retaining their license. Details on this process can be found on the Department's website at :

<http://www.delni.gov.uk/index/successthroughskills/skills-and-training-sectoral-development/reform-relicensing-ssc.htm>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

The SSC network is now subject to an overall review, following the publication of the Department of Business, Innovation and Skills' White Paper "Skills for Growth", which proposed that the number of SSCs should be reduced significantly, with the current SSCs merging, or forming clusters. This is being overseen by a four nation working group, in conjunction with the UK Commission for Employment and Skills (UKCES).

Each SSC produces an annual action plan for Northern Ireland which contains key priorities for the sector, and these are closely monitored by the Department, with quarterly reviews being held by Sectoral Development Branch (SDB) and feeding into the UKCES monitoring process. The SSCs are also required to produce an annual UK wide Sector Skills Assessment with tailored national reports for each of the four UK nations which will provide high quality, robust assessments of sector skills needs.

During the 2009/10 financial year, the Department funded the SSCs to deliver 55 projects, ranging from the promotion of careers attractiveness, to upskilling and raising standards of training.

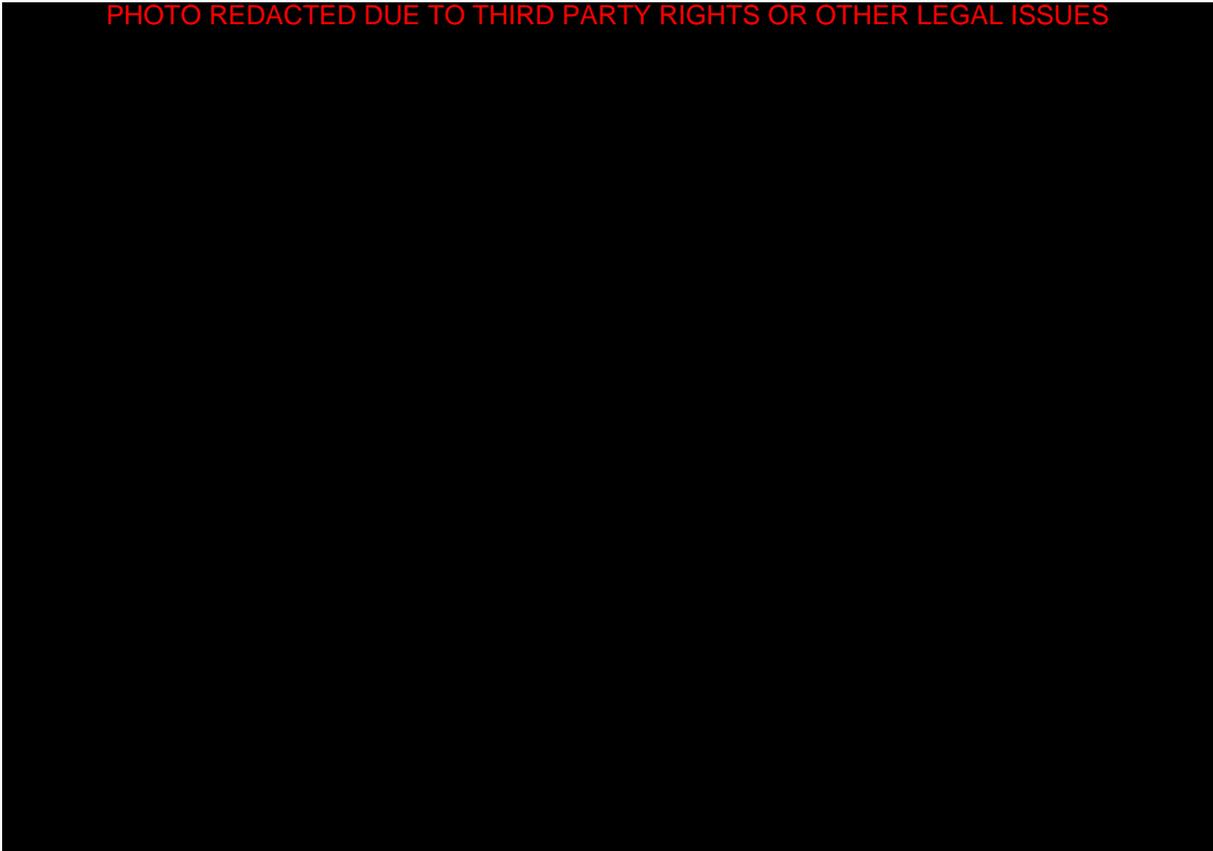
### **UK Commission for Employment and Skills**

The UK Commission for Employment and Skills (UKCES) was established on 1 April 2009, with the aim of helping the UK achieve world class standing in employment, skills and productivity. The UKCES is primarily advisory in nature, but also has an executive function in performance managing and funding the Sector Skills Councils and is responsible for their reform and relicensing. In addition, it has a key role in the delivery of the UK vocational qualifications reform programme.

The UKCES is a UK-wide body and the Department is one of 8 co-sponsor Departments which oversee the work of the Commission. In addition, the Minister has appointed Bill McGinnis as the Northern Ireland Commissioner for Employment and Skills, who will represent Northern Ireland's interests on the Commission.

### **Labour Market Information**

The Careers Service has been working along with the Alliance of Sector Skills Councils and DEL's Analytical Services Branch to progress the development of labour market information. A series of easy-to-use Industry Factsheets have been designed for use by young people, adults and careers practitioners and is available on the Careers Service website- [www.careersserviceni.com](http://www.careersserviceni.com). The Factsheets provide details of a variety of occupations, information on job prospects, relevant skills and entry requirements and highlight current vacancies and skills shortages.



Employment and Learning Minister, Sir Reg Empey with Skills Adviser Bill McGinnis and Judith Thompson from the Alliance of Sector Skills Councils at the launch of the Industry Factsheets

### **Awards**

The Careers Service received recognition during the year for their work with clients facing Social Exclusion. Careers Adviser, Yvonne Leslie received the award at the Institute of Career Guidance Conference in Blackpool to acknowledge her work using the MAPS diagnostic assessment tool.

## **HIGHER EDUCATION**

### **Development of a Higher Education Strategy for Northern Ireland**

During 2009, work commenced to develop a Higher Education Strategy for Northern Ireland, which will set the priorities for Higher Education (HE) in the period to 2020. The Steering Group overseeing the development of the Strategy comprises representatives of key stakeholder organisations within HE and is chaired by Sir Graeme Davies, Vice Chancellor of the University of London.

Five Expert Groups have been established to examine the following key themes within higher education:

- Economy;
- Finance/Governance;
- International;
- Learning; and,
- Society/People.

Stakeholder engagement is central to the development of the Strategy. A stakeholder event was held on 21 October 2009 and further events are planned in the pre-consultation period.

It is anticipated that the consultation will take place in Autumn 2010 and that the Strategy will be published in Spring 2011.

### **Widening Participation Strategy for Northern Ireland**

The Department is committed to widening participation in Higher Education by learners from those groups which are currently under-represented, in particular, students from disadvantaged backgrounds and students with learning difficulties and disabilities. The widening participation vision is that any individual in Northern Ireland should be able to gain access to the higher education that is right for them, irrespective of their educational or social background.

During the year the Department made a good start on the development of a new integrated strategy, with the establishment of the Higher Education Widening Participation Regional Strategy Group, comprising relevant experts from the education, public and private sectors, to drive this work forward.

The role of the Widening Participation Regional Strategy Group will be to advise and make recommendations on matters affecting Widening Participation in Higher Education in Northern Ireland and to help with the development of an integrated regional strategy and action plan for publication by the end of March 2011.

## **Holyland**

Following the disturbances in the Holyland area of South Belfast on St. Patrick's Day 2009, at the request of the Minister, staff from the division quickly organised a Stakeholder Forum, on 7 May 2009. This comprised representatives from the Universities, Students' Unions, residents' groups, landlords, the Police Service for Northern Ireland (PSNI), political representatives and other government departments and agencies and identified and explored the issues affecting the Holyland.

From that forum a draft report was then produced which detailed a number of proposals and possible solutions. An Editorial Group, comprising of key stakeholders, convened in August 2009 to discuss the draft report, allocate responsibilities and develop an action plan.

This Action Plan was then presented at the second Holyland Stakeholder Forum on 26 October 2009 and detailed what had been happening, what was planned in the short, medium and long term and identified those responsible for taking those actions forward. Belfast City Council's Holyland Inter-Agency Group agreed to take on a more strategic oversight role and monitor progress against the Action Plan. The additional measures agreed by those on the Inter-Agency Group, including the Department, contributed to St. Patrick's Day 2010 passing off relatively peacefully.

The Department maintains its role on Belfast City Council's Holyland Inter-Agency Group as it plans for the future of the Holyland area and will continue to monitor progress.

## **McManus All Ireland Scholarships**

The All Ireland Scholarships were established with a donation of €30million from J P McManus for application in the provision of third level education scholarships, spread on a county by county basis throughout the island of Ireland. €6m has been allocated to Northern Ireland.

The All Ireland Scholarship Scheme (Northern Ireland Awards) provided Scholarships to the top twenty five performing Council for Curriculum Examinations and Assessment (CCEA) 'A' level students, in receipt of the Educational Maintenance Allowance (EMA), thus widening participation in third level education. The Academic Year 2009/10 was the first year that the Scholarships were available to students in Northern Ireland.

The Department is responsible for promoting and administering the scheme in Northern Ireland and is currently reviewing the scheme prior to the launch of the second year's Scholarships.

## **International**

The Department remains committed to promoting and encouraging strategic partnerships and opportunities for international collaboration and mobility in the tertiary education sector. There are various policies, programmes and initiatives, funded by the Department that involve collaboration with global institutions and organisations; such as the Business Education Initiative (BEI), the Mitchell Scholarship, the Prime Minister's Initiative 2,

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

Education Partnerships Africa (EPA) Northern Ireland, the Africa Unit, Choose NI and Study China.

This year the Department has doubled its funding commitment to the Mitchell Scholarship programme. Under the EPA Northern Ireland DEL provided grants to St. Mary's University College and to the University of Ulster to aid capacity building in sub-Saharan Africa. The Department also sent 100 students to America under BEI and 18 students to China under the Study China programme. Additionally, the Department is promoting education partnerships and links between the USA and Northern Ireland, through provision of support for a new post in the Northern Ireland Bureau in Washington.

### **Teaching and Learning**

The Department continues to be committed to ensuring a high quality standard of Teaching and Learning is delivered throughout the NI HE Sector. During 2009/10 it participated in the Quality Assurance Framework Stakeholders Group to agree a collaborative consultation paper on the future of the quality assurance system in England and Northern Ireland. It was also represented on a new national Quality Assurance Systems in Higher Education Group set up to manage and develop the new quality assurance system and to have an oversight of the policy and direction of the quality assurance arrangements for England and Northern Ireland.

The Department actively supports student engagement and teaching enhancement through initiatives such as the new Teaching Enhancement and Student Success fund, the National Students Survey and supporting student representation through the Quality Assurance Institutional Audit process.

It also continues to provide funding and support for the European Lifelong Learning Programmes of Erasmus and Transversal. Erasmus addresses the teaching and learning needs of staff and students within the Higher Education Sector, providing support for Institutions across Europe to work on shared projects including curriculum development and other areas. Over the past two years NI students have won the prestigious Erasmus Essay Competition.

To ensure that Higher Education Institutions in Northern Ireland are in a position to avail of research and collaborative opportunities in India, the Department has supported the UK-India Education and Research Initiative for the five year period up to March 2011. It aims to substantially improve educational links between India and the UK, ensuring in the longer term that we become each other's partner of choice in education. As part of this initiative NI students have the opportunity to participate in "Study India"; a three week summer programme that gives UK undergraduate students the opportunity to experience India first hand. The programme runs in Mumbai and Delhi, and offers a mix of language and culture classes, lectures on Indian history and commerce and visits to cultural and historic sites. Since 2009 seven NI students have been offered places on the programme.

### **Recurrent Funding**

In terms of recurrent funding the Department was able to significantly increase block grant allocations to the Higher Education institutions for the 2009/10 academic year. Allocations

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

for teaching and learning were increased overall by 2% thus maintaining the value of the allocation in real terms. Funding for research was, however, increased by 7% in light of the excellent results achieved in the Research Assessment Exercise of 2008. This level of increase was on a par with that in England and underlines the importance of research to the Northern Ireland economy.

### **Capital Funding**

During the year a total of £20.7m capital funding was provided to the sector. Many projects commenced in the 2008/09 year continued into the 2009/10 year. There was one significant University of Ulster project which commenced in 2009/10. This was the Jordanstown redevelopment project. The project will see the university relocating most courses from Jordanstown to a new expanded campus in North Belfast. The Jordanstown campus will be retained to cater for sports and specialist engineering provision. The project will see the creation of a landmark building in North Belfast on the current Interpoint site. The project will be the biggest development Belfast has seen since the iconic Victoria Square development and it will make a major contribution to the economic, social and cultural vitality of the city.

### **Review of Variable Fees and Student Finance Arrangements**

Joanne Stuart, the current chairperson of the Institute of Directors in Northern Ireland, was appointed as independent chairperson of the review which commenced in December 2008. The review was tasked with considering evidence from a range of sources to determine the impact of the current variable fee arrangements on higher education institutions and students and make recommendations in terms of future student finance policy for Northern Ireland.

The Division has enabled significant progress to be made with the review in 2009/2010 and a final report issued to the Minister in March 2010. This independent report, which is still under Ministerial consideration, will be a key factor in determining future student finance policy for Northern Ireland. It is expected that policy proposals for public consultation will issue later in the year.

### **Student Loans Amendment Bill**

The Division has made considerable progress in bringing forward legislative proposals which will facilitate the exemption of publicly funded student loans from Individual Voluntary Arrangements (IVAs) which are considered a more flexible alternative to bankruptcy. Currently student loans are excluded from a borrower's bankruptcy debt meaning the borrower remains liable to repay his or her loan on discharge from bankruptcy. A borrower can, however, reduce or write-off his or her student loan under an IVA. The legislation is required as it is considered anomalous to exclude student loans from bankruptcy but not from IVAs. Additionally as student loans are paid out of and subsidised by public funds, in the interest of the protection of public money, it is not considered appropriate to allow borrowers to reduce or limit their liability to repay by entering into IVAs. The final policy and approval for introduction of the Bill to the Assembly is due for consideration by the Executive in May 2010. Subject to this, it is anticipated that the Bill will be introduced to the Assembly before summer recess.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

**Student Finance**

During the year the Department committed a total of £297.5m towards supporting Northern Ireland domiciled HE students at UK Universities and NI Further Education Colleges, compared with £262m in 2008/09. This included non-repayable grants of £69.3m compared to £62m in 2008/09 and Maintenance and Tuition Fee loans totalling £214m, compared to £187.9m in 2008/09. Through funding of £12.3m, the Department supported a total of 695 postgraduate research posts in 2009/10, compared to £10.3m for 595 posts in 2008/09. In 2009/10 The Queens University, The University of Ulster, St Mary's University College and Stranmillis University College distributed a total of £1.8m of DEL funding to students experiencing financial hardship.

**US-Ireland Research and Development (R&D) Partnership**

The US-Ireland R&D Partnership has its origins in the US-Ireland Business Summit that took place in Washington DC in 2002. The aim of the Partnership is to increase the level of collaborative R&D among leading researchers across the three jurisdictions, that will generate valuable discoveries and innovations which are transferable to the marketplace, or will lead to enhancements in health promotion, disease prevention and healthcare. Six projects are currently being supported representing an investment across the three jurisdictions of some £12m / \$17m. Three of these projects, all in the strategically important areas of nanotechnology and sensors, are co-funded by the Department and commenced in 2009. These successful proposals were all subjected to the "gold standard" international peer review operated by our US Government partners (the National Science Foundation and the National Institutes of Health). As such, our success in the past year represents a major boost to the profile of the Northern Ireland research base on the international stage. By collaborating together we are pooling our respective research expertise and leveraging additional investment to support projects that will benefit each of our jurisdictions and make a significant contribution to the wellbeing of all of our people. The US-Ireland initiative complements the major £17m investment in the all-Island research base announced in 2008.

**ASSET Research Centre – DEL/Queen's University Belfast**

2009 saw the launch of a major new research centre at Queen's University Belfast. The Centre for Safe Traceable Food (ASSET) which is led by Professor Chris Elliott, Director of the Institute of Agri-Food and Land use in Queen's School of Biological Sciences, will conduct cutting-edge research to ensure that the safest and highest quality food in the world is produced across the island of Ireland.

The £1.75m funding for the centre came from the Department's "Strengthening the All-Island Research Base" programme. Major collaborative links have been formed as part of this initiative with the Ashtown Research Centre, Dublin City University and The Conway Institute based in University College Dublin. In addition, links with research organisations beyond the shores of this island are also vital to the success of the centre. A major boost to this drive was recently announced by the US Ambassador to Ireland, Daniel Rooney. As part of the "US-Ireland R&D Partnership" initiative co-funded by DEL, ASSET researchers, along with scientists from Dublin City University and the University of Maine, were awarded £700,000 to research aspects of food and water safety on a global basis. In a further advance

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

of ASSET, discussions are now underway with the United Nations' Food and Agriculture Organization to get ASSET recognised as a global food traceability centre of excellence. Agriculture and food production are essential to the economy and the need to ensure we produce high quality, safe and wholesome food is vital to the future of these industries.

## **FURTHER EDUCATION**

### **Learner Access and Engagement (LAE) Pilot Programme**

During 2008, the Department introduced the Learner Access and Engagement Pilot Programme, to pilot learner support arrangements between Further Education (FE) Colleges and third party organisations. The pilot programme operates throughout Northern Ireland, with the six Colleges currently having 28 learner support contracts in place.

The pilot provides opportunities for non-statutory organisations to deliver learner support to 'hard to reach' adults who are economically inactive, disengaged from the labour market, and have few or no qualifications, to help them to complete a work related qualification.

Progress to date has been good with over 1000 participants having enrolled through the programme. Early analysis of the headline figures is also very encouraging. To date:

- 74% of total enrolments are women;
- 47% of total enrolments are aged 46 and over; and,
- 45% of total participants are from the most deprived regions.

### **Review of 'Centres of Excellence'**

During 2008, a Review of the current FE 'Centres of Excellence' model was commissioned, on behalf of the Sector. This review recommended the establishment of a two tier accreditation system, focusing on generic industry engagement activities and Sector specific specialism.

An Implementation Working Group was established during 2009/10 to take forward the recommendations. During the year the Department secured the agreement of the Department for Business, Innovation and Skills to adopt the Training Quality Standard model, with appropriate adjustments, to ensure that it meets the specific Northern Ireland context. The Implementation Working Group has formulated a detailed plan to take matters forward.

### **Innovation Fund: Employer Support Programme**

During the past year the Department continued to operate the Innovation Fund: Employer Support pilot programme to enhance the support which FE Colleges offer local business and industry.

This year saw the submission of a number of collaborative, 'sector wide' proposals from colleges, including the Rapid Response NI programme. This programme was developed to provide a holistic approach to support the employability needs of companies and individuals during the current economic downturn.

### **Post Graduate Certificate in Education (Further Education)**

Following an evaluation of the teacher education programme in further education in 2006, the Department decided to revise the Post Graduate Certificate in Further and Higher Education

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

(PGCFHE) qualification to meet the needs of the 14-19 agenda and facilitate the transfer of teachers' skills across the post-primary education sector.

During 2009/10 a new, enhanced qualification, known as the Post Graduate Certificate in Education (PGCE) (FE), which is mapped to the Lifelong Learning UK (LLUK) professional standards for teachers, was developed and introduced to replace the PGCFHE.

The PGCE (FE) is now a mandatory qualification for all new-entrant, permanent, full-time and associate lecturers who are not qualified teachers. The qualification is completed through part-time study. Implementation arrangements are initially being piloted for a two year period, with a view to mainstreaming it to all FE lecturers thereafter.

### **Vocational Qualifications Reform Programme (VQRP)**

The VQRP is a UK-wide programme introducing changes to vocational qualifications particularly in England, Wales and Northern Ireland. The main outcomes of the programme are the introduction of a credit and unit-based framework for qualifications (the qualifications and credit framework - QCF) across the three countries. The result will be a vocational qualifications system that is flexible to the needs of learners, and that better meets the needs of employers and learners by involving employer representatives in the qualifications development process. The focus of the VQRP in NI is on communicating the changes locally and ensuring that NI issues are addressed at the UK level.

During 2009/2010 the NI VQRP Board oversaw a number of key achievements:

- implementation of a VQRP communications strategy, including: the Launch of an NI-specific VQRP website as a resource for stakeholders [www.nivqrp.org.uk/](http://www.nivqrp.org.uk/); the delivery of a capacity-building programme for FE colleges, information, advice and guidance providers and training organisations; and a very successful VQ reform conference on 3 June 2009;
- changes to the legislation to establish the Office of Qualifications and Examinations Regulation (Ofqual) as the independent regulator of all vocational qualifications in NI;
- the launch of the Recognition of Training in Employment Programme pilot, to promote the use of regulated qualifications to employers who deliver their own training; and,
- a unique learner number for students in Northern Ireland, to ensure they have access to their personal learning, record which will store all QCF achievements.

### **College Collaboration with Schools / the Entitlement Framework**

Part of the wider 14-19 agenda, VEP (DEL's Vocational Enhancement Programme) was a transitional programme, which provided the opportunity to enhance the profile of professional and technical education and test and refine models of collaboration among schools and FE colleges as a precursor to the introduction of the Department of Education's Entitlement Framework. VEP grew from fewer than 2,000 post-primary school pupils in the 2004/05 academic year, to around 12,000 post-primary school pupils availing of vocational opportunities under the Entitlement Framework in the current academic year. Building on the

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

good progress made to date; DEL and the Department of Education (DE) have established a steering group to ensure that policies relating to 14 to 19 year olds can be implemented in the most effective manner. The group has met regularly since September 2009, and the focus of its work is to consider how to take full advantage of: the implementation of the Entitlement Framework; the introduction, from 2010, of the QCF as the sole framework for accredited vocational qualifications; the area planning process that is in place; and the DE and DEL joint Careers Strategy. The main outcome will be to ensure that the most flexible and appropriate curriculum offering is available to 14 to 19 year olds, whether they are in school or in further education or training.

