

Department of Education

RESOURCE ACCOUNTS

for the year ended 31 March 2008



Department of Education Resource Accounts For the year ended 31 March 2008

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

4 July 2008

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DEPARTMENT OF EDUCATION

Annual Report and Accounts for the year ended 31 March 2008

Contents	Page
Annual report	
Introduction	1
Management Commentary	5
Corporate Governance	22
Remuneration Report	26
Resource Accounts	
Statement of Accounting Officer's Responsibilities	34
Statement on Internal Control	35
Certificate and Report of the Comptroller and Auditor General	41
Statement of Parliamentary Supply	44
Operating Cost Statement	46
Balance Sheet	47
Cash Flow Statement	48
Statement of Operating Costs by Departmental Aim and Objectives	49
Notes to the Accounts	50

DEPARTMENT OF EDUCATION

Accounts for the year ended 31 March 2008

Abbreviations and terms used

AME Annually Managed Expenditure

AMPS Assembly Members' Pension Scheme (Northern Ireland) 2000

ASLC Accruing Superannuation Liability Charge

BREEAM Building Research Establishment Environmental Assessment

Method

C&AG Comptroller and Auditor General
CETV Cash Equivalent Transfer Value
CFERs Consolidated Fund Excess Receipts

CSP Civil Service Pensions
DE Department of Education

DEL Departmental Expenditure Limit
DFP Department of Finance and Personnel

DRC Departmental Running Costs
ELB Education and Library Board
ESA Education and Skills Authority

ESAIT Education and Skills Authority Implementation Team

EU European Union

FReM Government Financial Reporting Manual

FRS Financial Report Standard

GTCNI General Teaching Council Northern Ireland

HSS Health and Social Services

ICT Information, Communication and Technology

NDPB Non-Departmental Public Body NHS National Health Service NICS Northern Ireland Civil service

NILGOSC Northern Ireland Local Government Officers' Superannuation

Committee

NIO Northern Ireland Office

NIPSA Northern Ireland Public Service Alliance

PCSPS (NI) Principal Civil Service Pension Scheme (Northern Ireland)

PSA Public Service Agreement

RPA Review of Public Administration

RPI Retail Prices Index SCS Senior Civil Service

SSAP Statement of Standard Accounting Practice

TSS NI Teachers' Superannuation Scheme Northern Ireland

UK GAAP UK Generally Accepted Accounting Practice

VAT Value Added Tax

DEPARTMENT OF EDUCATION

ANNUAL REPORT

INTRODUCTION

1. Ministerial responsibility

During the year, the following Ministers had responsibility for the Department of Education:

Minister with responsibility for Education: Ms Caitriona Ruane MLA

(from 8 May 2007) Ms Maria Eagle MP (to 7 May 2007)

2. Senior officers

The Department is headed by the Minister for Education, supported by the Permanent Secretary, two Deputy Secretaries, Heads of Divisions and two independent non-executive directors. The composition of the senior management team during the year was as follows:

Mr Will Haire Permanent Secretary

Mr John McGrath Deputy Secretary (from 25 February 2008)
Dr Eddie Rooney Deputy Secretary (to 22 February 2008)

Dr Robson Davison Deputy Secretary

Ms Marion Matchett Chief Inspector, Education and Training

Inspectorate

Mr Gavin Boyd Chief Executive (Designate), Education and

Skills Authority (ESA)

Heads of Divisions

Mrs Dorothy Angus Supporting and Safeguarding Children

Dr Mark Browne Education and Skills Authority Implementation

Team (ESAIT)

Mrs Catherine Daly Finance Director
Mrs Katrina Godfrey Raising Standards
Mrs Maura McCusker Corporate Services

Mr Eugene Rooney Development and Infrastructure
Mr Chris Stewart Review of Public Administration

Ms Louise Warde Hunter Early Years, Youth and School Finance Mr David Woods Strategy, Performance and Accountability

Non-executive directors

Dr Roger Platt Mr Kevin Steele

3. Senior official appointments

The Permanent Head of the Department of Education took up his present post on transfer from the Department for Employment and Learning. His appointment is for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

Deputy Secretary Mr John McGrath took up his present post on transfer from the Department for Social Development. His appointment is for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

4. Departmental accounting boundary

These accounts have been prepared in accordance with directions given by the Department of Finance and Personnel in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001 and relate to the activities of the Department of Education and the Special Educational Needs and Disability Tribunal. All other associated education and health bodies are outside the accounting boundary defined within the *Government Financial Reporting Manual (FReM)*.