### **Individual Learner Programme (ILP)**

The Department is introducing an Individual Learner Programme (ILP) for all 16 to 19 year olds enrolling with FE colleges. The ILP ensures that every 16 to 19 year old entering an FE college is provided with a personalised programme of learning that would enable his/her career aspirations to be met in the most effective way. This guidance process will have to link to the Individual Student Learner Agreements (ISLAs) developed in schools, and will be enabled by technology. The ILP will complement the implementation of the Department's wider Careers Education, Information, Advice and Guidance strategy. During the year, a project was commenced by the Learning Skills Development Agency to research the "FE experience" of 16-19 year olds, and to develop and implement a shared electronic Individual Learner Programme (e-ILP) that could be used across the FE sector to plan and monitor individuals' learning. A major consideration in this work was making recommendations on the best use of existing college computer systems (including the Virtual Learning Environments) to incorporate best practice in terms of learning plans for 16-19 year olds. The ILP was piloted, initially with 16-19 year olds enrolled with FE colleges, from September 2009. The project is due to be completed in the 2010/11 academic year and, thereafter, its impact on college recruitment, retention and achievement will be monitored.

### **Essential Skills**

The awareness of the relevancy and value of Essential Skills and benefit to learners wishing to upskill and progress to further and higher education has been evidenced through:

- recognition of essential skills by both QUB and UU and UCAS to each of the Essential Skills qualifications at Level 2;
- NI Direct facilitating a 300% increase in visits to the Essential Skills site since September 2008 coupled with changes to the strategy on engaging Essential Skills learners resulting in savings of approximately £280k per annum;
- promotional campaign "Get the Know-how" in conjunction with NI Direct, has led to an increase in enrolments in Essential Skills since September 2009 and each of the colleges meeting or exceeded its enrolment targets in the current academic year; and,
- introduction of Information and Communications Technology (ICT) as third essential skill, as one of the three Essential Skills along with literacy and numeracy.

These have all contributed to the Department being on track to achieve a demanding PSA target of 42,000 adult learners achieving an Essential Skills Qualification by 31 March 2011.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

**Estates**

In 2009/10 further progress has been made on renewing the capital infrastructure of the further education estate. As part of a Public Private Partnership (PPP) project (capital value £44m) at the South Eastern Regional College a new campus was completed in Newcastle along with the first phase of the Downpatrick campus. The Lisburn and Ballynahinch campuses were also progressed and will be completed in 2010/11. A PPP contract (capital value £45m) was also signed for the Belfast Metropolitan College at Titanic Quarter during 2009/10. This is now well advanced within the construction phase and is due to be in service by August 2011. This new building will replace the outdated College Sq East and Brunswick St campuses. A new £10m campus at Killyhevlin in Enniskillen was also completed for the South West College in November 2009. Major conventionally procured projects are also underway at the North West Regional College (£18m) (Strand Road campus) and Northern Regional College (£10m) (Newtownabbey Campus).

## **EMPLOYMENT SERVICE**

### **Helping people to acquire jobs**

One of the main ways that the Department helps people to acquire jobs is through the delivery of its Employment Service, the objective of which is to deliver a high quality employment service, providing support for employers and helping people into work.

The Employment Service does so by assisting people to identify and address barriers to work through its one to one Adviser service; by providing detailed information on jobs that are available via the Jobcentre Online website, Jobpoints and job brokerage staff; by providing assistance to people who are interested in becoming self-employed, and by improving the linkages between employment programmes and skills development

The strategic targets of the Employment Service are to:

- assist 70,000 working age benefit clients to move into employment by March 2011, subject to economic conditions;
- increase by 25% use of e-vacancy by employers by March 2011; and,
- deliver a modernised employment service by March 2011.

The Employment Service objective and related Targets are associated with PSA 3 Increasing Employment.

The performance against these targets over the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010 is as follows:

- assist 70,000 working age benefit clients to move into employment by March 2011, subject to economic conditions; in 2009/10 34,234 clients have found work with the assistance of the Employment Service against a target of 23,000;
- increase by 25% use of e-vacancy by employers by March 2011; during the period 6,609 employers have placed 34,043 vacancies with the Employment Service of which 12,214 were placed via the e-vacancy facility; in March 2010, 35.88% of vacancies were placed via the e-vacancy facility; and,
- progress has continued to modernise the Employment Service with the introduction of an integrated adviser service and work being taken forward to review and streamline processes and on developing a learning and development strategy.

The Employment Service delivers its service to clients and employers, through a network of Jobs and Benefits Offices and Job Centres. New Jobs and Benefits offices opened in Ballymena on 8<sup>th</sup> March 2010 and in Andersonstown on 24<sup>th</sup> May. The Jobs and Benefits service is delivered in partnership with the Social Security Agency. The main functions delivered are an Employment Adviser service which includes work-focused interviews and supports provision such as Steps to Work and Pathways to Work, Job Brokerage, and an Employer Service.

### **New Deal/Steps to Work**

New Deal was introduced in 1998 as a major part of the Government's Welfare to Work initiative. Its aim was to tackle long-term unemployment and move people into work. In 1998

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

the total number of people registered as unemployed and claiming Jobseeker's Allowance (JSA) in Northern Ireland was 56,749. By March 2008 this figure had fallen to 24,380. There is no doubt that New Deal, coupled with a sustained period of economic growth at this time, had a very positive impact on the levels of unemployment throughout Northern Ireland. Unemployment in the main New Deal target groups (18-24 and 25+) had fallen by 78% and 88% by February 2008.

Whilst the unemployment rate had dropped substantially, Northern Ireland continued to have a disproportionately high number of working-age people who were 'economically inactive'. A large proportion of this group included customers who were claiming Incapacity Benefit and those in receipt of Income Support, including lone parents. Evaluation and research indicated that it was necessary for the Department to address the wider range of multiple, and often complex barriers faced by both those remaining unemployed or economically inactive.

A new, more focused and flexible approach was now required to help these people to move from welfare to work. The Northern Ireland Executive has, within its Programme for Government set a goal to achieve a 75% employment rate by the year 2020. In order to contribute to this goal it was vital that the Department had an initiative in place to address the needs of a wide range of customers and was flexible and varied in its delivery.

In recognition of this, the Department developed a more flexible menu-based approach to its adult return to work provision known as Steps to Work (StW). Steps to Work replaced New Deal from September 2008. It has been rolled-out across NI with the exception of the Foyle contract area where Central Procurement Directorate has not been in a position to finalise the contract award. The existing New Deal contracts have been extended until 31 March 2011. Contingency arrangements are being put in place to ensure, as far as possible, provision in Foyle replicates what is available in the rest of NI.

StW offers access to a wider customer base including Incapacity Benefit/ Employment and Support Allowance claimants, Income Support claimants, customers in receipt of other benefits and economically inactive customers who are not in receipt of benefits. Despite the deteriorating economic conditions and difficulties it presents, StW continues to deliver a flexible programme to meet the needs of our expanding customer base. During the current economic downturn unemployment has risen significantly and is now back to 2000 levels with yet further increases anticipated. Over the last year a 25% increase in total unemployment was recorded.

A number of new and significant enhancements to StW have been fast tracked as a result of the economic downturn. These include contingency arrangements for redundant apprentices; increased levels of support for contribution to the cost of childcare, short accredited courses and travel costs. The flexibility of the StW initiative has also enabled the Department to introduce a Step Ahead strand which offers up to 26 weeks employment for those unemployed for 30 months or more and a Graduate Acceleration Programme to provide work placements for unemployed graduates.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

**Strategic Dialogue with Disability Sector**

The Disablement Advisory Service continues to work with the Disability Liaison Group on agreed recommendations from the report prepared by the group and to discuss further those recommendations that that have not been fully agreed.

**Employer Engagement**

Employers are, and will remain, central to the ambitions of welfare reform, to the Government's aspirational UK 80% employment rate and to the work of the Employment Service. The Employment Service offers a free of charge recruitment service to all employers in Northern Ireland. In the past, job opportunities have not always matched the skills and aspirations of the Department's priority client groups i.e. individuals in receipt of working age benefits and the economically inactive. The Department's public Employment Service is, therefore, seeking to attract vacancies better suited to its client groups while at the same time continuing to provide a vacancy service to all employers.

Focused formal employer engagement planning arrangements ensure employer contacts are managed in a co-ordinated, consistent and targeted manner. Supported by Employer Contact Managers, dedicated to proactively engage with employers, the Employment Service is providing an improved service to employers. The use of the Employers Online website, which allows employers to notify and manage their job vacancies electronically, continues to grow. During 2009/2010 35.88% of all the job vacancies attracted by the Department (i.e. 12214 out of the 34043 total) were notified through this medium.

The Employment Service hosted a number of successful Jobs and Opportunities events across Northern Ireland bringing together jobseekers, employers and those organisations able to offer advice on training opportunities. The Department is confident that the service and support given to employers will result in significant repeat business. Whenever an employer makes redundancies the Department will offer a tailored support package to meet the needs of those employees affected by the redundancy. This support is aimed at helping employees cope better with redundancy and assist them in finding alternative employment. The Department will plan, coordinate and deliver the support package agreed with the employer. During the past year, 62 clinics were held for 38 employers.

**Local Employment Intermediary Service (LEMIS)**

The Local Employment Intermediary Service (LEMIS) has been operating over the last three years in areas of high unemployment/low employment, in Belfast, Londonderry and Strabane. The Service provides tailored assistance to help voluntary clients overcome the personal barriers that are preventing them from finding and keeping a job and is independent of the statutory employment services. LEMIS is delivered by local providers in the community and is designed to complement the services available through the Jobs and Benefits offices in the areas being targeted. The programme's funding structure is designed to encourage providers to focus on getting clients into jobs as soon as possible.

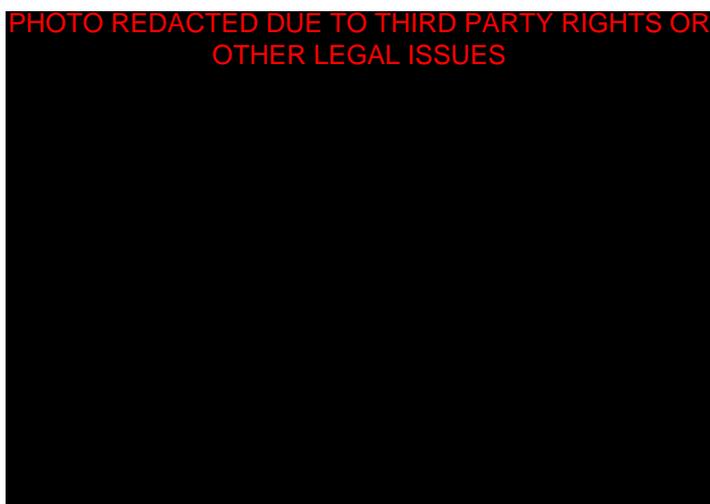
Results to date have been positive in all areas with 1339 clients caseloaded during the past year (4,548 over the last 3 years). Of these numbers:

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

- 363 clients subsequently moved into employment in 2009/10 (1,086 into employment over the last 3 years); and,
- a further 49 clients moved onto other DEL programmes in 2009/10 (98 over the last 3 years).

An independent evaluation of the programme was completed in December 2009 and reported the positive impact and success the service is having in the local communities identified above.



L-R Naomi Long (Lord Mayor of Belfast) Samantha Waite (LEMIS Client), Ian Jeffers (Prince's Trust NI)

Samantha was a LEMIS client with Stepping Stone (LEMIS Provider in East Belfast). She successfully participated on the Prince's Trust Get into Retail Programme and got a job with Café Libra.

### **Progress2Work (NI)**

This programme has been running as a pilot since November 2005. Its main aim is to provide support to individuals in receipt of Social Security benefits, such as Jobseeker's Allowance, Income Support or Incapacity Benefit, who have significant difficulty accessing the labour market as a result of being homeless, being an ex-offender or ex-prisoner or having a history of drug or alcohol misuse.

### **Pathways to Work**

The Pathways to Work service has been available throughout the whole of Northern Ireland since April 2008 Employment and Support Allowance replaced Incapacity Benefit and Income Support payable for reasons of incapacity or disability in October 2008.

Pathways to Work is a programme for helping people with health problems or disabilities into work. New Incapacity Benefit claimants are required to attend up to 6 work-focused interviews during the first 6 months of their claim. At these interviews the role of the specially trained Pathways Personal Adviser is to work with the client to identify any barriers

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

to work, and provide them with individually tailored advice and support and agree an Action Plan to help the client move into work.

In addition to existing provision such as New Deal for Disabled People, Job Grant and permitted work, a range of new options is available. This includes:

- a Return to Work Credit of £40 per week, for one year, for anyone leaving incapacity benefit for paid work of at least 16 hours a week where the earnings are less than £15,000 per annum;
- access to the Adviser Discretion Fund which can provide up to £300 to spend on anything that will help the client obtain a job, or if offered a job, accept it;
- a Condition Management Programme which will run in partnership with the health service offers clients short courses to help them gain a better understanding of their health condition and how to manage it safely in a work environment;
- by gaining strategies for managing their condition and exploring the health benefits of working, the client should feel more confident about seeking work and the prospect of remaining in work; and,
- through the short course, the client should also be able to recognise the early signs of a relapse or worsening of the condition and will be in a better position to seek help or reasonable workplace adjustments.

Although the series of interviews is mandatory, the Pathways Personal Adviser has the discretion to defer them if appropriate. All the choices on offer are entirely voluntary and clients are not put under pressure to participate in any of the options or forced into work.

### **European Employment Service (EURES)**

2009 was proclaimed 'European Year of Creativity and Innovation'. Key objectives were to raise awareness of the importance of creativity and innovation for personal, social and economic development; to disseminate good practices; to stimulate education and research, and to promote policy debate on related issues. The key message of the year was creativity, innovation and contribution to economic prosperity as well as to social and individual well being.

Supporting the promotion of Creativity and Innovation, EURES attended several events and provided information and advice on Living and Working in Northern Ireland. EURES NI welcomed EURES colleagues from Great Britain, Malta, Poland and France to participate in Jobserve Live, Northern Ireland's largest annual careers and recruitment event. EURES representatives provided advice and guidance on living abroad and promoted European vacancies. EURES attended job fairs in the Republic of Ireland and other European member states as well as Northern Ireland schools, colleges and universities to promote workers' mobility, employment opportunities, and the European Year of Creativity and Innovation.

### **Modernising the Employment Service**

The Department has put in place a new service delivery model designed to provide an integrated Adviser service to meet the full range of clients' needs. The model is an integral element of the Modernisation of the Employment Service and is one of many ways in which the Department continues to improve its service to customers.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**ANNUAL REPORT**  
**for the year ended 31 March 2010**

---

This Employment Service Modernisation Programme had an internal focus this year following on from the initial phase of modernisation which delivered flexible citizen-focused training provision through the introduction of Pathways to Work, the Local Employment Intermediary Service and the Steps to Work Programme.

This Second phase focused on internal modernisation including development of workforce analysis tools, strategic partnership with Human Resources and Learning and Development Partners. Work on modernising the Employment Service will continue next year with, amongst other things, the Employment Service Improvement Project and also Review of internal Structures through an Organisational Review and development of technology enabled business processes.

## **STRATEGY AND EMPLOYMENT RELATIONS**

### **Redundancy Payments Service (RPS)**

Under the Employment Rights (Northern Ireland) Order 1996 the Department administers the statutory Redundancy Scheme. Employment Rights legislation provides a statutory entitlement for employees who are made redundant to receive certain types of payments from the National Insurance Fund where their employer has not made such payments. In almost 100% of cases, this occurs where the employer has become bankrupt or insolvent. Employees with more than 2 years service are statutorily entitled to a lump sum from their employer, based on their age, length of service and contractual earnings up to a maximum limit which is reviewed annually. In 2009/10 the RPS paid in excess of £ 6.1m from the Northern Ireland National Insurance Fund, in entitlements referred to above, while in excess of £ 0.8m was recovered from the assets of solvent/insolvent employers. In addition, almost £2.3m was written-off the debt to the National Insurance Fund as irrecoverable.

### **Labour Relations Agency**

The Labour Relations Agency was established in 1976 as a Non-Departmental Public Body with responsibility for promoting the improvement of employment relations in Northern Ireland. The Agency is independent of Government and is funded mainly in the form of a grant from the Department - £3.695m in 2009/10.

In 2009/10 the Agency hosted advisory workshops, assisting organisations to develop good practice in employment policies and procedures and provided good practice seminars. It continues to provide an enquiry service. The Agency also provides a conciliation service to individuals and employers and contributed greatly to settling many of the complaints received at tribunal without the need for a formal hearing. Full details are contained in the Agency's Annual Report and Accounts.

### **The Northern Ireland Certification Officer**

The Northern Ireland Certification Officer has a semi-judicial role to deal with complaints made against trade unions and employers associations by their members. He also has statutory functions in relation to the monitoring of trade unions and employers' associations. The Northern Ireland Certification Officer is a part-time post appointed and funded by the Department under the Industrial Relations (Northern Ireland) Order 1992. The Order also requires the Northern Ireland Certification Officer to produce an annual report of his activities.

### **Employment Law**

DEL in 2009/10 maintains and develops the framework of employment law, employment rights and employment relations in Northern Ireland, provides the administrative service for the Office of Industrial Tribunals and the Fair Employment Tribunal, provides Secretariat support to the Industrial Court, and develops and co-ordinates the Department's response to cross-Departmental strategies and European policy in relevant areas.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**ANNUAL REPORT**  
**for the year ended 31 March 2010**

---

*Employment Bill*

The Employment Bill includes new policy proposals to enhance powers to investigate and prosecute serious offences by rogue employment agencies, permit the sharing of employment agency inspection information with HM Revenue and Customs, provide flexibility in making Industrial Court appointments and extend the right to legal representation to several Industrial Court jurisdictions. The Bill also contains a number of minor miscellaneous amendments.

The Employment Bill was approved at the Executive meeting of 11 June 2009 and was introduced to the Assembly on 22 June with Second Reading on 30 June 2009. Committee Stage finished on 21 October 2009 when the final Report was published.

*Dispute resolution review*

The Department completed an extensive review of systems for resolving disputes about issues arising in the workplace. During the review, the Department engaged extensively with a wide range of employer, trade union, statutory and voluntary interests and representatives of the legal profession, seeking views on the development of systems that best reflect the respective needs of Northern Ireland citizens and the local economy. The public consultation, which informed the review findings, was overseen by a steering group consisting of representation from CBI Northern Ireland, the Federation of Small Businesses, the Northern Ireland Committee of the Irish Congress of Trade Unions, the Equality Commission for Northern Ireland and the Labour Relations Agency. A second Employment Bill, together with a range of subordinate legislation and non-legislative initiatives will be taken forward over the coming year.

*Employment Agency enforcement*

During the period 1 April 2009 to 31 March 2010, the Department's Employment Agency Inspectors carried out 43 routine inspections and carried out 33 investigations into complaints. The inspections are to ensure employment agencies in Northern Ireland comply with the Conduct of Employment Agencies and Employment Businesses Regulations (Northern Ireland) 2005.

In June 2009, an Industrial Tribunal prohibited an Employment Agency from acting as an agent for two years, following a case taken by the Department. In March 2010, another Industrial Tribunal placed restrictions for the next five years on a second Employment Agency, following an application made by the Department.

*Statutory Rules*

Four Statutory Rules were produced in this period:

- The Work and Families (Increase of Maximum Amount) Order (Northern Ireland) 2009 (S.R. 2009 No. 317);
- The Employment Rights (Revision of Limits) Order (Northern Ireland) 2010 (S.R. 2010 No. 61);

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

- The Trade Union Ballots and Elections (Independent Scrutineer Qualifications) Order (Northern Ireland) 2010 (S.R. 2010 No. 78); and,
- The Recognition and Derecognition Ballots (Qualified Independent Persons) (Amendment) Order (Northern Ireland) 2010 (S.R. 2010 No. 79).

### **Industrial Court**

The Department has continued to provide Secretariat support to the Industrial Court ([www.industrialcourt.gov.uk](http://www.industrialcourt.gov.uk)), which has dealt with four cases, including its first disclosure of information case, during the course of the year. The Chairman of the Court and members of the Secretariat have attended Central Arbitration Committee events in London and have maintained positive working relationships with their counterparts in Great Britain.

### **Guidance**

Information on employment rights and responsibilities remains under continual review to ensure that it reflects the up-to-date legal position.

### **Research**

#### *Northern Ireland Private Recruitment Sector Research*

In December 2008, the Department commissioned Millward Brown Ulster Ltd to conduct research into the size and nature of the private recruitment sector in Northern Ireland. The research was completed in March 2010.

#### *Research into the Impact of an Additional Two Days' Annual Leave*

In 2008, KPMG was appointed by the Department to undertake the research into the impact on businesses of an increase of two days in workers' statutory annual leave entitlement. The research was completed in November 2009. On the basis of this paper the Executive has agreed to retain the current annual statutory leave entitlement of 5.6 weeks.

### **Migrant Workers**

During 2009/10 the Racial Equality Forum's cross-cutting Migrant Workers Thematic Sub-Group, which is facilitated by this Department, met on 3 occasions with the aim of ensuring that, throughout Northern Ireland, the employment related needs of migrant workers and those who employ and advise them are met effectively through provision of appropriate information and advice, and by ensuring that associated state and non-state services and systems are effective, complementary and fit for purpose.

In December 2009 the Action Plan was up-dated to record progress against activities listed within each of its 4 key strands. Much of the Action Plan has now been completed. This progress was achieved as a result of noteworthy contributions made by representatives of core member organisations to the following working groups, which mirror the Action Plan's strands, and their associated workshops:

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

*Employment Inspection and Enforcement*

Relationships continue to be developed amongst relevant Employment Inspection and Enforcement bodies. Where legislation permits, information sharing - to address exploitation of migrant workers and breaches of their employment rights - has been enhanced. Case conferences continue to take place between enforcement bodies where appropriate.

*Information*

The “Your Rights in Northern Ireland” guides for migrant workers continue to provide information for those coming to live and work here. There are four booklets, in a range of languages, designed specifically to address the needs of nationals from the EEA, A8 or A2 countries and those formerly requiring a work permit. The guides for A8 and A2 Nationals have previously been distributed through GP surgeries and libraries throughout the region. All of the updated guides are also available on:

<http://www.lawcentreni.org/publications/migrant-workers.html>.

A link is also available on NI Direct.

Consideration is being given to online portal options for publication of/links to a wide variety of useful information for migrant workers and to allow the various groups in the sector to share resources and information.

*Developing Best Practice*

Two sets of Guidelines on Migrant Worker Awareness Training for staff and on Organising Events for/to include Migrant Workers have been produced and disseminated amongst member organisations for their information and use. Work is continuing on the subject of Foreign Qualification Equivalents.

*Research and Data Gathering*

Preliminary findings on the Experiences of Migrant Workers in Northern Ireland by the Institute for Conflict Research (ICR) and the Economic Labour Market and Skills Impacts of Migrant Workers in Northern Ireland by Oxford Economics were presented on 18 June 2009 to officials of the British Irish Council Demography Strand, Thematic Sub- Group members and others. The finalised research papers were published on the Department’s web-site In December 2009.

*Review of the Thematic Sub-Group*

The terms of reference required that the work of the Thematic Sub-Group would be reviewed after three full years of operation and an assessment of the need to continue its operation would be made by the Racial Equality Forum (REF) taking account of the views of the sub-group members. The Thematic Sub-Group continues to operate as the new structures and activities related to the recently reconstituted Racial Equality Forum bed in and move forward.

### **Not in Education Employment or Training (NEET)**

The issue of young people not in education, employment or training is a high priority for the Department. DEL initiated a scoping study to research further data on the NEET group in Northern Ireland, to identify the relevant actions currently in place and to recommend whether a more strategic approach and increased joined-up working across relevant Departments could achieve better outcomes for this group of young people. The report, which is nearing completion, does not represent a strategy and it does not answer the questions which a strategy will need to address. What it does aim to do is illuminate this difficult area and provide a strong foundation for future work. Since any specific action plan or strategy which might be developed on foot of the scoping study will need to be carried forward on a cross-departmental basis, it is intended to bring the results of this work to the Northern Ireland Executive for consideration.

### **Strategies**

DEL is proactively engaged in joined-up Government, and is represented at various inter-departmental groups including steering groups, workshops, seminars, meetings, effectively managing the interfaces with other Divisions and Departments in delivering DEL actions appropriately in all inter-Departmental strategies both on-going and new. DEL is very proactive in facilitating Inter-Divisional co-ordination on numerous action plans, consultation documents etc. and ensuring that appropriate linkages and networking with outside organisations were developed and maintained, such as in relation to the Children and Young People Strategy, the Social Economy Network and Homelessness.

### **Improving Employability Outcomes for Young People in and Leaving Care**

DEL continues to be involved closely with Department of Health and Social Services and Public Safety (DHSSPS) in attempting to improve the education, training and employment outcomes for young people in care or leaving care, as it is recognised that this group of young people is disproportionately disadvantaged. As a means to ensuring a co-ordinated and collective approach, a Regional Steering Group, jointly chaired by DEL and the Health and Social Care Board, has been established. Membership includes key statutory, private and voluntary sector stakeholders who are responsible for delivering against this primary objective. We are encouraging business partners to be aware of the particular needs of those with experience of care and also that, where possible, flexibilities are built into programmes to take account of these needs.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

**HUMAN RESOURCES (HR) AND CORPORATE SERVICES**

The role of HR and Corporate Services Division is to manage the Department's staffing, infrastructure, support services, internal processes and internal and external communications. The Department currently employs just over 2,000 staff in all grades across a network of 44 offices.

**Human Resources**

HRConnect, which aims to modernise the delivery of personnel services across NICS and the Northern Ireland Office, continues to be an integral part of the NICS reform programme. In line with the target set out in the 09/10 Balanced Scorecard, the HR team focused on embedding all HRConnect services in the Department and working in partnership with the Shared Service Centre and Corporate HR to address technical and system difficulties in this business year.

Although there are still significant improvements to be made to HRConnect, the new services were sufficiently integrated to allow HR to adopt a more strategic focus in the latter half of the year. In October 2009, HR re-structured from Personnel Management Branch, centred around the traditional functions, to a Business Partnering Team. The Business Partnering approach, which aims to improve the alignment between HR and the needs of the business, is at an early stage in the Department and it is expected that it will further bed in over the coming year.

In the latter half of the year, HR commenced a process of engagement with key stakeholders with the aim of developing an overarching People Strategy for the Department. The People Strategy will present an action plan spanning a 4 year period and will provide the foundation for partnership working between HR, business areas and staff. The People Strategy was launched in June 2010.

**Attendance Management**

In the last year HR worked closely with line managers and staff to tackle the sensitive issue of staff absence and to improve the HRConnect processes which underpin absence management. HR has continued to promote health and well-being and to pilot best practice in the area of absence management through the condition management pilot. It is hoped that these holistic measures, which address policy, rehabilitation and support, will help the Department to make positive progress towards our target to reduce sickness absence. The information to date suggests that DEL will be close to the absence target for 2009/10 of 10.4 days.

**Performance Management**

HR aims to continually improve the management of the performance appraisal process in the Department and reminds managers of their responsibilities in this area. 97.38% of performance appraisal reports were completed by September (taking account of long term absence and appeal), which fell just short of the target of 99% set out in the Balanced Scorecard. By January 2010, over 99% of completed performance appraisal reports were

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

received by HR. The improvement of the operation of the performance management system is a key objective in the year one action plan of the Department's People Strategy.

### **Staff Survey**

It was anticipated that, during the last business year, the results of an NICS-wide survey of staff would be published and HR would draw up an action plan to address any key areas for improvement in DEL by March 2010. Regrettably, the publication of the results was delayed and these were subsequently released to staff and managers in May 2010. The completion and implementation of an action plan in relation to the outcome of the Staff Survey is therefore included as a target in the Balanced Scorecard for the 10/11 year.

### **Learning and Development**

DEL is committed to developing the potential of all staff to enable them to achieve business objectives. The investment in learning and development in 2009 – 2010 included financial spend, cost of staff time to attend training and an internal training delivery team focusing on delivery of skills and product knowledge to the Employment Service frontline staff. In line with the 09/10 Balanced Scorecard, learning and development opportunities were delivered to staff in all of the priority areas identified for 2009 – 2010, including leadership and management, project and financial management and core skills for the Employment Service. Providers included DEL's internal training team, the Centre for Applied Learning and other external organisers of seminars and conferences. The target to achieve a 20% reduction on failures to attend and thereby improve the effective use of resources was exceeded in the 09/10 business year.

### **Investors in People**

As well as promoting the Investors in People (IIP) Framework, the Department has been recognised as meeting the Standard for many years. In February 2009 the Department began its reassessment process with an assessor from IIP Scotland. The IIP assessor visited us in May to complete the final stage of our IIP assessment for the three year cycle 2007 – 2010. The assessor found that DEL continues to meet the requirements of the IIP Framework. As well as highlighting the Department's strengths, the assessor has identified areas for development. Work will now be taken forward to agree actions that will address the development areas and to build on our strengths. These actions will be addressed through the DEL People Strategy and employee engagement (staff attitude survey) action plan.

### **Reward and Recognition**

The Balanced Scorecard included a target to review the Department's existing Reward and Recognition practices with a view to their improvement and alignment with best practice. The review demonstrated that DEL has in place a large number of measures which are considered to be best practice by the Cabinet Office and HR organisations. The review also highlighted areas for improvement in terms of the level of uptake across the Department, criteria for nominations and relevancy to work undertaken by teams and staff across Divisions. A new Reward and Recognition Scheme was introduced to the Department in September 2009 to improve the alignment between awards and corporate goals, increase uptake across Divisions,

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

and acknowledge exceptional contributions made by staff and teams. The profile of the Department's Core Values has also been raised through their inclusion in the revised Reward Scheme, promotion at Celebrating Success and communication in the staff Update Magazine.

### **Business Continuity**

The 09/10 Balanced Scorecard identified the developing and testing of a Business Continuity Plan as a key priority for the Department. HR took the lead in co-ordinating this exercise and two successful tests were carried out during the year to ensure that the Department is able to function efficiently and provide services to key customers in the event of an emergency.

### **Communications**

2009/10 was a busy year for the Department's Communications Service. The overall economic downturn and the increasing numbers of unemployed meant that it was even more essential than before that those who were seeking work or learning skills were aware of the opportunities offered by the Department through the programmes and policies in place. In order to communicate these effectively the Department developed a Help during the Downturn campaign which provided information and guidance on all the programmes available in one place for employers and individuals. This was an instant hit with over 20,000 copies of the folders being printed and distributed and significant page views on both the DEL website and NI Direct.

As well as helping those affected by the recession, it has also been important to recognise the achievements gained by individuals and organisations through learning and upskilling. The Department event-managed a number of awards designed to encourage and celebrate excellence. These included: National Training Awards, Essential Skills Awards, several Investors in People award ceremonies, Vocational Qualifications Day and the Apprentice of the Year Awards. A major new advertising campaign was introduced for the Made Not Born programme, aimed at developing NI's leaders and managers, and feedback on this campaign has been very encouraging.

### **Freedom of Information**

During the period covered by this report, the Department received 108 Freedom of Information requests across the range of its remit. These can be categorised as: 22% from staff, 19% from the media, 1% from political representatives, 4% from Pressure Groups, 2% from business and 52% from the general public. The Department responded to all Freedom of Information requests within the legislative deadline.

The Department is committed to maintaining a culture that values, protects and uses information for the public good. In particular, DEL regards the lawful and correct treatment of personal information as essential to its successful operations and to maintaining confidence between the Department and those with whom it transacts business, as well as the public in general.

To this end, the Department has this year reviewed its approach to Information Security and Assurance, and published an associated Framework setting out:

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

- a. The accountability and governance arrangements which are in place to monitor and control performance and give assurance that information is being handled securely.
- b. The controls and monitoring practices and processes that mitigate against information loss.
- c. The various information handling procedures and policies that are in place within the Department.

In addition, work has been ongoing towards an Information Security Management System (ISMS) based on the international standards ISO/IEC 27001, and accreditation is expected in the autumn of 2010.

## **EUROPEAN FUNDING**

The Department for Employment and Learning is the designated Managing Authority and Certifying Authority for the Northern Ireland European Social Fund (NIESF). The key role is to implement the current programme as set out in the Operating Programme in accordance with the requirements of the relevant Council and Commission Regulations.

The overall strategic aim of Northern Ireland's ESF Programme (NIESF) 2007-2013 is to help reduce economic inactivity and increase workforce skills. It has two key priorities, which were determined following a robust socio-economic and labour market analysis and which support regional policy priorities in improving employability and productivity, and promoting social inclusion. The objective of Priority One is to help people into sustainable employment and reduce economic inactivity. To date, this has been delivered by 73 organisations, mostly from the community and voluntary sector, with ESF funding representing 40% of eligible project costs. Some £50m has been allocated to date for the first call and by March 2010, 19,271 participants had benefited from the programme which is broadly in line with the overall programme target.

The objective of Priority 2 is to develop a skilled and adaptable workforce by increasing the number of workers qualified to level 2 and 3; reducing the number of workers without essential skills; and reducing gender segregation in the workforce. Activities supported under this priority include the Department's Apprenticeships NI Programme, and by March 2010 approximately 17,393 participants were part funded by the NIESF programme. In 2009/10 the Department received €11.33m (£10.18m) from the European Commission in respect of activity supported under the NIESF Programme.

### **Equal Community Initiative Programme (EQUAL)**

The Department is also the Managing and Paying Authority for the Equal Community Initiative Programme. This was a relatively small but innovative programme and aimed to promote new means of combating discrimination and inequality in the workplace. Operational activity ceased in 2008 and the Department formally closed the programme and submitted the final claim in March 2010 in accordance with Commission regulations.

### **PEACE 11 and ESF 2000-2006 funded activity - Building Sustainable Prosperity (BSP)**

As with the EQUAL Programme, operational activity under the ESF measures of the PEACE 11 and BSP programmes 2000-2006, finished in December 2008. During 2009/10 the Department worked closely with the Special European Union Programmes Body (SEUPB) and DFP, the respective Managing Authorities, to prepare the final claims to the Commission within the regulatory deadline of September 2010.

## **FINANCE, CORPORATE GOVERNANCE AND ACCOUNTABILITY**

The role of the Finance Division is to manage the Department's budget, prepare the Department's Resource Accounts, ensure that there is sound and appropriate financial governance and risk management within the Department, co-ordinate the business planning and budgeting processes, and ensure efficiency and value for money in the organisation's activities.

The Department continues to build upon best practice in its Corporate Governance framework, both internally and externally for the bodies it has responsibility for. This is described in more detail in the following paragraphs.

### **The Permanent Secretary and the Board**

The Department is headed by its Permanent Secretary, Alan Shannon, who is the Accounting Officer and responsible for advice and guidance to the Department's Minister, Sir Reg Empey. The co-ordination of policy, advice and governance oversight is managed through the Departmental Board.

The Board is chaired by the Permanent Secretary and also includes the two Deputy Secretaries, and two independent board members. It meets monthly to:

- satisfy itself that the Department is performing, setting and holding fast to its Strategic Direction, within the Minister's direction and control;
- lead in the implementation of the Shared Vision in the Corporate Plan, namely – “for a dynamic, innovative and sustainable economy, where everyone achieves their full potential”;
- ensure the Department delivers its PfG goals and PSA actions, in particular its lead role on PSA 2: Skills for Prosperity, PSA 3: Increasing Employment and, with the Department of Enterprise, Trade and Investment (DETI), on PSA 1: Productivity Growth; and,
- display leadership by:
  - (i) giving strategic direction;
  - (ii) effectively determining and deploying resources; and,
  - (iii) assuring governance.

Within these parameters, the Board operates at a strategic level, with the Senior Management Team responsible for the day-to-day management of the Department. The Senior Management Team, which also meets monthly, comprises the two Deputy Secretaries, the Heads of Division (see diagram on page 47) and the Assistant Chief Inspector for Further Education and Training.

### **Departmental Audit Committee Report for 2009/10**

The Accounting Officer has established an Audit Committee as a sub-committee of the Departmental Board to support him in the discharge of his responsibilities regarding risk management, control and governance and associated issues. Fred Gray, non-executive

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

Director of the Department, chaired the Audit Committee throughout the 2009/10 financial year. Four formal meetings were held.

The Committee's Terms of Reference, which are regularly reviewed, are modelled on the good practice guidance included in the Audit Committee Handbook issued by H M Treasury. It is not the role of the Audit Committee to substitute for the executive function in the management of audit, risk management, corporate governance, internal control or any other review or assurance function. The Departmental Board has responsibility to champion risk identification and management. However, the Audit Committee reviews departmental processes and offers opinions and recommendations on the way in which such management is conducted.

The membership of the Audit Committee comprised the two non-executive Directors, a Deputy Secretary from another Department and DEL's Deputy Secretary who does not hold the finance portfolio. Audit Committee meetings are normally attended by the Accounting Officer, the Deputy Secretary who holds the finance portfolio, the Finance Director, the Head of Internal Audit and Northern Ireland Audit Office (NIAO) representatives. Others attend as requested to assist with discussions on any particular matter.

Internal Audit services are provided on a shared service basis by the DETI Internal Audit Service (IAS). The annual audit programme which is prepared by IAS in consultation with Departmental officials is reviewed by the Audit Committee and modified as necessary in conjunction with management. External Audit is delivered by the Northern Ireland Audit Office (NIAO). Their audit strategy, proposed approach and timetable are discussed with the Audit Committee. Prior to sign off of the Resource Accounts a draft is reviewed with the Audit Committee who are consulted on any contentious matters. During the year formal self assessment arrangements were put in place by the Audit committee.

### **Management of Arms Length Bodies**

The Department provides funding to a number of Arms Length Bodies (ALBs) such as the Further Education (FE) Colleges, the Higher Education (HE) Institutions, the Education and Library Boards and its Non-Departmental Public Bodies (NDPBs). These are the Construction Industry Training Board (CITB), the Labour Relations Agency (LRA) and Ulster Supported Employment Limited (USEL). In order to ensure appropriate governance arrangements are in place, dedicated sponsor branches monitor and provide guidance to the ALBs. The Department has written agreements in place with its ALBs which set out the respective roles and responsibilities of both parties. The Department receives annual assurance statements from each of its ALBs to confirm that the appropriate systems and controls are in place and are operating effectively within each organisation. The Accounting Officer, together with the Chair of the Departmental Audit Committee, has instituted a programme of annual accountability meetings with the respective Accounting Officers of each of the six FE Colleges, the Department's three NDPBs and the four HE institutions.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**ANNUAL REPORT**  
**for the year ended 31 March 2010**

---

**Customer Service Standards**

In 2007 the Department developed and published Customer Service Standards based on the Northern Ireland Civil Service (NICS) Customer Service Principles. These are available on our website at [www.delni.gov.uk](http://www.delni.gov.uk). The aim is to provide staff and customers with a simple, clear message on the standards of service we aim to deliver. During the financial year we have monitored our performance against set standards in four quarterly monitoring exercises. Details are contained in the table below.

Service Standard	Performance 2009-10
To acknowledge correspondence within 2 days of receipt	We acknowledged 92.3% of correspondence within 2 days of receipt
To answer correspondence items within 10 days of receipt	We replied to 93.3% of correspondence within 10 days of receipt
To see customers within 10 minutes of their appointment time	We saw 96.6% of those clients who had an appointment within 10 minutes of their appointment time
To see customers who do not have an appointment within 15 minutes of their arrival	We saw 95.3% of those clients who did not have an appointment within 15 minutes of their arrival
To answer telephone calls within 20 seconds	We answered 86.8% of telephone calls received within 20 seconds

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

**SUMMARY OF PERFORMANCE AGAINST DEPARTMENTAL TARGETS**

The Department's performance against the main targets is summarised below. Of the 35 performance targets:

- 29 - Were achieved;
- 5 - Were likely to be achieved but with some delay; and
- 1 - Was unlikely to be achieved within timescale.

Detailed information on the 2009/10 year's performance targets is shown below:

**Report on Departmental Performance Targets in 2009/10**

<b>Quadrant</b>	<b>No.</b>	<b>Target</b>	<b>Status Descriptor</b>
Customers	1	To meet the DEL customer service standards throughout the year, with a view to improvement	Target Achieved
Customers	2	To enhance effective communication with external stakeholders.	Target Achieved
People	3	To participate in the Autumn 2009 staff survey and develop an action plan	Target likely to be achieved but with some delay
People	4	To further improve the completion rate of Performance Appraisal Reports of staff by 30 <sup>th</sup> June 2009, from 93% to 95%, and 99% by September 2009, subject to long term absence or reports which are subject to appeal.	Target Achieved
People	5	To ensure the completion of targets set out in the Learning and Development Scorecard and ensure a 20% reduction on failure to attend training.	Target Achieved
People	6	To continue with the interim steps in reaccreditation for IIP taking account of Assessor feedback as appropriate	Target Achieved
People	7	Implement the agreed recommendations of the Reward and Recognition review.	Target Achieved
People	8	To communicate the Department's core values.	Target Achieved

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

<b>Quadrant</b>	<b>No.</b>	<b>Target</b>	<b>Status Descriptor</b>
People	9	To further improve the average number of days lost per member of staff to 10.4 by 31 <sup>st</sup> March 2010	Target Achieved
Processes	10	To manage and allocate resources to deliver Departmental priorities.	Target Achieved
Processes	11	To ensure that the Good Policy Guide is applied to all policy developments	Target Achieved
Processes	12	Throughout the year to comply with DAO 18/05 Corporate Governance in Central Government Departments and HMT Code of Practice for Central Government Departments.	Target Achieved
Processes	13	Throughout the year to ensure controls are in place to provide substantial assurance levels of governance and control.	Target Achieved
Processes	14	To ensure Annual Equality Report is produced by the required date.	Target Achieved
Processes	15	Throughout the year, to deal with Minister's, Permanent Secretary's, DEL Committee and NI Executive's business within required deadlines	Target Achieved
Processes	16	To test the Business Continuity Plan on a six monthly basis and amend in accordance with learning from the tests	Target Achieved
Processes	17	To establish an effective Information Governance and Security Management system within the Department	Target Achieved
Processes	18	100% implementation of the NICS Reform projects as applicable to DEL in 2009/10	Target Achieved
Processes	19	To achieve the 3% cash reducing efficiency target of £40.09M for DEL by 31 March 2010	Target Achieved
Processes	20	That quality improvement and contract management processes provide a consistent approach to the quality of service provided and the management and monitoring of contracts.	Target Achieved

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**ANNUAL REPORT**  
**for the year ended 31 March 2010**

<b>Quadrant</b>	<b>No.</b>	<b>Target</b>	<b>Status Descriptor</b>
Results	21	To achieve all Programme for Government (PfG) and Public Service Agreement 9(PSA) framework targets allocated to DEL for 2009/2010, subject to economic conditions where appropriate.	Target unlikely to be achieved within timescale
Results	22	To effectively manage the interfaces with the other departments to deliver the joint actions under the Programme for Government	Target Achieved
Results	23	Increase by 300 the number of PhD research Students at local universities by 2010.	Target Achieved
Results	24	Increasing the employment rate from 70% to 75% by 2020.	Target likely to be achieved but with some delay
Results	25	Increasing the number of adult learners achieving a qualification in literacy, numeracy and ICT skills by 90,000 by 2015	Target Achieved
Results	26	A review of Success Through Skills will be completed for publication in 2009/2010	Target Achieved
Results	27	Increase the proportion of the working age population who are qualified at skill level 2 and above to 80% by 2015.	Target likely to be achieved but with some delay
Results	28	Implement the 2009/10 targets agreed in the Careers Education, Information , Advice and Guidance (CEIAG ) Strategy by March 2010	Target likely to be achieved but with some delay
Results	29	Assist 70,000 working age benefit clients to move into employment by March 2011, (08/09 target 24,000) subject to economic conditions.	Target Achieved
Results	30	To develop policy proposals arising from the Dispute Resolution Review by end Oct 2009	Target Achieved
Results	31	To implement provisions of the Employment Bill	Target likely to be achieved but with some delay
Results	32	To maintain and develop a responsive programme of activities in the economic context	Target Achieved
Results	33	To identify a quality or continuous improvement methodology (ie) for use across the department	Target Achieved