5. Associated bodies

The Department provides funding to a number of public and private sector bodies which are outside the Departmental Resource Accounting boundary. For resource accounts purposes, with the exception of the Special Educational Needs and Disability Tribunal, all of the Non-Departmental Public Bodies (NDPBs) fall outside the Departmental accounting boundary and their results are not therefore consolidated with those of the Department. Financial information in respect of the individual NDPBs may be obtained from their separately published annual report and accounts.

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

Executive NDPBs

Belfast Education and Library Board
Council for Catholic Maintained Schools
Northern Ireland Council for the Curriculum, Examinations and Assessment
North Eastern Education and Library Board
Southern Education and Library Board
South Eastern Education and Library Board
Staff Commission for Education and Library Board
Western Education and Library Board
Youth Council for Northern Ireland

Tribunals

Special Educational Needs and Disability Tribunal

Public and Private sector bodies

Grant Maintained Integrated Schools *
Voluntary Grammar Schools *
Northern Ireland Council for Integrated Education
Comhairle na Gaelscolaíochta
Middletown Centre for Autism
Health and Social Services Boards

* Note: Other schools, maintained and controlled, are funded via the Education and Library Boards.

6. Departmental reporting cycle

The Department's original Estimates for the year were included in the "Northern Ireland Main Estimates 2007-2008" publication. These Estimates were subject to in-year revision and revised Estimates were included in the "Northern Ireland Spring Supplementary Estimates 2007-2008" publication. Both these publications are available from The Stationery Office.

The Department's Estimates include provision for the Education and Library Boards; the Northern Ireland Council for the Curriculum, Examinations and Assessment; the Council for Catholic Maintained Schools; Voluntary and Grant Maintained Integrated Schools; the Youth Council for Northern Ireland and Youth Services; EU Programme for Peace and Reconciliation funding; Early Years Services; Executive Programme Funds; Departmental administration; miscellaneous education services and community relations.

Key non-financial targets are detailed in the Department's Public Service Agreement. Progress is monitored twice annually.

7. Payment of suppliers

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

During the year 96.5% of bills were paid within this standard. No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

8. Pension liabilities

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

9. Company directorships

There are no company directorships or other significant interests held by senior management team members which conflict with their management responsibilities.

10. Auditor

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

The audit of the financial statements for 2007-08 resulted in a notional audit fee of £70,039 and is included in the administration costs in the operating cost statement. No remuneration was paid to the auditors for non-audit work during the year.

11. Equality Statement

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

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

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

MANAGEMENT COMMENTARY

12. Nature, objectives and strategy of the Department

The vision of the Department of Education is: "To educate and develop the young people of Northern Ireland to the highest possible standards, providing equality of access to all".

Our mission is to work together as partners in education and youth services to ensure a high standard of education for all children and young people, which will put them at the centre of education, motivate them, build their confidence and enrich their lives, and provide the foundation for a strong and vibrant economy.

To meet this mission the Department has developed the following supporting objectives:

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

The primary statutory duty of the Department is to promote the education of the people in Northern Ireland and to ensure the effective implementation of education policy. Its key functions include:

- advising ministers on the determination of education policy;
- framing legislation;
- accounting for the effectiveness of the education system;
- allocating, monitoring and accounting for resources; and
- through the Education and Training Inspectorate, evaluating and reporting on the quality of teaching and learning and teacher education.

The Department's main areas of responsibility are in 0-5 provision, pre-school, primary, post-primary and special education; the youth service; the promotion of community relations within and between schools; and teacher education and salaries.

Progress against key non-financial targets

"Priorities and Budget 2006-08" included the following Public Service Agreement targets for the Department:

Target	Performance *					
1. To promote improvement in educational attainment so that:						
By 2008, 80% of primary pupils will achieve level 4 or above in Key Stage 2 in English and 83% in Maths (compared	2006-07 English 78%					
to 76% English and 78% Maths in 2002-03).	Maths 80%					
By 2008, 63% of year 12 pupils will obtain 5 or more GCSEs (or equivalent) at grades A* to C (compared to 59% in 2002-03).	2006-07 64%					
By 2008, 60% of year 14 pupils will achieve 3+ A levels at grades A to C (or equivalent) (compared to 56% in 2002-03).	2006-07 62%					
2. To reduce differentials in educational	attainment so that:					
By 2008, 70% of pupils in the most disadvantaged primary schools will	2006-07					
achieve level 4 or above in Key Stage 2 in English and in Maths (compared to 63% English and 67% Maths in 2002-03).	English 66% Maths 69%					
By 2008, 83% of year 12 pupils in secondary schools will obtain 5 or more GCSEs at grades A* to G (or equivalent) (compared to 80% in 2002-03).	2006-07 86%					
By 2008, 94% of year 12 pupils in the most disadvantaged post-primary schools will gain 1 or more GCSEs at A* to G (or equivalent) compared to 89% in 2002-03.	2006-07 95%					
By the end of 2006, to develop and commence implementation of a strategy, with comprehensive plans and associated targets, for a fit for purpose education estate that is modern, meets the changing needs of learners and is cost effective.	This target predated the independent strategic review of education which was initiated in March 2006. During the period of the Review the Department liaised with the Education sectors on their planning assumptions for future reshaping of the estate, but as a core element of the Bain Review was the strategic planning of the schools' estate,					
	it was recognised that comprehensive plans could only be developed once the Review had concluded. The Report was					