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

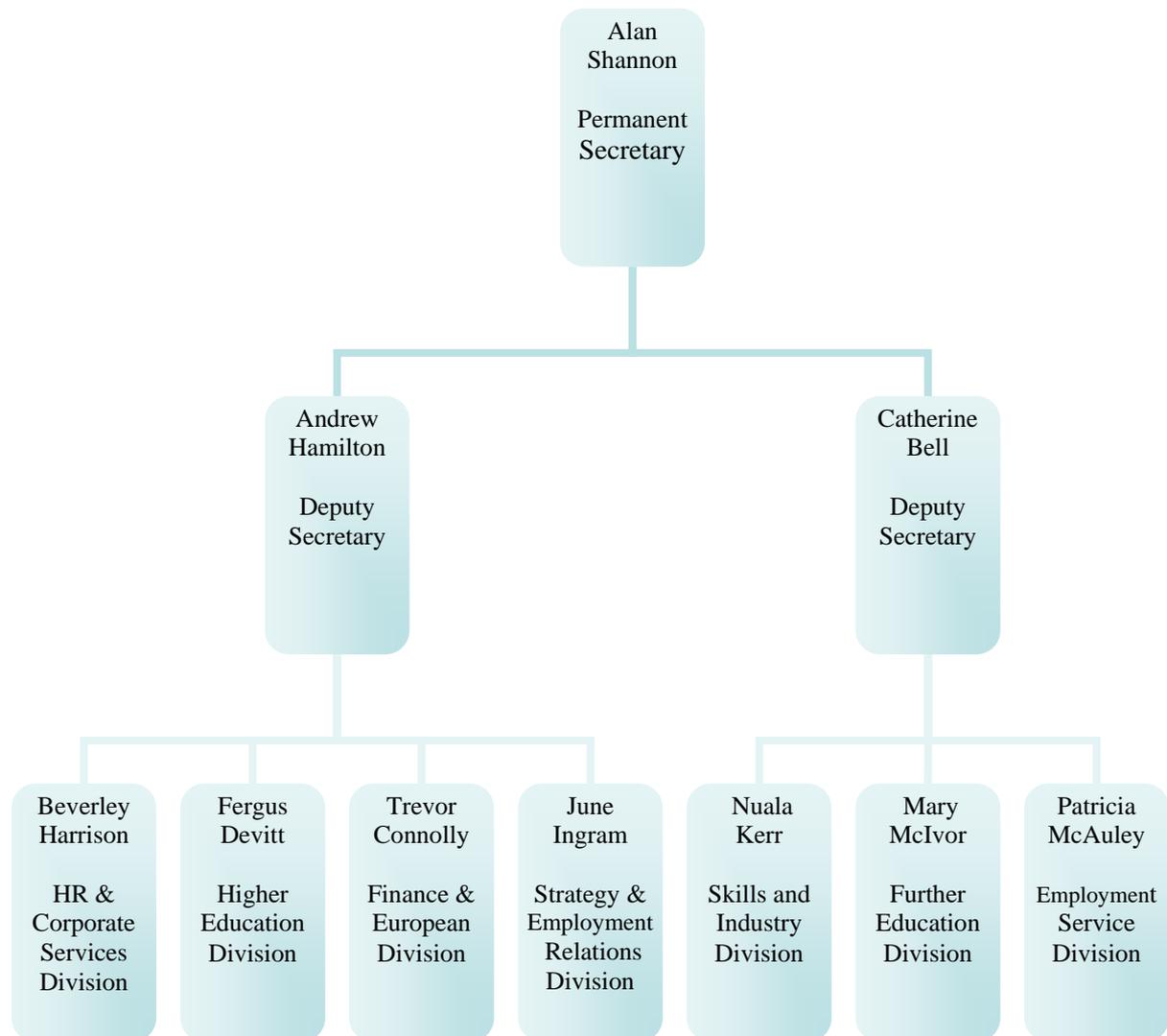
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<b>Quadrant</b>	<b>No.</b>	<b>Target</b>	<b>Status Descriptor</b>
Results	34	To ensure that the Review of Variable Tuition Fees and Student Support proceeds in line with agreed timetable	Target Achieved
Results	35	Deliver a modernised employment service by 2011	Target Achieved

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

**Organisation Structure (March 2009/10)**



Please note that Aideen McGinley was the Permanent Secretary until 7 September 2009, Catherine Bell was acting Permanent Secretary from 8 September until 31 January 2010 and Alan Shannon took up the post of Permanent Secretary on 1 February 2010.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

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**MANAGEMENT**

**Minister**

During the year ended 31 March 2010 the Department for Employment and Learning was under the control of Sir Reg Empey.

**Permanent Head of the Department and the Management Board**

The Permanent Secretary of the Department is Mr Alan Shannon (appointed on 1 February 2010)

The other members of the Management Board who served during the year were:

Dr Aideen McGinley (Permanent Secretary until 7 September 2009)

Mrs Catherine Bell (Acting Permanent Secretary from 8 September 2009 to 31 January 2010)

Mr Greg McConnell (retired on 31 December 2009)

Mr Andrew Hamilton (appointed on 20 July 2009)

Appointments to these posts are made and their remuneration determined under normal arrangements for Senior Civil Service posts. Details of remuneration are included in the Remuneration Report within these Accounts.

**Non-executive Board Members**

Mr Fred Gray

Dr Brian Scott (appointed 1 June 2009)

**Expenses for Non-executive Board Members**

Total fees and expenses of £14,576.86 (2008-09: £17,469.70) were paid in respect of the Department's non-executive directors.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

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**PUBLIC INTEREST AND OTHER**

**Departmental Reporting Cycle**

The Department publishes its annual report and accounts in November each year. This is published on DEL's web-site ([www.delni.gov.uk](http://www.delni.gov.uk)) and laid in the Northern Ireland Assembly. The Annual Report contains details of DEL's aims, objectives and targets and detailed textual and financial descriptions of performance against targets. Departmental performance is monitored during the year on a monthly basis. In-year reporting is provided in the form of Spring Estimates which outline what resources are needed for the current year. These are published by The Stationery Office and laid in the Northern Ireland Assembly.

**Disabled persons**

The Department follows the code of practice of the Northern Ireland Civil Service in aiming to offer equality of opportunity for people with disabilities to make full use of those skills and abilities that they possess.

**Equal opportunities**

The Department follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.

**Payment of suppliers**

The Department is committed to the prompt payment of suppliers of goods and services in accordance with the Confederation of British Industry's prompt payers code and British Standard BS 7890. Unless otherwise stated in the contract, payment is due within 30 days of receipt of the goods or services, on presentation of a valid invoice or similar demand, whichever is later.

In the year ended 31 March 2010, 88% of invoices from suppliers were paid within the timescale noted above. No amounts were paid to suppliers in interest under the Late Payment of Commercial Debts (Interest) Act 1988.

In November 2008, Finance Minister Nigel Dodds set a target for all Northern Ireland Departments to pay supplier invoices within 10 working days of receipt in order to help local business in the current economic climate. DEL is committed to this target and the year ended 31 March 2010, 67% of invoices from suppliers were paid within this timescale.

**Consultation with employees**

During the year, in order to maintain and develop the provision of information to, and consultation with employees, the Department engaged in an ongoing consultation process with its employees through the Departmental Whitley Committee.

**Auditor**

These accounts are subject to audit by the Comptroller and Auditor General for Northern Ireland. The Auditor has not provided any non audit services.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

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As Accounting Officer I can confirm that:

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

## **DEPARTMENTAL REMUNERATION REPORT**

### **Remuneration Policy**

The remuneration of senior civil servants is approved by the Minister for Finance and Personnel following independent advice from the Review Body on Senior Salaries. Further information about the work of the Review Body can be found at <http://www.ome.uk.com>.

The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of NICS Permanent Secretaries in line with the agreed response to the annual recommendations of the Senior Salaries Review Body.

The pay award for staff in the Northern Ireland Senior Civil Service (SCS) is normally comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. The senior civil service pay award in 2009/10 comprised a base pay uplift only, with individuals' awards differentiated on the basis of performance and position on the relevant pay band. There were no non-consolidated bonus payments payable to any senior civil servants as part of the annual pay award.

### **Service Contracts**

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

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

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

### **Salary and pension entitlements**

The following sections provide details of the remuneration and pension interests of the Minister and most senior management of the department.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

**Remuneration (Audited)**

Minister	2009-10		2008-09	
	Salary £	Benefits in kind to nearest £100	Salary £	Benefits in kind to nearest £100
Sir Reg Empey <i>Minister for Employment and Learning</i>	37,801	-	37,801	-
Officials	2009-10		2008-09	
	Salary £000	Benefits in kind to nearest £100	Salary £000	Benefits in kind to nearest £100
Alan Shannon <i>Permanent Secretary</i> 1/2/10-31/3/10	20-25 (Full year Equivalent 120- 125)	-	-	-
Aideen McGinley <i>Permanent Secretary</i> 1/4/09-7/9/09	50-55 (Full year Equivalent 115- 120)	-	115-120	-
Greg McConnell <i>Deputy Secretary</i> 1/4/09-31/12/09	50-55 (Full year Equivalent 65-70)	-	95-100	-
Andrew Hamilton <i>Deputy Secretary</i> <i>Appointed 20/7/09</i>	55-60 (Full year Equivalent 95- 100)	-	-	-
Catherine Bell				
<i>Deputy Secretary</i> 1/4/09-7/9/09 1/2/10-31/3/10	45-50 (Full year Equivalent 85-90)	-	90-95	-
<i>Acting Permanent Secretary</i> 8/9/09- 31/1/10	40-45 (Full year Equivalent 95- 100)	-	-	-

Note: Aideen McGinley was the Permanent Secretary until 7 September 2009, Catherine Bell was acting Permanent Secretary from 8 September until 31 January 2010 and Alan Shannon took up the post of Permanent Secretary on 1 February 2010.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

**Salary**

‘Salary’ includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private offices allowances and any other allowance to the extent that it is subject to UK taxation and any ex-gratia payments.

The Department for Employment and Learning was under the direction and control of Sir Reg Empey during the financial year. His salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this resource account. These amounts do not include costs relating to the Minister’s role as a Member of the Legislative Assembly (MLA) which are disclosed elsewhere.

**Benefits in Kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by Her Majesty’s (HM) Revenue and Customs as a taxable emolument.

**Pension Benefits (Audited)**

<b>Minister</b>	<b>Accrued pension at age 65 as at 31/3/10</b>	<b>Real increase in pension at age 65</b>	<b>CETV at 31/03/10</b>	<b>CETV at 31/03/09 **</b>	<b>Real increase in CETV</b>
	£000	£000	£000	£000	£000
Sir Reg Empey <i>Minister for Employment and Learning</i>	0-5	0-2.5	87	62	22

**Ministerial Pension**

Pension benefits for Ministers are provided by the Assembly Members’ Pension Scheme (Northern Ireland) 2008 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA’s pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a “contribution factor” basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate 1/50th or 1/40th multiplied by the cumulative contribution factors and the relevant final salary as a Member.

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 Retail Price Index. Ministers pay contributions of either 6% or 11.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

by Act of Assembly for that purpose representing the balance of cost. This is currently 23.3% of the Ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65 or immediately on ceasing to be an active member of the scheme if they are already 65.

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

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

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

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 common market valuation factors for the start and end of the period.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

**Pension Entitlements (Audited)**

Officials	Accrued pension at age 60 as at 31/3/10 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/03/10	CETV at 31/03/09 **	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Alan Shannon <i>Permanent Secretary Appointed 1/2/10</i>	50-55 Plus lump sum of 160-165	0-2.5 Plus lump sum of 0-2.5	1,345	1,298	6	-
Aideen McGinley <i>Permanent Secretary 1/4/09-7/9/09</i>	45-50 Plus lump sum of 140-145	0-2.5 Plus lump sum of 5-7.5	1,015	902	53	-
Greg McConnell <i>Deputy Secretary* 1/4/09-31/12/09</i>	25-30 Plus lump sum of 0-5	2.5-5	487	463	15	-
Catherine Bell <i>Deputy Secretary</i>	30-35 Plus lump sum of 95-100	2.5-5 Plus lump sum of 10-12.5	781	621	91	-
Andrew Hamilton <i>Deputy Secretary Appointed 20/7/09</i>	30-35 Plus lump sum of 95-100	0-2.5 Plus lump sum of 2.5-5	698	617	17	-

\* Greg McConnell took partial retirement on 22/10/08. Under the scheme rules, a lump sum and pension payments have been paid to Mr McConnell. He fully retired from this Department on 31/12/09.

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

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

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Price Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase. However, in line with RPI for September 2009 being in the negative, there will be no other increase for any public sector pensions in 2010.

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

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

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

### **Cash Equivalent Transfer Values**

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

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

**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.



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**Alan Shannon  
Accounting Officer  
23 June 2010**

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

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**MANAGEMENT COMMENTARY**

**Financial Performance**

Resource Outturn for the year ended 31 March 2010 was £821.3m compared to £740.6m for 2008-09, and an allocation of £833.2m in the Estimates.

During the year the Department has implemented International Financial Reporting Standards in line with guidance from HM Treasury. Whilst the majority of changes to the financial statements have primarily centred on presentation, a significant amount of effort has been involved in considering all potential impacts for the Department. Account has been taken of the cumulative effect (£0.7m) of the cost of untaken leave at 31 March 2010. 2009-10 has also seen a change in the budgeting structure reflected in the accounts as the Department moved to one single Request for Resources. The prior year figures have been restated accordingly for comparison purposes.

As a result of the Equal Pay settlement reached in relation to certain grades of staff within NICS, the Department has experienced an increase in staffing costs, totalling £2.4m for 2009-10. In addition to this, and in line with guidance from Department of Finance and Personnel (DFP), provision has been made for the anticipated cost of settlement of the liability in relation to previous years. The cost to this Department has been estimated as £11.2m (note 19).

**Employment and Skills  
(formerly Lifelong Learning and Employment Programmes)**

Within Employment and Skills there was an increase in expenditure (£41.2m or 13.6%) due to a combination of factors. This Unit of Service previously comprised Lifelong Learning and Employment Programmes.

*(i) Lifelong Learning*

Administration costs have fallen by £0.6m or 9.2% due to the reallocation of Supplier Services branch to Finance and EU Division (included within ESF Payments Unit of Service).

Capital investment in the Further Education (FE) sector rose by £13.1m from £12.8m in 2008-09 to £25.9m in 2009-10 due to the number of projects and stage of completion. The projects in progress during the year were as follows:

Northern Regional College (formerly East Antrim)	New Build to replace Felden Training Centre	£5.2m
South West College (formerly Fermanagh)	New Build Accommodation	£1.5m
South Eastern Regional College (formerly North Down)	New Build Accommodation	£1.0m
North Western Regional College (formerly North West Institute)	Extension	£8.1m
South Eastern Regional College (formerly East Down)	Extension	£4.2m
Belfast Metropolitan College	New Build Accommodation	£5.8m

Recurrent grant funding to the FE Colleges rose by £5m on 2008-09 to £164.2m for 2009-10 as a

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**ANNUAL REPORT**  
**for the year ended 31 March 2010**

---

result of increased grant allocation.

The continuing economic climate has seen further increases in the Training for Success (TfS) programme and Apprenticeships NI, leading to an overall increase of £7.9m (net total expenditure) on 2008-09 to £54.7m. This is after allowing for 40% income from the European Social Fund (ESF) of £8.2m. There has been an increase in the number of participants as a result of the introduction of reduced working hours and the all age provision in September 2008. Many of the participants joining at that time have now achieved milestones and have been eligible for other output related funding in 2009-10. Occupancy levels for TfS have increased as a result of action taken in response to the economic climate, for instance the introduction of Programme Led Apprenticeships in September 2009.

In an effort to support small and medium sized businesses during the economic downturn, the Department has offered 100% funding towards training costs on all approved Management and Leadership programmes. This has led to a significant increase in uptake on last year and an increase in expenditure of £2m (182.6%) to some £3m for 2009-10.

2008-09 saw the introduction of Funding for Innovation, including the FE Foreign Direct Investments (FDI) Employer Support Programmes and the Critical Sector Initiatives. Funding has increased this year by £0.6m (18.6%) to £3.7m.

Expenditure on Careers Information Advice and Guidance has increased by £0.5m or 8.8%. Since January 2009 the Department has recruited an additional six Careers Advisers in order to enhance the delivery of service in this key area of activity. Sectoral Development expenditure has been £0.5m higher than last year at £2.3m for 2009-10. This is due to more work being conducted and milestones achieved earlier in the year and also the fact that this was the first full year of the Northern Ireland Advisor on Employment and Skills' Office.

Bridge to Employment funding rose by £0.7m or 212% on 2008-09. New programmes under this Unit of Business included Upskilling (£0.6m) and Skillsafe (£0.1m). The Bridge to Employment programme itself fell by £0.1m and is demand led in nature.

In relation to the FE sector, during the year ahead the Department will:

- continue to promote the importance of literacy, numeracy and ICT as Essential Skills across the public and private sectors and support the delivery of Essential Skills; and
- continue the implementation of the vocational qualifications reform programme, including the introduction of the qualifications and credit framework and ensuring that all stakeholders involved in the vocational qualifications system are ready to work with the new qualifications.

With regard to Skills, following public consultation the Department will publish a revised and updated Skills Strategy for Northern Ireland and associated Implementation Plan. The Strategy will look at our current skills base, examine the skills we may need in the future to grow the Northern Ireland economy and highlight areas for action.

Following the publication of the independent Report of the Science, Technology, Engineering and Mathematics (STEM) Review in September 2009, the Department, together with DE, DARD,

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

DHSSPS and DETI, will publish a Government STEM Strategy which will outline Government's commitment to the STEM skills agenda in Northern Ireland. A STEM Implementation Group will be established to drive forward the Strategy. This will bring together representatives from Government and business.

The Department will establish a new skills advisory service for business to be known as Skills Solutions. This service will take the lead in providing a link between the Department and Companies on skills matters. The service will have three main features on offer:

- Information, Advice and Guidance on the full range of programmes available from the Department to Employers;
- the Bridge to Employment Programme; and
- Customised Training Programmes specific to the needs of the employer in question (in a limited range of circumstances).

The Skills Solutions will also contribute to the work of Invest NI through the Assured Skills Pilot Project.

The Department will be completing a re-contracting exercise for the appointment of Training Organisations for the future delivery of Training for Success and Apprenticeships NI by March 2011. During the process of re-contracting, the structure and content of provision will be reviewed. Discussions with stakeholders during this time will be a key part of this process. Strict quality standards will be an essential criterion within the tender specification for the selection Training Organisations.

The Department will work with Invest NI to refine the current provision of management and leadership development by both organisations to ensure customer focus, value for money and ongoing relevance thereby helping to improve productivity and the competitiveness of Northern Ireland businesses. We will continue to work closely with the Department of Education on the implementation of "Preparing for Success" the Careers Education Information, Advice and Guidance Strategy and Implementation Plan.

We shall participate in the UK-wide Sector Skills Councils (SSC) reform process and continue to develop the relationship with the UK Commission for Employment and Skills (UKCES), and provide sponsorship role and support for the office of the Northern Ireland Employment and Skills Adviser.

*(ii) Employment Programmes*

Employment Programmes has experienced the affect of the recession during the year. Front-line staff costs rose by £4.8m on 2008-09 to £30.4m for the year. During the year, 130 additional frontline staff were employed, a number of staff have increased their part-time hours, there was an increase in the number of casual staff contracted and a range of measures was introduced in order to deal with the increasing demands upon the front-line service as a result of the recession. The measures include moving to 4-weekly signing, prioritisation of clients and streamlining of processes. These measures, coupled with process changes and prioritisation, have enabled the Department to provide key services within available resources. The measures were recently reviewed, the outcome of which is that all will continue for the foreseeable future.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**ANNUAL REPORT**  
**for the year ended 31 March 2010**

---

Funding for Welfare to Work programmes, including Steps to Work and residual New Deal has risen from £17.4m in 2008-09 to £24.8m in 2009-10. These are 'demand-led' programmes and throughout the current economic downturn numbers of both mandatory and voluntary participants have been consistently increasing. Pathways to Work provision includes the Work Preparation Programme and the Condition Management Programme that is delivered by Health and Social Care Trusts on behalf of the Department and Return to Work Credit. Pathways to Work has also experienced an increase of £1.1m (36.3%) on last year to £3.9m due to an increased take up of the Return to Work Credit.

The Department also delivers a range of externally contracted employment programmes, residential training and assessment services as well as the Access to Work (NI) programme for people with disabilities. Funding for 2009-10 was £9.7m compared to £10.5m in 2008-09, varying according to demand and the programme participants' work related support needs. The Department also funds Ulster Supported Employment Limited, a Non Departmental Public Body.

Funding for Employment Schemes and travel and translation costs remained on a par with last year at £2m for 2009-10.

During 2009-10 the numbers of individuals claiming Jobseekers Allowance rose to 56,658 which continued to significantly impact on the work of the Employment Service, and particularly on staff in the network of Jobs and Benefits Offices (JBOs) and Jobcentres. The seasonally adjusted unemployment rate was 6.7% for the period January to March 2010. The forecasts of around 63,000 unemployed during 2010 will provide significant challenges for the Employment Service during 2010 and in future years. Steps to Work, launched in September 2008, is a key programme which Personal Advisers can offer to assist individuals return to work. Steps to Work offers a flexible, tailored programme of support, including training, aimed at assisting the unemployed and economically inactive find work at the earliest opportunity. Opportunities available include Step Ahead which provides fixed-term employment of 26 weeks within the voluntary/community sector for those on benefit for 30 months and provision specifically aimed at out of work graduates (Graduate Acceleration Programme). The Department is also piloting a paid internship scheme for young unemployed graduates and a temporary employment programme for young unemployed people. 120 places are available on these schemes which will test the effectiveness of this type of help for this client group. Due to the continued recession, those who are furthest from the workplace, due to disability or serious health conditions, face greater challenges than ever. However the Disablement Advisory Service (DAS) continues to provide programmes and services to support these clients progress towards employment and to stay in work. DAS programmes provide longer term, often indefinite, support to clients and as a result financial commitments made in the 2010-11 year could have an impact beyond this.

### **Higher Education (HE)**

Funding within the HE sector has increased by £15.1m during the course of the year from £228.5m to £243.6. This represents an increase of 6.6%.

Recurrent grant in aid to the Universities has risen by £16.9m from £188.4m to £205.3m for 2009-10 due to an inflationary increase in the allocation for the year together with a rise in activity levels - Queen's University Belfast (QUB) £10m (9.7%) and University of Ulster (UU) £6.9m (8.1%). In terms of capital expenditure, Learning and Teaching capital funding reduced from £15.7m last year to £6.5m in 2009-10. Last year saw the completion of the QUB library

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

project together with the UU acquisition of the Metropole site in Belfast.

Capital Investment Funding this year has seen an increase in activity from £2.4m to £11.6m with progress on the refurbishment of the QUB's chemical laboratories, the Medical Life Science project and the Jordanstown Redevelopment Project by UU. Related income from the Department of Business, Innovation and Skills has as a result risen from £2.4m to £5.8m this year.

£7.7m was spent in relation to ring fenced funded projects this year, an increase of £1.5m on 2008-09.

Funding to Stranmillis and St Mary's Colleges reduced slightly from £11.9m in 2008-09 to £11.4m in 2009-10. 2008-09 included capital funding of £0.4m towards the Orchard Project which is now completed. 2009-10 includes £0.3m Strategic Capital Investment Funding for refurbishment projects.

Funding for Northern Ireland Higher Education Council and the Higher Education Funding Council for England remained at approximately the same level as 2008-09 at £2.9m. Costs in relation to the Business Education Initiative rose by £0.2m or 39% to £0.8m due to increased programme costs and exchange rate movements (based in USA).

During 2010-11 the Department will be examining the detail of the proposed merger between Stranmillis University College and QUB. The Department will be required to carry out a public consultation exercise and to draft enabling legislation for debate within the Assembly if the merger is to proceed.

The Department will also be undertaking a review of the Education Maintenance Allowance (EMA) Scheme and begin the implementation of the recent Postgraduate Review recommendations pertaining to Student Finance.

In the year ahead the Department will, in conjunction with the other UK HE funding bodies, continue to develop a new framework to measure the quality of higher education research. The Research Excellence Framework will replace the Research Assessment Exercise, the outputs of which are used to by the Department to allocate the majority of its research funding to our universities.

The Department will, in collaboration with other relevant government Departments and key stakeholders, develop an integrated Regional Strategy for Widening Participation in Higher Education to increase the numbers of learners from currently underrepresented groups. The Department will continue the development of a Higher Education Strategy for Northern Ireland. A public consultation on the Strategy will take place in Autumn 2010 and it is anticipated that the Strategy will be published in Spring 2011.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

### **Student Support**

Expenditure on Student Support has increased by £15m or 9.9%, from £150.7m in 2008-09 to £165.7m in 2009-10.

For Mandatory Awards, there has been an increase of £7.4m or 11.9%, from £62m to £69.4m, due to:

- an increase of £8.2m in HE Bursaries; this has been due to the roll out of HE Maintenance Grants and increased student numbers; this is a means tested demand led grant and the average award rose this year as a result of the continued economic downturn;
- supplementary allowances increased by £1.9m – these are demand led and fluctuate from year to year, rising this year due to the economic downturn; and,
- tuition fees expenditure fell by £2.8m due to the decline in the number of eligible students, with Tuition Fees being replaced by Tuition Fee Loans.

Postgraduate awards have risen by £0.5m due to increased tuition fees and stipend. Elsewhere within Student Support, the Student Loan subsidy charge has increased from £57m for 2008-09 to £59.5m for 2009-10. This rise of £2.5m (4.6%) has been due to the increase in the value of the loan book.

EMA Allowances rose by £2.9m due to the increased number of eligible students applying for this means tested award. Last year the Department introduced a new programme to fund 100 PhD places. This programme has continued in 2009-10 funding an additional 200 places (300 in total at 31 March 2010), with total funding of £2m.

During 2010-11 the Department will be consulting on variable fee and student finance arrangements in Northern Ireland, the outcome of which will inform future student finance policy for Northern Ireland.

### **Further Education and Student Support – Non Budget**

Non Budget expenditure includes grant paid to Education and Library Boards (ELBs) and the Student Loans Company in their capacity as virtual Non Departmental Public Bodies. As this expenditure is accounted for on a cash basis in line with FReM, the overall charge for the year is dependent on the timing of claims made by the Boards. This year has seen an increase of £1.5m or 12.6% for ELBs, with funding rising from £11.8m to £13.3m, and £0.1m or 0.9% for Student Loans Company, with funding remaining comparable with last year at £3.8m.

### **Labour Market Services**

Labour Market Services comprises Corporate Services together with Strategy and Employment Rights. This Unit of Service has seen a total decrease of £1.2m, or 7.8%, on 2008-09.

2008-09 saw the final period of the Fujitsu Private Finance Initiative (PFI) contract for the provision of IT services. The Department moved to IT Assist from April 2009, which is reflected in notional costs. The result is that IT costs have fallen by £1.9m. This has been offset to some degree by other central initiatives for which the Department is now charged, namely HR provision by HR Connect £0.6m and training by the Centre for Applied Learning (CAL) £0.2m.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

Administration costs also includes a credit of £(2.9)m relating to Departmental Cost of Capital compared to £(2.0)m last year – a net reduction in total costs of £0.9m. This figure is dependent upon the net assets or liabilities of the Department at 31 March, excluding Student Loans and EU which are accounted for separately. This year the costs include depreciation of £0.3m, which was previously included as a notional cost.

Cash based grant funding to the Labour Relations Agency (non budget) rose by £0.5m due to increases in funding agreed during Budget 2008-11.

In the year ahead, the Department will continue to build on its commitment to implementing key elements of the Government Reform agenda including its work towards the implementation of the principles of Workplace NI with regard to the review of the delivery of Soft Services (Facilities Management). DEL is also committed to achieving successful Investors in People (IIP) reaccreditation by June 2010. In association with this work the Department's HR team has worked closely with the Business Areas to draft a People Strategy. This strategy will set out a vision and a four year action plan for all staff, committing to promoting a high performance culture in which people are valued and motivated.

DEL will continue to promote the programmes and policies it offers via a variety of marketing initiatives, public relations, advertising, events and exhibitions as well as utilising e-marketing widely. All citizen facing information will feature on the Government website for people living in Northern Ireland, NI Direct, which will simplify and improve access to public services and information. External communication with media and key stakeholders is proactive and monitored on a regular basis to ensure that communication is effective and two-way.

The Department continues to maintain and develop the Northern Ireland framework of employment law. Significant highlights for 2010-11, subject to approval, will include:

- completion of the final stages of an Employment Bill; the Bill will enhance powers to investigate and prosecute serious offences by rogue employment agencies; permit the sharing of employment agency inspection information with HM Revenue and Customs; provide greater flexibility in making Industrial Court appointments and extend the right to legal representation to all but one of the Industrial Court's jurisdictions;
- a second Employment Bill dealing with the resolution of workplace disputes and introducing the legislative framework for a new right for employees to request time away from core work duties to undertake work-related training; specific dispute resolution measures will include: repeal of the statutory grievance procedures required to be used in the event of a workplace dispute; their replacement by a good practice led approach; changes to facilitate delivery of alternative dispute resolution services by the Labour Relations Agency, including the abolition of time limits on conciliation; and improvements designed to enhance the effectiveness of industrial tribunals and the Fair Employment Tribunal;
- work to transpose the European Directive on Temporary Agency Workers, which will provide agency workers with equal treatment in relation to pay and certain working conditions on the same basis as comparable employees;
- amending existing paternity rights, replicating proposed changes in Great Britain, to offer working fathers the opportunity to take leave and pay where the child's mother returns to work before the end of her maternity/adoption leave/pay entitlement; and,
- extension of the right to request flexible working to parents of children aged 16 or under.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**ANNUAL REPORT**  
**for the year ended 31 March 2010**

---

The Department continues its work relating to Migrant Workers and to facilitate implementation of the Action Plan of the Northern Ireland Migrant Workers Thematic Sub-Group of the Racial Equality Forum. DEL has initiated a scoping study to research further data on the Not in Education, Employment or Training (NEET) group in Northern Ireland to identify the relevant actions currently in place and to recommend whether a more strategic approach and increased joined-up working across relevant Departments could achieve better outcomes for this group of young people. Any specific action plan or strategy which might be developed on foot of the scoping study will need to be carried forward on a cross-departmental basis. It is therefore intended to bring the results of this work to the Northern Ireland Executive for consideration.

### **Finance and European**

Expenditure on European Social Fund (ESF) Payments fell overall by £3.5m due to:

- the 2000-06 programmes coming to an end (residual transactions) resulting in a reduction of £0.3m;
- the movement in exchange rates during the year which resulted in a reduction of £4.5m; and,
- the increase in administration expenditure of £0.9m, mainly arising as a result of the inclusion of Supplier Services Branch within the division.

Expenditure on the Peace II 2000 – 06 programme came to an end, with final activity included in 2008-09 resulting in a decrease year on year of £1.5m (70%). Costs included in 2009-10 of £0.7m comprise exchange losses.

### **Notional Charges**

Notional charges rose by £1.6m from £7.8m to £9.4m as a result of the move to IT Assist in April 2009. This central NICS initiative replaces the cost incurred by the Department on the provision of IT services.

### **Income**

Income shown in note 12 to the accounts for the period totalled £47.4m, compared to £50.6m for the previous period.

	<b>2009-10</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Administrative income	98	170
Programme income	883	694
Student Loan Interest	22,810	34,047
Science Research Investment Fund (SRIF)	5,820	2,418
EU	17,820	13,257
<b>Total</b>	<b>47,431</b>	<b>50,586</b>

2009-10 has seen a decrease in interest receivable on the student loan book. The level of student loans has continued to rise, but students are charged interest by reference to the rate of inflation rather than commercial interest rates. The economic conditions prevailing during 2009-10 has resulted in a reduction in income.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**ANNUAL REPORT**  
**for the year ended 31 March 2010**

---

In other areas, SRIF income has increased by £3.4m due to the timing of the programme and EU income has increased by £4.6m due to the overall level of programme activity.

**Statement of Financial Position**

Additions to property plant and equipment and intangible assets during the year totalled £0.7m and are shown in notes 13 and 14 to the accounts. The most significant addition was £0.5m incurred in relation to the virtualisation project, ensuring that the Department's service delivery IT systems would continue to operate effectively.

Student Loan movements have included the continued growth in the size of the Student Loan book, with a further £214m loans issued during the year. Total repayments received and interest earned were £43.9m and £22.8m respectively.

The gross value of the loan book has been reduced by the Deferments and Default and Interest Subsidy Impairments in order to arrive at an approximation of fair value in line with International Financial Reporting Standards. These have risen in total by £46.9m as they are based on the increasing value of the loan book.

Receivables rose by £7.3m overall since 31 March 2009. The amount due from the EU Commission increased by £7.4m as eligible expenditure has been incurred on the Programmes. Prepayments fell by £5.7m due to the timing of payments to the Student Loans Company, and trade receivables fell by £1.1m due to the timing of payments. The amount due from the National Insurance Fund rose by £2m due to activity increasing as a result of the recession. £4.5m was due from the Consolidated Fund at 31 March 2010 in respect of Supply.

Payables have increased from £126.6m at 31 March 2009 to £117.7m at 31 March 2010. Accruals have risen by £4.2m due to Tuition Fee Loans. This is because 50% of such loans approved during the year are paid to students after the accounting year end. Trade payables have fallen by £1.9m due to the timing of payments. Amounts due to the Consolidated Fund in respect of Consolidated Fund Extra Receipts (CFERs) fell by £2.5m as payments have been made to DFP. The bank overdraft position has reduced from £13.3m at 31 March 2009 to £4.6m at 31 March 2010.

**Outturn Against Estimate**

The total outturn for the year was £821.3m against Spring Supplementary Estimate £833.2m, resulting in an easement of £11.9m or 1.4% as shown in Note 3 to the accounts.

*Employment and Skills*

Outturn for the year has been £343.1m against an Estimate of £347.9m, giving a variance of £4.8m (1.4%).

£2.3m of this easement arose within the Training for Success and Apprenticeships NI programmes. This occurred due to a reduction in milestones being achieved against projections, and a reduction in occupancy levels for Training for Success 2008. Action was taken to surrender funding in February monitoring.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

Critical Sector Initiatives and FE FDI Employer Support Programme show an under spend of £0.5m against the Estimate. Several projects did not deliver the anticipated outcomes and action was taken to surrender £0.3m in February monitoring.

£0.6m of the variance relates to Bridge to Employment, Skillsafe and Upskilling initiatives. A number of planned projects either did not materialise or have slipped into the next financial year.

All other variances within Employment and Skills were less than £0.5m.

*Student Support*

The pressure of £0.5m related to Education Maintenance Allowances which are demand led. Resources were allocated in February monitoring in order to address this issue.

*Labour Market Services*

An easement of £1.4m arose against the Estimate. Of this total, £0.6m occurred as a result of realigning resources in relation to departmental running costs, which took place in February monitoring. £0.9m relates to departmental cost of capital. The calculation of this notional charge depends upon the net assets of the Department at year end. The year end balance sheet differed from projections due to assumptions made in relation to significant payments to be processed near year end.

*ESF Payments*

An easement of £3.4m arose in relation to foreign exchange because the actual year end rate was more favourable than original projections. Action was taken to address this in February monitoring.

*Non Budget*

Non Budget payments to Non Departmental Public Bodies (including those jointly funded with other Departments) represents cash based Grant in Aid towards running costs. Easements against Estimates arose in relation to Education and Library Boards (£0.5m) and the Student Loans Company (£0.6m) as a result of their reduced requirements.

Notional charges show an easement against the Estimate of £0.9m which arose due to assumptions made when anticipating the charges that would arise.

**Departmental Performance Targets**

Progress in relation to Departmental Performance Targets can be found in the Annual Report.

**Personal Data Related Incidents**

The Table below summarises the Personal Data-related incidents in the Department in 2009-10.

Number of incidents where personal data has been lost	2
Number of incidents where access to personal data has not complied with Data Protection requirements	0

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

---

The Department regards the lawful and correct treatment of personal information as essential to its successful operations and to maintaining confidence between the Department and those with whom it transacts business, as well as the public in general. All incidents involving personal data are investigated in full. In accordance with Information Commissioner Office guidelines, a breach management action plan has been developed and implemented. Consideration is given to the need for controls to be updated or disciplinary action to be taken.

**Sickness Absence**

The Department monitors and manages sickness absence in line with NICS policy. The Department's target for 2009-10 was to reduce absenteeism to an average of 10.4 days lost per member of staff. The figures provided by Northern Ireland Statistics and Research Agency (NISRA) and HR Connect indicate that DEL achieved an average of 10.1 days although these figures are currently being validated.

**ENVIRONMENTAL MATTERS, SOCIAL AND COMMUNITY ISSUES -  
SUSTAINABILITY**

**Corporate Social Responsibility**

DEL has taken a structured approach to enabling teams to get involved in employee volunteering since March 2007. This work will continue in the coming year with a particular focus on the “Read to Succeed” programme; supporting literacy initiatives in local communities. Various voluntary organisations, schools and environmental projects will benefit from this ongoing commitment to volunteering and feedback from staff has been very positive in relation to the development opportunities provided through these initiatives.

**Environmental Matters**

The Department introduced a Green Policy in March 2005 and is fully committed to supporting sustainable development initiatives across a wide range of areas.

Current initiatives include:

- commitment to Carbon reduction;
- 100% recycled paper used for all internal printing and photocopying;
- electronic distribution of information used, where possible, for both internal and external communications;
- external customers are also encouraged to use electronic means of communication, e.g. consultation exercises, leaflets, reports etc;
- replacement of all printers that are incapable of printing double-sided as part of contract renewal;
- range of measures in place to increase recycling facilities and reduce waste going to landfill;
- the promotion of public transport as part of Departmental policies and by participation in the Translink annual travel pass scheme;
- the provision of chilled and filtered mains water in Departmental premises to remove the need for bottled water and the environmental issues that surround it;
- regular communications with staff via “green” articles in the staff magazine and the Department’s Intranet to promote initiatives, publish achievements and encourage participation and support; and,
- full participation in available energy savings initiatives to become more resource efficient in terms of heating and lighting throughout Departmental accommodation.

In addition the Department is continuing to demonstrate:

- a commitment to explore further energy savings and sustainable development initiatives as part of any refurbishment to Departmental accommodation and when ordering new equipment or machinery; and,
- a commitment to explore best practice to build on current initiatives in terms of recycling and waste reduction and seek to ensure that all Departmental activities minimise any negative impact on the environment.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
ANNUAL REPORT  
for the year ended 31 March 2010**

**RECONCILIATION OF RESOURCES EXPENDITURE BETWEEN ESTIMATES,  
ACCOUNTS AND BUDGETS**

	<b>2009-10</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
		(restated)
<b>Net Resource Outturn - Estimates</b>	<b>821,319</b>	<b>740,555</b>
Adjustments:		
Include non-voted expenditure of Operating Cost Statement	8,244	4,276
Include non-voted income scored as CFERs in Operating Cost Statement	(98)	(12)
IFRS adjustment - Movement in untaken leave	-	14
IFRS adjustment - Prior year	(691)	-
<b>Net Operating Cost - Accounts</b>	<b>828,774</b>	<b>744,833</b>
Remove other expenditure/income shown in Estimates under the heading "Other Expenditure Outside DEL"	(8,136)	(4,276)
Less grant-in-aid payable to NDPBs	(21,407)	(19,428)
Add resource consumption by NDPBs	21,085	19,228
Less capital grants	(40,864)	(31,790)
Other Adjustments		
<i>Voted expenditure outside the budget</i>	(1,797)	(1,713)
<i>EU receivable write off</i>	(108)	-
<i>Other</i>	16	-
Interdepartmental Charges	(9,356)	(7,801)
Add Other Consolidated Fund Extra Receipts	98	12
DEL Capital	-	(148)
<b>Resource Budget Outturn - Budgets</b>	<b>768,305</b>	<b>698,917</b>
<i>Of which:</i>		
Departmental Expenditure Limit (DEL)	768,305	698,917
Annually Managed Expenditure (AME)	-	-



**Alan Shannon**  
**Accounting Officer**  
**23 June 2010**

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**  
**for the year ended 31 March 2010**

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Under the Government Resources and Accounts Act (Northern Ireland) 2001 DFP has directed the Department for Employment and Learning 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 net resource outturn, resources applied to objectives, changes in taxpayers' equity and cash flows for the financial year.

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

- Observe the Accounts Direction issued by DFP including the relevant accounting and disclosure requirement, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and,
- Prepare the accounts on a going concern basis.

DFP has appointed the Permanent Secretary of the Department as Accounting Officer of the Department. The responsibilities of an Accounting Officer, including the 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 Departments assets, are set out in the Accounting Officers' Memorandum issued by DFP and published in Managing Public Money Northern Ireland.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**STATEMENT ON INTERNAL CONTROL**  
**for the year ended 31 March 2010**

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**DEL STATEMENT ON INTERNAL CONTROL**

**Scope of responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Departmental policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland. There is a number of bodies beyond the Departmental boundary in receipt of substantial financial support from the Department. They are responsible for their own internal control arrangements and are required to provide annually to the Department assurance that their arrangements are sound and comply with requirements. These bodies are the two local universities; the two local teacher training colleges; the six further education colleges, the five Education and Library Boards, the Student Loans Company Limited, the Labour Relations Agency (LRA), Ulster Supported Employment Ltd. (USEL) and the Construction Industry Training Board (CITB).

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. Procedures were put in place in December 2002 and have been fully operational since that time. The system of internal control has been in place in the Department for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

**Capacity to handle risk**

The Department's capacity to manage risk is established through the risk and control framework and the increasing experience of managers in the risk management process. The Departmental Board has responsibility for the leadership of the risk management process. The Department has carried out appropriate procedures to identify its objectives and risks and determine a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Department has set out its attitude to risk to the achievement of the Departmental Objectives. The Board regularly reviews the Corporate Risk Register at Board meetings and reviews and agrees key risks, risk owners and controls to manage risk identified therein. In addition, risk registers are maintained by individual Directorates and by the Department's arm's length bodies.

**The risk and control framework**

The Department has had a Corporate Risk Register and a Departmental risk management process in place since 2002. The Departmental Board has ensured that procedures are in place for verifying that risk management and internal controls are reviewed and reported on regularly. Risk management has been incorporated into the corporate planning and decision making processes of the Department. This includes the management and control of information risk. The Department's Records Management arrangements are underpinned by internal guidelines on 'The Management

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**STATEMENT ON INTERNAL CONTROL**  
**for the year ended 31 March 2010**

---

of Official Records'. Appropriate guidance and processes are in place to govern the retention and disposal of all Departmental paper records. In managing the risks associated with information loss, in addition to ongoing audits of hard copy files, a review of all Departmental information was carried out in early 2010. This exercise highlighted a small number of issues which business areas needed to address to ensure full compliance. These are currently being actioned. A programme of corresponding audits is planned from 2010/11 onwards. Restrictions exist to protect access to and disposal of electronic records and associated training is mandatory within the Department.

**Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of internal auditors, the Financial Audit and Support Team (FAST), the external auditors in their management letter and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In their Annual Report, Internal Audit reported that an overall satisfactory system of internal control in relation to Risk Management, Control and Governance has been in operation throughout the year.

Internal control processes include the following:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Departmental Board;
- regular reviews by the Departmental Board of monthly management accounts and annual financial reports that indicate financial performance;
- quarterly reviews by the Departmental Board of periodic and annual reports of progress against business plan, PfG and PSA targets;
- monthly reviews by the Departmental Board of the Corporate Risk Register;
- a comprehensive system of internal control rules (Finance Bulletins) which set down procedures for key processes including procurement (including policy on the use of consultants), authority to incur expenditure, entertainment and staff travel etc;
- Internal Audit arrangements which operate to standards defined in the Government Internal Audit Manual. Regular reports are submitted which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement;
- FAST is responsible for inspecting external organisations in receipt of funding from the Department; FAST provides advice on how grants are applied and on the adequacy and effectiveness of the internal control systems within those organisations, and makes recommendations for adjustment of grant and improvements to these organisations' systems;
- Internal Audit and FAST report annually to the Department's Audit Committee which meets

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**STATEMENT ON INTERNAL CONTROL**  
**for the year ended 31 March 2010**

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four times a year to review audit work programmes and related assurance reports;

- Heads of Divisions are required to provide an annual assurance statement to the Accounting Officer giving their assessment of the operation of internal control arrangements within their Divisions during the relevant financial year; this includes a facility to identify issues giving cause for concern and the remedial action proposed or taken; and,
- NDPBs and other Sponsored Bodies that have Additional Accounting Officers appointed are also required to provide annual assurance statements to the Department along the same lines as those required of Heads of Divisions.

By the end of March 2010, the Department achieved the following:

- the Accounting Officer, together with the Chair of the Departmental Audit Committee, held annual accountability meetings with the respective Accounting Officers of each of the six FE Colleges, the department's three NDPBs and the four Higher Education Institutions;
- the Department is currently carrying out a comprehensive review of corporate governance arrangements that apply to the FE sector;
- the Department has developed and implemented the DEL Information Security and Assurance Framework - a framework of policies, procedures and controls to provide confidence and manage risks in DEL's information systems; the department is also working towards the international standard ISO 27001, a comprehensive set of controls providing assurance on those ICT systems within the Department's direct control; and,
- drawing on extant systems the Department has developed a draft Corporate Governance Framework which describes the system of direction and control for the Department and the arrangements which have been established to properly manage its affairs; this will be presented to the Departmental Board and will be implemented following their approval.

**Significant internal control problems**

During the year, the Further Education Colleges have carried out a programme of internal audit reviews which are performed through an externally appointed provider. In light of a number of high profile failures within data management within the public sector, the internal auditors carried out a review of procedures in place within Colleges over data protection and freedom of information. They were only able to provide limited assurance within two colleges, namely South Eastern Regional College and North West Regional College. In respect of both Colleges, all recommendations have been fully considered, accepted and are being implemented by the Colleges. In addition, the Southern Regional College's internal auditors have highlighted that a review of procurement and contracting, whilst receiving a satisfactory audit assurance rating, identified two areas for improvement in relation to adequacy and robustness of the tendering process and recurrent use of the same supplier. The College has fully accepted the recommendations and these are being implemented.

The 2008/09 Statement on Internal Control noted the background to the commissioning of an Efficiency Review within Belfast Metropolitan College as a result of concerns over financial management and control and deteriorating financial performance. During the year the review has been completed and formally presented to the College for action. Implementation of the

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**STATEMENT ON INTERNAL CONTROL**  
**for the year ended 31 March 2010**

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recommendations made is being monitored by the Department through regular monthly meetings with the College senior Management Team. The College is also developing a College Improvement Plan which will assist with returning the College to long term financial stability and sustainability. The Efficiency Review also highlighted a number of audit recommendations which still require some work to be fully implemented. These are being implemented through the Efficiency Review action plan and monitored through the monthly meetings with the Department and by the College Audit Committee. The areas where additional work are required are within Risk and Governance, Insurance, Financial Control, IT Management Information and Data Protection.

Each year, the Department, in line with the Further Education (Northern Ireland) Order 1997, specifies a date by which all FE audited accounts must be submitted to the Department. For the 2008/09 college financial year, the Department requested accounts to be submitted by 30 November 2009. At that date, one college, Belfast Metropolitan College, had not submitted their final audited accounts for 2008/09 nor had the accounts from the previous year been submitted. The Efficiency Review, as noted above, had identified significant failures in control within the financial systems within the College and, as a result, a significant amount of work has had to be undertaken by newly appointed College finance staff in order to ensure the financial information held is complete, accurate and up to date. The College staff has been working closely with the NIAO to complete the accounts for 2007/08 and 2008/09 and it is anticipated that both sets of accounts will be signed off within the current academic year.

The Department commissioned its own internal auditors to carry out a review of the provision of internal audit services within Colleges during the year to ensure compliance with all necessary policies and procedures. The draft report has been received which provides a satisfactory level of assurance over the procurement and provision of internal audit services within the colleges.

On 7 May 2009 the Department provided evidence to the Assembly's Public Accounts Committee on the NIAO reports: "Review of Financial Management in the Further Education Sector in Northern Ireland from 1998 to 2007" and "Governance Examination of Fermanagh College of Further and Higher Education". Following that hearing, the Committee published its report which contained 18 Recommendations for improvement. The Department assisted the Department of Finance and Personnel in compiling the Memorandum of reply to the report which was laid before the Assembly in September 2009. The Department has developed an action plan to ensure all recommendations are implemented effectively.

On 22 October 2009 the Department provided evidence to the Assembly's Public Accounts Committee on the NIAO report: "New Deal 25". Following that hearing, the Committee published its report on 17 December 2009 which contained 14 Recommendations for improvement. The Department assisted the Department of Finance and Personnel in compiling the Memorandum of reply to the report which was laid before the Assembly in February 2010. The Department has developed an action plan to ensure all recommendations are implemented effectively.

During the 2008/09 academic year, an internal audit review of IT infrastructure and computer related controls within Belfast Metropolitan College provided only limited assurance. The key areas identified for improvement were that the Information and Learning Technology (ILT) Strategy was not considered sufficient for the College needs, staff were not being appropriately removed from the network or had the wrong levels of access for their needs, an appropriate disaster recovery plan had not been documented and backup tapes were not removed on a daily basis to an offsite location for storage. The College accepted all the findings of the review and

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**STATEMENT ON INTERNAL CONTROL**  
**for the year ended 31 March 2010**

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have undertaken to fully address all the recommendations made. Through attendance at the College's audit committee as observers, the Department will monitor the implementation of the recommendations to ensure that they are addressed speedily and effectively.

As was reported last year, as a result of cost over runs within the procurement phase of two PFI projects in South East Regional College (SERC) and Belfast Metropolitan College (BMC), the fixed price approval limits for BMC and SERC were exceeded and in March 2009, the Department sought retrospective approval from DFP for uplift to the advisory fees approval limits. DFP subsequently declined to grant the retrospective approval requested. The Department has undertaken an internal review of the process which has identified the main weaknesses and reasons why the approval limits were exceeded and why additional approvals were not sought on a timely basis. The lessons learned from this exercise will be applied to any similar procurement in future.

During the previous year the Department exceeded its Net Cash Requirement of £765.2m, as defined in the Spring Supplementary Estimates, by £15.8m (2.1%). As a result of this the Department has reviewed its cash management procedures, against external guidance and in comparison to other Northern Ireland Departments, to ensure they are as robust and effective as possible.

Overall DFP Internal Audit provided a satisfactory level of assurance on Enterprise Shared Services (ESS), which include Account NI, HR Connect and IT Assist. During 2009/10 DFP Internal Audit conducted ten Risk Based Systems Audits and fourteen follow-ups to previous audit reports on Account NI. DFP Internal Audit provided satisfactory assurance in all ten risk based audits and commended management on the high level of implementation of recommendations during follow-ups. When HR Connect was established, the contract envisaged reliance solely on assurances being provided by Fujitsu and Capita review teams (the Contractor). However, DFP Internal Audit considered that such reliance was not sufficient to meet DFP governance requirements and obtained the DFP Audit and Risk Committee approval to undertake direct audits within HR Connect during 2009-10. DFP Internal Audit has provided satisfactory assurance on Monthly Payroll Exception Reports, Access to Departmental Human Resource /Central Human Resource responsibilities, Service Delivery Reports, Systems Administration and Starters and Leavers Process but provided limited assurance on Worklist Access. However, the contractor has only completed two of its ten planned reviews, and those are considered by DFP Internal Audit to lack rigour, breadth and depth. This issue has been escalated to the highest levels within ESS and Fujitsu, and it is clear that a different audit strategy will be required for 2010-11. Overall DFP Internal Audit can provide a satisfactory level of assurance solely on those systems reviewed by Internal Audit but can provide no assurance on the areas which should have been covered by Fujitsu. On this basis DFP Internal Audit can only provide an overall limited assurance on HRConnect. Internal Audit has agreed to undertake all audits in HRConnect from 2010/11 onwards. DFP Internal Audit is satisfied, within the confines of all work undertaken in IT Assist during the 2009/2010, that an overall satisfactory level of assurance is appropriate. This opinion is supported by reliance on the work of other key assurance providers namely, the Independent IT Health Check Professionals and the CLAS consultants employed to review Risk Management Accreditation Document Sets (RMADS).

Amendments are required to the Trade Union and Labour Relations (Northern Ireland) Order 1995 which is currently not compliant with a European Court of Human Rights judgement. The Department has been advised by the Northern Ireland Office (NIO) that the amendments may

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
STATEMENT ON INTERNAL CONTROL  
for the year ended 31 March 2010**

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only be achieved through primary legislation at Westminster. The NIO has engaged with Whitehall Departments in order to identify a suitable alternative legislative vehicle but this has not proved possible and the issue will now have to be considered afresh in the course of the next Parliament.

There were two data breaches in the Preparation for Work division during this period. These were dealt with in accordance with Information Commissioner's Office (ICO) guidelines and individual breach management plans were developed. The first of these has been actioned, while the second is being actioned.

In its Interim Management Letter the NIAO noted that the internal audit function for Stranmillis University College gave a limited assurance on their review of key financial controls and that the University of Ulster (UU) Jordanstown obtained a limited level of assurance in relation to Management of IT projects and an unacceptable rating for General IT controls. The management of Stranmillis took steps to address this situation and at the November 2009 meeting of the Audit Committee the internal auditor reported a satisfactory level of assurance based on the outcome of a follow-up review of the College's key financial controls. In respect of the UU, the matter was raised by the Department with the University at an accountability meeting with senior staff on 3 December 2009. At the meeting the Vice Chancellor stated that work was in hand, which included a requirement for regular reporting of progress. The Department has received a copy of the update report, which was considered by the University's Audit Committee on 15 February 2010, and it shows that steady progress is being made to deal with these issues.

The Internal Audit function of the Labour Relations Agency provided a limited assurance for the Agency's IS/IT system because security accreditation and contingency planning were work in progress. The Agency has confirmed that in May 2010, the initial testing of the Agency's disaster recovery site was successfully concluded and the technical details documented. The Agency is now in the process of developing its Business Continuity and Disaster Recovery Plan and testing will be carried out over the summer.



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**Alan Shannon**  
**Accounting Officer**  
**23 June 2010**

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL  
TO THE HOUSE OF COMMONS  
for the year ended 31 March 2010**

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**DEPARTMENT FOR EMPLOYMENT AND LEARNING**

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

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

**Respective responsibilities of the Accounting Officer and auditor**

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

**Scope of the audit of the financial statements**

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

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

**Opinion on Regularity**

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

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL  
TO THE HOUSE OF COMMONS  
for the year ended 31 March 2010**

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**Opinion on Financial Statements**

In my opinion:

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

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland); and
- the information given in Directors' Report and the Management Commentary included within the Annual 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**

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL  
TO THE HOUSE OF COMMONS  
for the year ended 31 March 2010**

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**Report**

I have no observations to make on these financial statements.

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

*30 June 2010*

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
STATEMENT OF PARLIAMENTARY SUPPLY  
for the year ended 31 March 2010**

**Summary of Resource Outturn 2009-10**

Request for Resources	Note	Estimate			Outturn			2009-10 £000	2008-09 £000 (restated)
		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net total outturn compared with Estimate: saving/(excess)	Outturn Net Total
A	3	888,245	(55,063)	833,182	868,652	(47,333)	821,319	11,863	740,555
<b>Total resources</b>	<b>4.1</b>	<b>888,245</b>	<b>(55,063)</b>	<b>833,182</b>	<b>868,652</b>	<b>(47,333)</b>	<b>821,319</b>	<b>11,863</b>	<b>740,555</b>
<b>Non-operating cost Accruing Resources</b>			<b>(44,000)</b>	<b>(44,000)</b>		<b>(43,894)</b>	<b>(43,894)</b>	<b>(106)</b>	<b>(42,006)</b>

**Net Cash Requirement 2009-10**

	Note	Estimate	Outturn	2009-10 £000	2008-09 £000
Net cash requirement	5	1,005,000	914,253	90,747	780,948

**Summary of Income Payable to the Consolidated Fund**

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

	Note	2009-10 £000 Forecast		2009-10 £000 Outturn	
		Income	Receipts	Income	Receipts
<b>Total</b>	6	-	-	98	22

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

The notes on pages 87 to 123 form part of these financial statements

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**OPERATING COST STATEMENT**  
for the year ended 31 March 2010

			2009-10 £000	2008-09 £000 (restated)
	<i>Note</i>	Staff Costs	Other Costs	Income
<b>Administration Costs:</b>				
Staff costs	9	16,180		15,435
Other administration costs	10		17,247	16,762
Operating income	12			(98)
<b>Programme Costs:</b>				
<b>Request for resources A</b>				
Programme costs	9, 11	37,803	804,975	763,222
Income	12			(47,333)
<b>Totals</b>		<b>53,983</b>	<b>822,222</b>	<b>(47,431)</b>
<b>Net Operating Cost</b>	<i>4.1</i>			<b>828,774</b>
				<b>744,833</b>

Figures for 2008-09 have been restated in line with International Financial Reporting Standards (IFRS).

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2010**

		<b>2010</b> £000	<b>2009</b> £000 (restated)	<b>2008</b> £000 (restated)
<b>Non-current assets:</b>				
Property, plant and equipment	<i>13</i>	5,341	5,248	5,569
Intangible Assets	<i>14</i>	333	-	-
Financial Assets – Student loans	<i>15.1</i>	1,075,376	929,880	776,364
Financial Assets – Other	<i>15.2</i>	2,338	2,338	2,338
Receivables falling due after more than one year	<i>16</i>	-	-	874
<b>Total non-current assets</b>		<b>1,083,388</b>	<b>937,466</b>	<b>785,145</b>
<b>Current assets:</b>				
Trade and other receivables	<i>16</i>	50,828	43,600	65,584
Cash and cash equivalents	<i>17</i>	24	19	9
<b>Total current assets</b>		<b>50,852</b>	<b>43,619</b>	<b>65,593</b>
<b>Total assets</b>		<b>1,134,240</b>	<b>981,085</b>	<b>850,738</b>
<b>Current liabilities:</b>				
Trade and other payables	<i>18</i>	(117,681)	(126,570)	(90,341)
<b>Total current liabilities</b>		<b>(117,681)</b>	<b>(126,570)</b>	<b>(90,341)</b>
<b>Non-current assets less net current liabilities</b>		<b>1,016,559</b>	<b>854,515</b>	<b>760,397</b>
<b>Non-current liabilities:</b>				
Provisions	<i>19</i>	(11,271)	(210)	(593)
Other payables	<i>18</i>	(481)	(510)	(501)
Financial Liabilities	<i>15.3</i>	(25,047)	(26,001)	(27,010)
<b>Total non-current liabilities</b>		<b>(36,799)</b>	<b>(26,721)</b>	<b>(28,104)</b>
<b>Assets less liabilities</b>		<b>979,760</b>	<b>827,794</b>	<b>732,293</b>
<b>Taxpayers' equity:</b>				
General fund		978,324	826,374	730,550
Revaluation reserve		1,436	1,420	1,743
<b>Total taxpayers' equity</b>		<b>979,760</b>	<b>827,794</b>	<b>732,293</b>

Figures for 2008 and 2009 have been re-stated in line with International Financial Reporting Standards (IFRS).

**Signed**



**Alan Shannon**  
**Accounting Officer**  
**23 June 2010**

The notes on pages 87 to 123 form part of these financial statements

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**STATEMENT OF CASH FLOWS**  
**for the year ended 31 March 2010**

	<i>Note</i>	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b> (restated)
<b>Cash flows from operating activities</b>			
Net operating cost		(828,774)	(744,833)
Adjustments for non-cash transactions	<i>10,11,12</i>	78,100	63,366
(Increase)/decrease in trade and other receivables	<i>16</i>	(7,227)	22,858
Less movements in receivables relating to items not passing through the OCS		7,835	
Increase/(decrease) in trade payables	<i>18</i>	(201)	(33,674)
Less movements in payables relating to items not passing through the OCS		(6,748)	23,391
Use of provisions	<i>15.3,19</i>	(573)	5,389
<b>Net cash outflow from operating activities</b>		<b>(757,588)</b>	<b>(664,648)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(17)	(11)
Purchase of intangible assets	<i>14</i>	(441)	-
Loans to other bodies	<i>15.2</i>	-	-
Student Loan Funding	<i>15.1</i>	(205,238)	(162,844)
Repayments from other bodies – Student Loans	<i>15.1</i>	43,087	45,149
<b>Net cash outflow from investing activities</b>		<b>(162,609)</b>	<b>(117,706)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		909,705	765,180
From the Consolidated Fund (Supply) – prior year		15,768	6,390
From the National Insurance Fund		5,966	3,758
<b>Net financing</b>		<b>931,439</b>	<b>775,328</b>
<b>Net increase/(decrease) in cash and cash equivalents in the year before adjustments for receipts and payments to the Consolidated Fund</b>			
		<b>11,242</b>	<b>(7,026)</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	1,526
Payments of amounts due to the Consolidated Fund		(2,520)	(7,337)
<b>Net increase/(decrease) in cash and cash equivalents in the year after adjustments for receipts and payments to the Consolidated Fund</b>			
		<b>8,722</b>	<b>(12,837)</b>
Cash and cash equivalents at the beginning of the year	<i>17</i>	(13,272)	(435)
Cash and cash equivalents at the end of the year	<i>17</i>	(4,550)	(13,272)

The notes on pages 87 to 123 form part of these financial statements

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**  
**for the year ended 31 March 2010**

	<i>Note</i>	<b>General Fund £000</b>	<b>Revaluation Reserve £000</b>	<b>Total Reserves £000</b>
<b>Balance at 31 March 2008</b>		<b>731,227</b>	<b>1,743</b>	<b>732,970</b>
Effect of changes under IFRS		(677)	-	(677)
Prior period adjustment		82	(73)	9
<b>Restated balance at 1 April 2008</b>		<b>730,632</b>	<b>1,670</b>	<b>732,302</b>
<b>Changes in taxpayers' equity for 2008-09</b>				
Net (loss)/gain on revaluation of property, plant and equipment		-	(231)	(231)
Non-cash charges – notional		7,600	-	7,600
Non-cash charges – cost of capital		16,730	-	16,730
Non-cash charges – auditor's remuneration		101	-	101
Non-cash charges – student loan inflation		48,850	-	48,850
Transfer between reserves		19	(19)	-
Effect of changes under IFRS		(14)	-	(14)
Net operating cost for the year	4.1	(744,819)	-	(744,819)
<b>Total recognised income and expense for 2008-09</b>		<b>(671,533)</b>	<b>(250)</b>	<b>(671,783)</b>
Net Parliamentary Funding – drawn down		765,180	-	765,180
Net Parliamentary Funding – deemed		-	-	-
National Insurance Fund	4.1	4,276	-	4,276
Supply (payable)/receivable adjustment		-	-	-
CFERs payable to the Consolidated Fund		(2,181)	-	(2,181)
<b>Balance at 31 March 2009</b>		<b>826,374</b>	<b>1,420</b>	<b>827,794</b>
<b>Changes in taxpayers' equity for 2009-10</b>				
Net (loss)/gain on revaluation of property, plant and equipment		-	26	26
Net (loss)/gain on revaluation of intangible assets		-	11	11
Prior period adjustment		104	-	104
Non-cash charges – notional		9,236	-	9,236
Non-cash charges – cost of capital		19,569	-	19,569
Non-cash charges – auditor's remuneration		120	-	120
Non-cash charges – student loan inflation		13,615	-	13,615
Transfer between reserves		21	(21)	-
Net operating cost for the year	4.1	(828,774)	-	(828,774)
<b>Total recognised income and expense for 2009-10</b>		<b>(786,109)</b>	<b>16</b>	<b>(786,093)</b>
Net Parliamentary Funding – drawn down		909,705	-	909,705
Net Parliamentary Funding – deemed		-	-	-
National Insurance Fund		8,136	-	8,136
Supply (payable)/receivable adjustment		4,548	-	4,548
Excess Vote – Prior Year		15,768	-	15,768
CFERs payable to the Consolidated Fund		(98)	-	(98)
<b>Balance at 31 March 2010</b>		<b>978,324</b>	<b>1,436</b>	<b>979,760</b>

The notes on pages 87 to 123 form part of these financial statements

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**STATEMENT OF OPERATING COSTS BY DEPARTMENTAL STRATEGIC**  
**OBJECTIVES**  
**for the year ended 31 March 2010**

		2009-10 £000		2008-09 £000 (restated)
	Strategic Objective 1	Total	Strategic Objective 1	Total
<b>Gross Expenditure</b>	876,205	<b>876,205</b>	795,419	<b>795,419</b>
<b>Income</b>	(47,431)	<b>(47,431)</b>	(50,586)	<b>(50,586)</b>
<b>Net Expenditure</b>	<b>828,774</b>	<b>828,774</b>	<b>744,833</b>	<b>744,833</b>
<b>Total Assets</b>	<b>1,134,240</b>	<b>1,134,240</b>	<b>981,085</b>	<b>981,085</b>

The Department's objective in 2009-10 was as follows:

**Objective 1** - is equivalent to Request for Resources A (RfR A), which is: promoting economic, social and personal development through high quality learning, research and skills training and helping people into employment and promoting good working practices.

Further details of resources by Departmental strategic objectives are given in Note 20.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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**1. Statement of Accounting Policies**

These financial statements have been prepared in accordance with the 2009-10 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

**1.1 Accounting convention**

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

**1.2 Property, Plant and Equipment and Intangible Assets**

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

Software and associated licenses costing greater than £1,000 are capitalised under intangible assets.

On initial recognition property, plant and equipment and intangible assets 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 Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

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

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years by Land and Property Services (LPS). The last valuation took place at 31 March 2010. They are revalued annually, between professional valuations, using indices provided by LPS, an executive agency within DFP. Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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replacement cost. Properties surplus to requirements are valued on the basis of open market value less any material directly attributable selling costs.

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

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

### **1.3 Depreciation**

Property, Plant and Equipment and Intangible assets are depreciated from the month of acquisition at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter. The base useful lives of assets are as follows:

Specialised buildings	50 years
Furniture and fittings	10 years
Computer equipment and software	3 -10 years

Valuations of property, plant and equipment and intangible assets are based on a review of values as at the reporting date. No depreciation is provided on freehold land.

Legal title to the Government-owned land and specialised buildings occupied by the Department rests in DFP. Properties managed and controlled by the Department for its specific purposes (specialised buildings) are incorporated in the accounts as if owned by the Department.

The remaining buildings used by the Department (some of which have shared occupancy) are part of the Government Estate. As rents are not paid for these properties an assessment of the rent that would be payable on an open market basis has been charged in order to reflect the full economic cost.

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

### **1.4 Investments**

Financial interests in bodies that are outside the Departmental boundary are treated as non-current asset investments since they are held for the long term.

Loans issued by the Department to Ulster Supported Employment Limited are shown at historical cost (15.2), and with the introduction of IAS 32, IAS 39 and IFRS 7, have been included within Financial Assets.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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**1.5 *Operating income***

Operating income is income that relates directly to the operating activities of the Department. It comprises income from the European Union in support of departmental activities, fees and charges for services provided, on a full cost basis, to external customers and public repayment work and other income.

It includes not only the Department's accruing resources (AR) but also income payable to the Consolidated Fund, which is treated as operating income.

Operating income is stated net of VAT.

**1.6 *Administration and programme expenditure***

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in *FReM* by DFP.

Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost control regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not.

Programme costs reflect non-administration costs, including delivery of frontline services, payments of grants and other disbursements by the Department.

**1.7 *Capital charge***

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities excluding balance due to Consolidated Fund and Student Loans. Student loan investment and student loan financial liabilities are calculated at 2.2%, in line with Treasury discount rate for provisions (Note 1.8.1).

**1.8 *Financial assets***

The Department measures and presents financial instruments in accordance with IAS 32, IAS 39 and IFRS 7 as modified by the *FReM*. 2007/08 figures have been restated accordingly. The Department holds financial assets in the form of loans to students, loans to Ulster Supported Employment Limited as well as trade receivables, cash and cash equivalents. Financial assets which are due to be repaid within one year are shown within current assets on the Statement of Financial Position.

**1.8.1 *Student loan valuation***

The Department accounts for a share of the UK totals of student loan assets administered by the Student Loan Company Limited and related financial liabilities using information on the domicile of student receivables supplied by the Student Loan

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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Company Limited on the Northern Ireland share of the relevant balances and transactions.

Interest is charged on student loans at rates necessary to maintain the value of the loans in real terms and is added to amounts repayable by students.

The Department meets the costs resulting from the difference between interest paid by students and the real cost of loan capital.

An inflation adjustment is made in these accounts to reflect the impact of inflation on student loans (see Note 1.10).

Student loan interest has been classified as student support income as opposed to being shown netted off against student support grant expenditure.

Student loans are classified as loans and receivables. As such, they are recorded in the accounts at amortised cost.

This involves the gross value of the loans issued being reduced by an amount based on:

- (a) The Department's estimate of the present cost of subsidising interest on loans over the life of the loan ("interest subsidy impairment"); and,
- (b) An estimate of the future cost of policy write-offs ("deferment and default impairment"), which reflects the fact that not all of the loans issued will be recoverable due to death, disability or age of student.

The estimates underpinning these impairments are based on a model which holds data on the demographic and behavioural characteristics of students in order to predict their borrowing behaviour and estimate the likely repayments of student loans. Given the long term nature of both impairments, the time value of money is significant, and the provisions are discounted using the current HM Treasury discount rate of 2.2% in real terms, in accordance with the *FReM*.

There are significant uncertainties in assessing the actual likely costs and the liability will be affected by the assumptions used. These are formally reviewed by the Department each year and the amounts provided reflect the Department's current estimate.

Further details of the movements in the loan valuation can be found in Note 15, while disclosures relating to risk can be found in Note 24.

### **1.8.2 Other financial assets**

Current financial assets, such as trade receivables and cash, are measured at amortised cost as a reasonable approximation of fair value.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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**1.9 Financial liabilities**

Financial liabilities are measured at amortised cost. Long term financial liabilities are discounted where material.

Financial liabilities include legal or constructive obligations for student support cost related to student loans which are of uncertain timing or amount at the reporting 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 Treasury discount rate for provisions of 2.2%.

**1.10 Inflation adjustment**

A charge is made to reflect the impact of inflation on student loans and is included as part of student loans expenditure.

**1.11 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 estimated using average staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31 March 2009. It is not anticipated that the level of untaken leave will vary significantly from year to year.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS (NI)) which are described in Note 9. The defined benefit scheme is unfunded and non-contributory except in respect of dependants' benefits. 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 PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI).

The Department is required to meet the additional cost of benefits beyond the normal PCSPS(NI) benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and this is binding on the Department.

**1.12 European Union(EU) income**

All income from the EU is separately identified and is released to the Operating Cost Statement in the period in which the underlying activity takes place.

**1.13 Notional costs**

Some of the costs directly related to the running of the Department are borne by other Departments and are outside the Department's vote. These costs have been included in these accounts on the basis of the estimated cost incurred by the providing Department.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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**1.14 Value Added Tax**

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment. VAT is recoverable on a Departmental basis.

**1.15 Private Finance Initiative (PFI) transactions**

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by DEL. The underlying assets are recognised as property, plant and equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

PFI contracts that do not transfer any of the risks and rewards associated with ownership of the asset to DEL are treated in the same way as an operating lease i.e. rental payments are charged to the Operating Cost Statement in equal annual amounts over the lease term.

**1.16 Grants payable**

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs.

In line with *FReM*, Grant In Aid paid to Non Departmental Public Bodies is accounted for on a cash basis.

**1.17 Provisions**

The Department provides for legal or constructive obligations, which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation where this can be determined. As shown in note 19 this includes:

- The closure costs of Enterprise Ulster.
- The cost of paying the pensions of employees who retire early from the date of their retirement until they reach normal pensionable age.
- The cost of meeting pensions up to normal retirement age in respect of early retirement programmes in the year the announcement is made.
- The Department's expected share of the settlement payment in relation to Equal Pay.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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**1.18** *Contingent liabilities*

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 Managing Public Money Northern Ireland.

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

**1.19** *Third party assets*

The Department acts as agent for the Northern Ireland National Insurance Fund in relation to various aspects of the Employment Rights (Northern Ireland) Order 1996. The transactions and balances arising are reflected in the accounts of the Northern Ireland National Insurance Fund and are not included in these financial statements.

**1.20** *Foreign Exchange*

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. At the end of the reporting period monetary items are translated at the closing rate applicable at the reporting date.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**2. First-time adoption of IFRS**

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

	<b>General Fund £000</b>	<b>Revaluation Reserve £000</b>
<b>Taxpayers' equity at 31 March 2008 under UK GAAP</b>	731,227	1,743
Adjustments for:		
IAS19 Employee Benefits - Accrued untaken leave	(677)	-
<b>Taxpayers' equity at 1 April 2008 under IFRS</b>	<u>730,550</u>	<u>1,743</u>

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

	<b>General Fund £000</b>	<b>Revaluation Reserve £000</b>
<b>Taxpayers' equity at 31 March 2009 under UK GAAP</b>	827,065	1,420
Adjustments for:		
IAS19 Employee Benefits - Accrued untaken leave	(691)	-
<b>Taxpayers' equity at 1 April 2009 under IFRS</b>	<u>826,374</u>	<u>1,420</u>

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

	<b>£000</b>
<b>Net operating cost for 2008-09 under UK GAAP</b>	744,819
Adjustments for:	
IAS19 Employee Benefits – Movement in accrued untaken leave	14
<b>Net operating cost for 2008-09 under IFRS</b>	<u>744,833</u>

The adoption of IFRS has no impact on the cash position of the Department for Employment and Learning. No reconciliation is therefore required for prior year cash flow.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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

						2009-10 £000	2008-09 £000		
						Outturn	Estimate	(restated)	
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total Estimate	Net Total Estimate	Prior Year Outturn
<b>Request for Resources A:</b>									
Employment and Skills	7,561	35,281	308,883	351,725	(8,625)	343,100	347,874	4,774	301,933
Higher Education	1,155	77	248,281	249,513	(5,914)	243,599	243,917	318	228,480
Student Support	448	59,490	105,728	165,666	-	165,666	165,214	(452)	150,680
Labour Market Services	11,765	2,096	319	14,180	(327)	13,853	15,280	1,427	15,028
Integrated Development Fund	-	-	-	-	-	-	-	-	(74)
ESF Payments - Public and Private Sector	3,142	-	15,883	19,025	(9,657)	9,368	12,783	3,415	12,842
EU Community Initiatives	-	-	-	-	-	-	-	-	-
EU Programme for Peace and Reconciliation	-	652	-	652	-	652	700	48	2,186
EU Cost of Capital	-	660	-	660	-	660	1,000	340	538
Settlement of NICS Equal Pay Claims	-	11,170	-	11,170	-	11,170	11,170	-	-
<b>Annually Managed Expenditure</b>									
Student Support	-	38,809	(15,999)	22,810	(22,810)	-	-	-	-
<b>Non Budget</b>									
Teachers' Premature Retirement - on-going liabilities	-	-	1,797	1,797	-	1,797	1,799	2	1,713
Teachers' Premature Retirement - new liabilities	-	-	-	-	-	-	-	-	-
Education and Library Boards	-	-	13,293	13,293	-	13,293	13,789	496	11,811
Construction Industry Training Board	-	-	-	-	-	-	1	1	-
Student Loans Company	-	-	3,798	3,798	-	3,798	4,367	569	3,762
Enterprise Ulster	-	-	-	-	-	-	-	-	-
Ulster Supported Employment Limited	-	-	621	621	-	621	670	49	655
Labour Relations Agency	-	-	3,695	3,695	-	3,695	3,695	-	3,200
IFRS Prior Period Adjustments	-	691	-	691	-	691	691	-	-
Notional Charges	9,356	-	-	9,356	-	9,356	10,232	876	7,801
<b>Resource Outturn</b>	<b>33,427</b>	<b>148,926</b>	<b>686,299</b>	<b>868,652</b>	<b>(47,333)</b>	<b>821,319</b>	<b>833,182</b>	<b>11,863</b>	<b>740,555</b>

2008-09 figures have been restated in line with having one Request for Resource.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS  
for the year ended 31 March 2010**

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**Explanation of the variation between Estimate and Outturn (2009-10)**

The total outturn for the year was £821.3m against an Estimate of £833.2m, resulting in an easement of £11.9m or 1.43%.

Some of the main reasons for this variance were as follows:

- A reduction in occupancy levels and milestones achieved for Training for Success and Apprenticeships NI programmes (£2.3m);
- Under spends by employment projects (£1.1m);
- Departmental Cost of capital £0.9m lower than projected calculations; and,
- Foreign exchange differences (£3.4m).

More detailed explanations are contained in the Management Commentary.



**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

On 1 April 2009, the budgetary structure of the Department changed, with the combination of two Requests for Resources. The 2008-09 figures on page 95 have been restated in line with that change. The comparative note on page 97 includes the original budgetary structure of Request for Resources A and B as shown in last year's accounts.

**Request for Resource A** is promoting economic, social and personal development through high quality learning, research and skills training, and helping people into employment and promoting good working practices.

Under the previous budgetary structure the Department's objectives were as follows:

**Objective 1** - is equivalent to Request for Resources A (RfR A), which is: promoting economic, social and personal development through high quality learning, research and skills training.

**Objective 2** - is equivalent to Request for Resources B (RfR B), which is: helping people into employment and promoting good working practices.

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

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

			2009-10 £000	2008-09 £000	
	<i>Note</i>	<b>Outturn</b>	<b>Supply Estimate</b>	<b>Outturn compared with Estimate</b>	
				<b>Outturn</b>	
Net Resource Outturn	3	821,319	833,182	(11,863)	740,555
IFRS adjustment – Prior year		(691)	-	(691)	-
IFRS adjustment – Movement in untaken leave accrual		-	-	-	14
Non-supply income (CFERs)	6	(98)	-	(98)	(12)
Non-supply Expenditure:					
Redundancy Fund Payments	11	8,136	6,047	2,089	4,276
EU Receivable write-off	11	108	-	108	-
<b>Net operating cost</b>		<b>828,774</b>	<b>839,229</b>	<b>(10,455)</b>	<b>744,833</b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**4.2 Outturn against final Administration Budget**

	Budget	2009-10 £000 Outturn	2008-09 £000 Outturn
Gross Administration Budget	24,474	24,071	24,396
Income allowable against the Administration Budget	-	-	-
<b>Net outturn against final Administration Budget</b>	<b>24,474</b>	<b>24,071</b>	<b>24,396</b>

**5. Reconciliation of net resource outturn to net cash requirement**

	<i>Note</i>	Estimate £000	Outturn £000	Net total outturn compared with Estimate saving/(excess) £000
Resource Outturn	3	833,182	821,319	11,863
<b>Capital</b>				
Acquisition of property, plant and equipment	13	350	186	164
Acquisition of intangible assets	14	500	469	31
Investments	15.2	-	-	-
Investments – student loans funding	15.1	215,996	214,010	1,986
<b>Non-operating Accruing Resources</b>				
Student loan repayments applied	15.1	(44,000)	(43,894)	(106)
<b>Accruals adjustments</b>				
Non-cash items	10,11,15.1	(84,434)	(78,100)	(6,334)
Prior year adjustment	4	(691)	(691)	-
Changes in working capital other than cash		84,097	352	83,745
Changes in payables falling due after more than one year	18	-	29	(29)
Use of provisions & financial liabilities	19	-	573	(573)
<b>Net cash requirement</b>		<b>1,005,000</b>	<b>914,253</b>	<b>90,747</b>

The variance against outturn has arisen as a result of the easement against the Estimate and assumptions made when projecting the receivables and payables at the year end.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**6. Analysis of income payable to the Consolidated Fund**

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

	Note	Forecast 2009-10 £000		Outturn 2009-10 £000	
		Income	Receipts	Income	Receipts
Operating income and receipts – excess Accruing Resources		-	-	-	-
Other operating income and receipts not classified as Accruing Resources		-	-	98	22
		-	-	<b>98</b>	<b>22</b>
Non-operating income and receipts – excess Accruing Resources	8	-	-	-	-
Other non-operating income and receipts not classified as Accruing Resources		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	5	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		-	-	<b>98</b>	<b>22</b>

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

	Note	2009-10 £000	2008-09 £000
Operating income	12	47,431	50,586
Adjustments for transactions between RfRs		-	-
Gross income	12	47,431	50,586
Income authorised to be appropriated-in-aid		47,333	50,574
<b>Operating income payable to the Consolidated Fund</b>	4	<b>98</b>	<b>12</b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**8. Non-operating Income – Excess Accruing Resources**

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b>
Student Loan repayments	-	2,169
<b>Non-operating income – excess</b> <b>Accruing Resources</b>	<b>-</b>	<b>2,169</b>

**9. Staff numbers and related costs**

Staff costs comprise:

	<b>2009-10</b> <b>£000</b>				<b>2008-09</b> <b>£000</b> (restated)
	<b>Total</b>	<b>Permanently Employed Staff</b>	<b>Others</b>	<b>Minister</b>	<b>Total</b>
Wages and salaries*	44,489	44,209	242	38	38,861
Social security costs	2,948	2,938	5	5	2,530
Other pension costs	7,377	7,368	-	9	6,550
<b>Subtotal</b>	<b>54,814</b>	<b>54,515</b>	<b>247</b>	<b>52</b>	<b>47,941</b>
Less recoveries	(831)	(831)	-	-	(26)
<b>Total net costs</b>	<b>53,983</b>	<b>53,684</b>	<b>247</b>	<b>52</b>	<b>47,915</b>

\*Permanently Employed Staff includes the cost of the Department's special adviser who is paid in the pay band £60,000 - £65,000 from 01/4/09 to 23/1/10, and £45,000 - £50,000 for period 26/1/10 to 31/3/10 due to a change in Personnel. The cost in relation to the Minister £52k (2008-09 £51k) is a notional charge.

Figures for 2008-09 have been re-stated in line with International Financial Reporting Standards and to include all staffing related costs of the Department.

The Principal Civil Service Pension Scheme (PCSPS) (Northern Ireland) is an unfunded multi-employer defined benefit scheme which produces its own resource accounts, but the Department is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2007 and details of this valuation are available in the PCSPS (Northern Ireland) resource accounts.

For 2009-10, employers' contributions of £7,368k were payable to the PCSPS (Northern Ireland) (2008-09 £6,459k) at one of four rates in the range 16.5 % to 23.5% (2008-09 were between 16.5% and 23.5%) of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

From 2010-11, the rates will be in the range of 18% to 25%. The contribution rates are set to meet the cost of the benefit accruing during 2009-10 to be paid when the member retires, and not the benefit paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £993.00 were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £122.17 of pensionable pay were payable to the PCSPS (Northern Ireland) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

**Uprating factor for 2009-10**

Treasury has confirmed that additional pensions will not be uprated from April 2010 as the increase in the Retail Price Index in the 12 months to September 2009 was negative (-1.4%).

There were no contributions due to the partnership pension providers at the reporting date and no contributions prepaid at that date.

7 persons (2008-09: 4 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £10,336 (2008-09: £7,337).

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk).

**Average Number of Persons Employed**

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

Departmental Strategic Objective	2009-10 Number		2008-09 Number			
	Total	Permanently Employed Staff	Others	Minister	Special advisers	Total
1	1,870	1,815	53	1	1	1,791
Staff engaged on capital projects	-	-	-	-	-	-
<b>Total</b>	<b>1,870</b>	<b>1,815</b>	<b>53</b>	<b>1</b>	<b>1</b>	<b>1,791</b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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**10. Other Administration Costs**

	<i>Note</i>	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b>
PFI service charges		-	3,894
Other expenditure		7,922	5,044
<b>Non-cash items:</b>			
Depreciation	<i>13</i>	-	100
Permanent diminution in value of property, plant and equipment		-	-
Auditors' remuneration and expenses		120	101
Early Retirement Provision	<i>19</i>	21	23
Accommodation costs (DFP)		6,355	5,444
Services provided and costs incurred by the Social Security Agency		-	-
Services provided and costs incurred by the Department of Enterprise, Trade and Investment (DETI)		-	532
Other notional costs		2,829	1,624
<b>Total</b>		<b>17,247</b>	<b>16,762</b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**11. Programme Costs**

	<i>Note</i>	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b>
Current grants and other current expenditure		705,198	637,540
Non-voted expenditure	<i>4.1</i>	8,244	4,276
<b>Non-cash items:</b>			
Depreciation	<i>13, 14</i>	263	-
Loss on disposal of property, plant and equipment	<i>13</i>	2	-
Student Loan Balance Transfer	<i>15.1</i>	-	34
Student Loan inflation adjustment		13,615	48,850
Cost of Capital Charges		19,569	16,730
Financial liability and impairments provided for / Released in year	<i>15.1a, 15.1b, 15.3, 19</i>	49,243	6,772
Unwinding of discount on financial liability and Impairments	<i>15.1a, 15.1b, 15.3</i>	8,842	17,203
Release of Bad Debt provision to the OCS	<i>16</i>	(1)	-
<b>Total</b>		<b><u>804,975</u></b>	<b><u>731,405</u></b>

**12. Income**

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b>
Admin	98	170
Programme	883	694
Student Loan - Interest	22,810	34,047
Science Research Investment Fund	5,820	2,418
EU	17,820	13,257
<b>Total</b>	<b><u>47,431</u></b>	<b><u>50,586</u></b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
for the year ended 31 March 2010

**13. Property, plant and equipment**

	<b>Land £000</b>	<b>Buildings £000</b>	<b>Information Technology £000</b>	<b>Furniture &amp; Fittings £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>					
At 1 April 2009	2,495	2,605	91	466	5,657
Reclassification	-	-	(6)	-	(6)
Restated at 1 April 2009	2,495	2,605	85	466	5,651
Additions	-	-	13	173	186
Disposals	-	-	(32)	(39)	(71)
Revaluations	-	(60)	3	8	(49)
<b>At 31 March 2010</b>	<b>2,495</b>	<b>2,545</b>	<b>69</b>	<b>608</b>	<b>5,717</b>
<b>Depreciation</b>					
At 1 April 2009	-	-	89	320	409
Reclassification	-	-	(4)	-	(4)
Restated at 1 April 2009	-	-	85	320	405
Charged in year	-	79	-	35	114
Disposals	-	-	(32)	(36)	(68)
Revaluations	-	(79)	-	4	(75)
<b>At 31 March 2010</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>323</b>	<b>376</b>
<b>Net book value at 31 March 2010</b>	<b>2,495</b>	<b>2,545</b>	<b>16</b>	<b>285</b>	<b>5,341</b>
<b>Net book value at 31 March 2009</b>	<b>2,495</b>	<b>2,605</b>	<b>2</b>	<b>146</b>	<b>5,248</b>
<b>Asset financing</b>					
Owned	2,495	2,545	16	285	5,341
Finance Leased	-	-	-	-	-
<b>Net book value at 31 March 2010</b>	<b>2,495</b>	<b>2,545</b>	<b>16</b>	<b>285</b>	<b>5,341</b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
for the year ended 31 March 2010

**13. Property, plant and equipment (continued)**

	Land £000	Buildings £000	Information Technology £000	Furniture & Fittings £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2008	2,663	2,737	204	353	5,957
Opening Balance Adjustment	-	-	-	6	6
Reclassification	-	-	(110)	110	-
Restated at 1 April 2008	2,663	2,737	94	469	5,963
Additions	-	-	-	11	11
Disposals	-	-	(3)	(28)	(31)
Revaluations	(168)	(132)	-	14	(286)
<b>At 31 March 2009</b>	<b>2,495</b>	<b>2,605</b>	<b>91</b>	<b>466</b>	<b>5,657</b>
<b>Depreciation</b>					
At 1 April 2008	-	-	200	188	388
Opening Balance Adjustment	-	-	-	1	1
Reclassification	-	-	(110)	110	-
Restated at 1 April 2008	-	-	90	299	389
Charged in year	-	63	2	35	100
Disposals	-	-	(3)	(22)	(25)
Revaluations	-	(63)	-	8	(55)
<b>At 31 March 2009</b>	<b>-</b>	<b>-</b>	<b>89</b>	<b>320</b>	<b>409</b>
<b>Net book value at 31 March 2009</b>	<b>2,495</b>	<b>2,605</b>	<b>2</b>	<b>146</b>	<b>5,248</b>
<b>Net book value at 31 March 2008</b>	<b>2,663</b>	<b>2,737</b>	<b>4</b>	<b>165</b>	<b>5,569</b>
<b>Asset financing</b>					
Owned	2,495	2,605	2	146	5,248
Finance leased	-	-	-	-	-
<b>Net book value at 31 March 2009</b>	<b>2,495</b>	<b>2,605</b>	<b>2</b>	<b>146</b>	<b>5,248</b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

Information Technology and Furniture and Fittings are valued using indices.

A full valuation of Land and Buildings was carried out by Land and Property Services on 31 March 2010.

**14. Intangible Assets**

	Software License £000	Externally Developed Software £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2009	-	-	-
Reclassification	6	-	6
Restated at 1 April 2009	<b>6</b>	-	<b>6</b>
Additions	28	441	469
Disposals	-	-	-
Revaluations	1	16	17
<b>At 31 March 2010</b>	<b>35</b>	<b>457</b>	<b>492</b>
<b>Depreciation</b>			
At 1 April 2009	-	-	-
Reclassification	4	-	4
Restated at 1 April 2009	<b>4</b>	-	<b>4</b>
Charged in year	2	147	149
Disposals	-	-	-
Revaluations	-	6	6
<b>At 31 March 2010</b>	<b>6</b>	<b>153</b>	<b>159</b>
<b>Net book value at 31 March 2010</b>	<b>29</b>	<b>304</b>	<b>333</b>
<b>Net book value at 31 March 2009</b>	-	-	-
<b>Asset financing</b>			
Owned	29	-	29
Finance leased	-	304	304
<b>Net book value at 31 Mar 2010</b>	<b>29</b>	<b>304</b>	<b>333</b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**15. Investments – Financial Instruments**

**15.1 Student Loans**

	<i>Note</i>	<b>2009-10</b> £000	<b>2008-09</b> £000	<b>2007-08</b> £000 (restated)
<b>Total gross value of loans outstanding at 1 April</b>		<b>1,166,317</b>	<b>989,369</b>	<b>829,532</b>
Adjustment to opening account estimate		(4)	-	-
Additional loan funding		214,010	187,925	167,876
Interest added		22,810	34,047	26,701
Repayments		(43,894)	(44,175)	(34,521)
Write offs		(471)	(815)	(220)
Other Adjustments		-	(34)	1
<b>Total gross value of loans at 31 March</b>		<b>1,358,768</b>	<b>1,166,317</b>	<b>989,369</b>
Deferment and Default Impairment	<i>15.1a</i>	(141,121)	(119,091)	(96,171)
Interest Subsidy Impairment	<i>15.1b</i>	(142,271)	(117,346)	(116,834)
<b>Balance at 31 March</b>		<b>1,075,376</b>	<b>929,880</b>	<b>776,364</b>

The Student Loans Company Limited issues loans on behalf of DEL for Northern Ireland, the Department for Business, Innovation and Skills (in England and Wales) and the Scottish Executive. The split of total loans between the three Departments is provided by the Student Loans Company.

Interest is applied to student loans receivable at rates necessary to maintain the value of the loans in real terms. The estimated share of interest attributable to Northern Ireland students added to the outstanding loan balance during the year was £22,810k (2008-09: £34,047k). As outlined on the Statement of Cash Flows, student loan cash advances for the year were £205,238k (2008-09: £162,844k) and repayments were £43,087k (2008-09 £45,149k).

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**15.1a Movements on Deferment and Default Impairment**

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b>	<b>2007-08</b> <b>£000</b>
<b>Balance at 1 April</b>	<b>119,091</b>	<b>96,171</b>	<b>81,346</b>
Increase in the year	18,336	16,237	10,912
Loans Written off	(471)	(815)	(220)
Unwinding	4,165	7,498	4,133
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March</b>	<b>141,121</b>	<b>119,091</b>	<b>96,171</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The student loans deferment and default impairment was created to meet the future cost of loans which could not be recovered due to the death of the student, their income not reaching the income threshold, or not being able to trace the student. Each year the Department estimates the future cost of bad debts based on a percentage of new loans issued during the financial year. This is offset by the actual debts written off by the Student Loan Company.

**15.1b Interest Subsidy Impairment**

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b>	<b>2007-08</b> <b>£000</b>
<b>Balance at 1 April</b>	<b>117,346</b>	<b>116,834</b>	<b>97,983</b>
Increase in the year	40,923	36,457	31,057
Provision release	(20,103)	(45,056)	(17,182)
Unwinding	4,105	9,111	4,976
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March</b>	<b>142,271</b>	<b>117,346</b>	<b>116,834</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Student loans are subsidised as students are only charged interest equivalent to the rate of inflation, or Bank of England base rate plus 1%, whichever is the lower. The Department meets the costs resulting from difference between the forecast future interest paid by students and the cost of capital on loans, which is known as the interest subsidy. The interest subsidy impairment therefore reflects the cost to the Government of issuing and holding the loan. The Department increases the impairment based on a percentage of loans issued in year. The percentage is calculated using a modelling tool which takes into account borrower behaviour, earning on graduation and other assumptions.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**15.2 Other Financial Assets – Ulster Supported Employment Limited Loan**

	<b>2009-10</b> £000	<b>2008-09</b> £000	<b>2007-08</b> £000
<b>Balance at 1 April</b>	2,338	2,338	2,282
Additions	-	-	56
<b>Balance at 31 March</b>	<b>2,338</b>	<b>2,338</b>	<b>2,338</b>

The loan to Ulster Supported Employment Limited is interest free and is secured by a charge on the company's undertakings and properties under a debenture dated 22 March 1963.

**15.3 Financial Liabilities**

	<b>Debt sale</b> £000	<b>Total</b> £000
<b>Balance at 1 April 2009</b>	<b>26,001</b>	<b>26,001</b>
Increase/(decrease) in year	(1,083)	(1,083)
Payments	(443)	(443)
Unwinding	572	572
<b>Value at 31 March 2010</b>	<b>25,047</b>	<b>25,047</b>
<b>Balance at 1 April 2008</b>	<b>27,010</b>	<b>27,010</b>
Increase/(decrease) in year	(866)	(866)
Payments	(738)	(738)
Unwinding	595	595
<b>Value at 31 March 2009</b>	<b>26,001</b>	<b>26,001</b>

***Student loan debt sale costs***

The student loan debt sale financial liability is the additional cost to the Department of subsidies contractually due to the purchaser of the debts beyond the cost that the Department would have incurred had the debts remained in the public sector.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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**15.4 Student Loans Subsidy**

The Operating Cost Statement includes the following charges and (credits) in relation to student loans:

	<b>2009-10</b> £000	<b>2008-09</b> £000	<b>2007-08</b> £000
Change in opening account estimate	4	-	-
Unwinding of discount	8,842	17,203	9,727
Adjustment to provisions	(1,083)	(866)	(446)
Provision release	(20,103)	(45,056)	(17,182)
Movement on provision	59,259	52,694	41,969
General inflation adjustment on loans	13,615	48,850	21,055
Interest added to student loans	(22,810)	(34,047)	(26,701)
Balance transfer	-	34	(1)
	<b>37,724</b>	<b>38,812</b>	<b>28,421</b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**16. Trade receivables and other current assets**

<i>Note</i>	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b> (restated)	<b>2007-08</b> <b>£000</b> (restated)
<b>Amounts falling due within one year:</b>			
Trade receivables	2,578	3,693	2,715
Deposits and advances	4,159	4,035	1,026
Other receivables:			
VAT	629	715	375
EU Receivable	34,877	27,503	27,059
Due from the National Insurance Fund	2,858	692	237
Prepayments and accrued income	1,301	7,085	27,905
Amounts due from the Consolidated Fund in respect of supply	4,548	-	6,390
Less: Provision for doubtful debts	(122)	(123)	(123)
	<b><u>50,828</u></b>	<b><u>43,600</u></b>	<b><u>65,584</u></b>

Included within the EU receivable balance is an amount of £2,520k (2008-09: £2,628k) that will be due to the Consolidated Fund once the funds are received.

Included within the Trade receivable balance is an amount of £76k (2008-09: £nil) that will be due to the Consolidated Fund once the funds are received.

Figures for 2008-09 and 2007-08 have been re-stated to show deposits and advances separately.

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b>	<b>2007-08</b> <b>£000</b>
<b>Amounts falling due after more than one year:</b>			
Trade receivables	-	-	874
	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>874</u></b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
for the year ended 31 March 2010

**16.1 Intra-Government Balances**

	Amounts Falling Due Within One Year			Amounts Falling Due After More Than One Year		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Balances with other central government bodies	8,042	3,899	6,398	-	-	-
Balances with local authorities	-	7	-	-	-	-
Balances with NHS Trusts	-	-	-	-	-	-
Balances with public corporations and trading funds	220	7,875	-	-	-	874
<b>Subtotal: intra-government balances</b>	<b>8,262</b>	<b>11,781</b>	<b>6,398</b>	<b>-</b>	<b>-</b>	<b>874</b>
Balances with bodies external to government	42,566	31,819	59,186	-	-	-
<b>Total receivables at 31 March</b>	<b>50,828</b>	<b>43,600</b>	<b>65,584</b>	<b>-</b>	<b>-</b>	<b>874</b>

**17. Cash and cash equivalents**

	2009-10 £000	2008-09 £000	2007-08 £000
Balance at 1 April	(13,272)	(435)	(29,631)
Net change in cash and cash equivalents	8,722	(12,837)	29,196
<b>Balance at 31 March</b>	<b>(4,550)</b>	<b>(13,272)</b>	<b>(435)</b>

The following balances at 31 March were held at:

	2009-10 £000	2008-09 £000	2007-08 £000
Commercial banks	(4,574)	(13,291)	(444)
Cash in hand	24	19	9
<b>Balance at 31 March</b>	<b>(4,550)</b>	<b>(13,272)</b>	<b>(435)</b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**18. Trade payables and other current liabilities**

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b> (restated)	<b>2007-08</b> <b>£000</b> (restated)
<b>Amounts falling due within one year</b>			
Trade payables	6,669	8,543	10,454
Accruals and deferred income	103,820	99,584	69,073
Other payables:			
Amounts due to the Consolidated Fund in respect of EU CFERs	2,520	2,628	4,310
Amounts due to National Insurance Fund	-	4	69
Bank overdraft	4,574	13,291	444
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:			
Received	22	2,520	5,979
Receivable	76	-	12
	<b><u>117,681</u></b>	<b><u>126,570</u></b>	<b><u>90,341</u></b>
<b>Amounts falling due after more than one year</b>			
Other payables, accruals and deferred income	481	510	501
	<b><u>481</u></b>	<b><u>510</u></b>	<b><u>501</u></b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
for the year ended 31 March 2010

**18.1 Intra-Government Balances**

	Amounts Falling Due Within One Year £000			Amounts Falling Due After More Than One Year £000		
	2009-10	2008-09 (restated)	2007-08 (restated)	2009-10	2008-09	2007-08
Balances with other central government bodies	5,369	7,936	14,205	-	-	-
Balances with local authorities	6	251	-	-	-	-
Balances with NHS Trusts	-	-	-	-	-	-
Balances with public corporations and trading funds	311	27,152	-	-	-	-
<b><i>Subtotal:</i></b> intra-government balances	<b>5,686</b>	<b>35,339</b>	<b>14,205</b>	-	-	-
Balances with bodies external to government	111,995	91,231	76,136	481	510	501
<b>Total payables at 31 March</b>	<b>117,681</b>	<b>126,570</b>	<b>90,341</b>	<b>481</b>	<b>510</b>	<b>501</b>

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**19. Provisions for Liabilities and Charges**

	Equal Pay	Early departure costs	Enterprise Ulster	Total
	£000	£000	£000	£000
Balance at 1 April 2009	-	150	60	<b>210</b>
Provided in the year	11,170	21	-	<b>11,191</b>
Provision not required written back	-	-	-	-
Provisions utilised in the year	-	(113)	(17)	<b>(130)</b>
<b>Balance at 31 March 2010</b>	<b>11,170</b>	<b>58</b>	<b>43</b>	<b>11,271</b>
Balance at 1 April 2008	-	296	297	<b>593</b>
Provided in the year	-	23	-	<b>23</b>
Provision not required written back	-	-	-	-
Provisions utilised in the year	-	(169)	(237)	<b>(406)</b>
<b>Balance at 31 March 2009</b>	<b>-</b>	<b>150</b>	<b>60</b>	<b>210</b>

***Equal Pay***

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

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

***Early departure costs***

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

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

*Enterprise Ulster*

On 21 March 2006, the Secretary of State announced that as part of the Review of Public Administration, Enterprise Ulster would close. The organisation was formally wound up on 30 June 2007. As a result of the closure of Enterprise Ulster, the Department provided for the costs associated with the closure of the organisation. It is anticipated that all remaining costs will be settled in 2010/11.

**20. Notes to the Statement of Operating Costs by Departmental Strategic Objectives**

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

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b> (restated)
Objective 1	804,975	731,405
<b>Total</b>	<b>804,975</b>	<b>731,405</b>

Capital Employed by Departmental Strategic Objectives at 31 March

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b> (restated)
Objective 1	979,760	827,794
<b>Total</b>	<b>979,760</b>	<b>827,794</b>

The Department's capital is employed mainly for programme purposes. Administration costs, programme grants and other current costs have been attributed to objectives in accordance with the Department's normal management accounting practices, wherever possible.

**21. Capital Commitments**

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b>
Contracted capital commitments at 31 March not otherwise included in these financial statements	-	-

**22. Commitments under leases**

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

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b>
<b>Obligations under operating leases comprise:</b>		
<i>Buildings</i>		
Not later than one year	26	26
Later than one year and not later than five years	80	106
Later than five years	-	-
	<hr/>	<hr/>
	<b>106</b>	<b>132</b>
	<hr/>	<hr/>
<i>Other</i>		
Not later than one year	27	28
Later than one year and not later than five years	17	35
Later than five years	-	-
	<hr/>	<hr/>
	<b>44</b>	<b>63</b>
	<hr/>	<hr/>

**23. Commitments under PFI contracts**

In May 1998 the Training and Employment Agency (now part of the Department) entered into a PFI contract with ICL Limited for information technology support services for a ten-year period.

This contract was extended for a period of 1 year and expired at the end of March 2009. This extension was an option within the original contract and has been approved by DFP.

***Charge to the Operating Cost Statement and future commitments***

The total amount charged in the Operating Cost Statement in respect of off-Statement of Financial Position PFI transactions was £nil (2008-09: £3,894,058).

Payments to which the Department is committed during 2009-10, analysed by the period during which the commitment expires, are as follows:

	<b>2009-10</b> <b>£000</b>	<b>2008-09</b> <b>£000</b>
Expiry within two to five years	-	-
Expiry within six to ten years	-	-
	<hr/>	<hr/>
	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

**24. Financial Instruments**

The Department measures and presents financial instruments in accordance with IAS 32, IAS 39 and IFRS 7 as interpreted by the *FReM*. IFRS 7 (Disclosure of financial instruments) requires disclosure of information about the significance of financial instruments held by the entity over the year and the nature and extent of risks arising from those financial instruments.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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Financial instruments play a more limited role in creating or changing risk than would be typical of the listed companies to which IAS 32, IAS 39 and IFRS 7 mainly apply, because of the largely non-trading nature of the Department's activities, and the way that government is financed.

However, the student loan asset is a significant part of the Department's Statement of Financial Position, and the valuation is based on a complex set of assumptions, including borrowers' earnings on graduation and their likely earnings growth over the life of the loan (25 years). Any changes to these assumptions could have a significant impact on the value of the loan book included in the accounts.

***Financial Assets at carrying value***

Student loans, trade receivables, cash and cash equivalents are included as loans and receivables, and are measured at fair value initially and subsequently at amortised cost.

***Financial Liabilities at carrying value***

Trade payables, early departure cost and debt sale are measured at fair value initially and subsequently at amortised cost.

***Fair values of financial instruments***

The fair value of the financial instruments above is equivalent to the carrying value disclosed in the financial statements. Financial assets and financial liabilities have not been offset nor presented net in these accounts.

***Loan to Ulster Supported Employment Limited***

The Department's loan to Ulster Supported Employment Limited £2.3m (2008-09: £2.3m) neither pays interest nor has a maturity date and is secured by a charge on the company's undertaking and property. It is not regarded as tradable on an organised market in a standard form as it is an integral part of the Department's involvement in training and employment for the disabled. Accordingly, it is not practical to estimate a fair value with sufficient reliability.

***Student loans***

The Assembly in Northern Ireland hold the legal title to the loans and currently have no plans to sell.

Legislation was passed in England during the financial year to enable the student loans to be sold in England and Wales. However, as at 31 March 2010, no loans have been sold and there will not be a sale until market conditions improve.

In the absence of an active market for the loans or any similar arm's length transactions, the discounted cash flow analysis used to value the loans in Note 15 is the most reliable method to derive fair value. In deriving this figure, the Department has used the Treasury's long-term discount rate of 2.2%, which represents the government's cost of capital. If an active market existed for student loans, the discount rate applied by potential buyers may be different from the Treasury's 2.2%. If the discount rate applied was greater than 2.2%, the fair value of the student loans may be lower than the values calculated on the basis applied here.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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***Credit Risk***

DEL has a statutory obligation to issue student loans and seek repayments in line with legislation. The Department is not permitted to withhold loans on the basis of poor credit rating nor is it able to seek collateral. The Department is therefore exposed to the risk that some student loans will not be repaid, although this is partly mitigated by the fact that most repayments are collected by Her Majesty's Revenue & Customs as part of the tax collection process.

As disclosed in Note 15 and the accounting policy Note 1.8.1, the Department estimates the value of future write-offs when loans are issued, based on a model which holds data on the demographic and behavioural characteristics of students in order to predict their borrowing behaviour.

The Department for Business, Innovation and Skills (BIS) works together with the Student Loans Company Limited (SLC) and Her Majesty's Revenue and Customs (HMRC) to manage the collection of student loan repayments and manage the associated credit risks.

There is a Memorandum of Understanding in place between BIS and the devolved administrations, including DEL who own the loan book, the SLC who administers the loan book, and HMRC who collects repayments via the tax system. This sets out the responsibilities of the all parties and contains performance targets and indicators, which are revised annually.

***Liquidity Risk***

The Department's net revenue resource requirements (as well as its capital expenditure) are financed by resources voted annually by Parliament. The Department is not therefore exposed to significant liquidity risks in the same way that a private sector organisation would be.

***Foreign Currency Risk***

The Department's main exposure to foreign currency risk is in relation to the impact of movements in the Euro on claims made to the European Union, and on advances received from the European Union that are included within payables. The Department does not enter into forward currency contracts and the risk is managed within voted funding provision. Apart from this, the Department's exposure to foreign currency risk is not significant.

At 31 March 2010, with a 10% weakening or strengthening of sterling against the euro, the outturn for the year would have increased by £1.6m or decreased by £1.6m respectively. This movement is attributable to the foreign exchange gains or losses on translation of euro denominated creditors.

***Interest rate risk***

The Department accounts for a share of the UK total of Student Loans administered by the Student Loan Company Limited. The Department meets the difference between the interest paid by students and the real cost of loan capital and is therefore exposed to an interest rate risk. The

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

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risk is managed within voted funding provision. Apart from this, the Department is not exposed to significant interest rate risk.

**25. Contingent Liabilities as disclosed under IAS 37**

**a. Future Redundancy Payments**

As part of the arrangement for the transfer of training centres to Further Education Colleges, the Department agreed that, for staff who became redundant in the future, it would fund any difference between their redundancy payment and that which they would have received had they remained in the Northern Ireland Civil Service.

Due to the inherent uncertainty as to the amount and timing of the future redundancy payments the Department has underwritten, it is not practical to quantify the potential liability that might arise from this undertaking.

**b. Amendment to Trade Union Law following the European Court of Human Rights Decision in the case of Associated Society of Locomotive Engineers and Firemen (ASLEF) v United Kingdom (UK)**

Following the European Court of Human Rights decision in the ASLEF –v- UK case, trade unions are to be given greater autonomy to decide whether the political party membership of individuals should debar them from belonging to a union. Department for Employment and Learning and Department for Business, Innovation and Skills proposed to amend legislation to give the unions this full autonomy on whether or not to expel individuals. However during the passage of the GB bill the “expulsion” of individuals became a contentious issue, and specific circumstances and safeguards were included.

The view of the Departmental Solicitors Office is that, to comply with the judgement, Northern Ireland must implement provisions corresponding to GB, but to do so would be outside the legislative competence of the Northern Ireland Assembly. Therefore we have removed the ASLEF provisions from the Employment Bill with the intention of legislating on this matter using the Westminster route; however this may take some time.

There are no implications for expenditure, but if the above situation is not resolved through enacting legislation to cover the position in Northern Ireland we will not have complied with a European Court of Human Rights judgement.

**c. Litigation cases**

There are eighteen outstanding litigation cases as at 31 March 2010. The estimated potential liability is less than £500k.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING**  
**NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**  
**for the year ended 31 March 2010**

**26. Losses and Special Payments**

**26(a) Losses Statement**

	No of cases	2009-10 £000	2008-09 £000
Cash losses	162	34	31
Claims abandoned	-	-	1,190
Administrative write-offs	-	-	-
Fruitless Payments	-	-	126
Stores losses	-	-	-
<b>Total</b>	<b>162</b>	<b>34</b>	<b>1,347</b>

**26(b) Special Payments**

	No of cases	2009-10 £000	2008-09 £000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**27. Related-party Transactions**

The Department sponsors the Labour Relations Agency, Ulster Supported Employment Limited, the Construction Industry Training Board Northern Ireland, the Education and Library Boards and the Student Loan Company Limited. These bodies are regarded as related parties with which the Department has had various material transactions during the year.

In addition, the Department has had a number of material transactions with other Government Departments and other central government bodies. Most of these transactions have been with DETI, the Social Security Agency and DFP.

No Minister, board member, key manager or other related party has undertaken any material transactions with the Department during the year. A register of interests is maintained by the Department and no significant interests are currently held by board members which may conflict with their management responsibilities.

**28. Third-party Assets**

The Department acts as agent for the Northern Ireland National Insurance Fund in relation to various aspects of the Employment Rights (Northern Ireland) Order 1996. The transactions and balances arising are reflected in the accounts of the Northern Ireland National Insurance Fund and are not included in these financial statements.

At 31 March 2010, amounts recoverable by the Northern Ireland National Insurance Fund in respect of the activities not included in these accounts were £18.423m (2008-09: £15.448m).

**DEPARTMENT FOR EMPLOYMENT AND LEARNING  
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS  
for the year ended 31 March 2010**

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**29. Entities within the Departmental Boundary**

These accounts comprise the accounts of the core Department.

The accounts of Ulster Supported Employment Limited (a company limited by guarantee), the Labour Relations Agency (a non-departmental public body) and the Construction Industry Training Board Northern Ireland (a Statutory Training Organisation), all of which are sponsored by the Department, are not included by way of consolidation.

The accounts of the Student Loans Company (a company limited by guarantee and controlled jointly by the Department for Business, Innovation and Skills (in England and Wales), the Scottish Executive and DEL) and the Education and Library Boards are also not included by way of consolidation.

Financial information about each of the above entities may be obtained from their separate published annual reports and accounts.

**30. Events after the Reporting Date**

There were no events after the reporting date which would require adjustment to the financial statements.

The Annual Report and Accounts were authorised by the Accounting Officer to be issued on 30 June 2010.



ISBN Number

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