Target	Performance *			
	published in December 2006 and the Secretary of State accepted the recommendations in January 2007. Around half the recommendations from the Review relate to estate planning. The work on improved planning of the estate has been developed since then in the context of the wider Review of Public Administration (RPA) work. A model for area-based planning has been produced for consultation with the sector and other interested parties, and the Sustainable Schools policy, which is directly relevant to estate planning, has been revised following a consultation exercise last year.			
3. To ensure equality of access to You	th Service, promote understanding and			
tolerance and complement broader educ	-			
By 2008, 42% of youth population aged				
4-18 years to participate in youth	2007-08 45%			
activities.				

^{*} For targets 1 and 2, the results for the academic year 2006-07 are the most recent available for publication.

Planning framework

The Department's Strategic Framework is designed to provide clear direction and guide planning. In order to realise our vision and mission statement, the Strategic Framework identifies five strategic themes:

- valuing education;
- fulfilling potential;
- promoting equality and inclusion;
- resourcing education; and
- organising for success.

The first four themes relate to the education service as a whole, while the fifth sets out how the Department will organise itself to deliver the preceding four educational themes.

To strengthen strategic business planning and accountability processes across the education sector the Department developed a three-year strategic plan for 2005-2008 in collaboration with our education partners. The plan set out within the Strategic

Framework, the actions required over the period 2005-06 to 2007-08 to make progress towards the associated strategic aims and outcomes. The annual business plans of all funded education bodies have been aligned to the Strategic Plan, embedding its use as a planning document and promoting coherence across the sector.

13. Current and future development and performance

Investment in education and the development of young people has a major contribution to make to society and economic growth, providing opportunity for all and preparing young people for life and work in a rapidly changing and diverse world where skills and enterprise are at a premium.

Current development and performance

During 2007-08 the divisions within the Department contributed to the achievement of the Department's objectives:

> Raising Standards

During the year developments were progressed in the following key areas:

- development of a new policy for school improvement (consultation ended 31 March);
- implementation of actions arising from the Northern Ireland Audit Office/Public Accounts Committee report on Literacy and Numeracy including development of a new Literacy and Numeracy Strategy, formation of a taskforce, and work with two Education and Library Boards on targeted initiatives for Belfast and Londonderry;
- review of extended school eligibility criteria;
- development of a new Careers Education Information Advice & Guidance strategy in partnership with the Department for Employment and Learning;
- implementation of the revised curriculum, commenced on a phased basis from September 2007, and was accompanied by the phased introduction of computer-based diagnostic assessment for pupils in Years 4 to 7. During the year programmes were also introduced to support modern language learning in primary schools and increase participation in sports among primary school pupils.
- primary schools were allocated over 5,000 laptops in autumn 2007 to support computer-based assessment of pupils using the InCAS software. In addition, Information Communication Technology equipment in all primary schools was refreshed under the Classroom 2000 Lot 6 contract. As a result, the ratio of computers to pupils has increased from approximately 1:9 to 1:5 in primary schools. It remains at approximately 1:4 in post-primary and special schools.

- from January to June 2008 over 20,000 additional laptops are being rolled out to all schools. These will replace laptops originally distributed by the New Opportunities Fund some years ago, with modern machines which schools can use to improve teachers' Information Communication Technology capabilities and/or enhance classroom teaching;
- Department of Finance and Personnel agreement was obtained to a business case for the e-Schools project, which will set up a digital data warehouse with business intelligence functions to synchronise C2k, Education and Library Board and the Department's management information systems; and
- a review of the Department's Information Communication Technology strategy, "emPowering Schools" (2003), was initiated. The review will refocus the strategy for the period 2008 to 2013.

> Development and Infrastructure

During the year the Department progressed areas of work which had been highlighted in the Bain Report, published in December 2006. Changes to the procurement methods used for building projects were made with the introduction of Framework Agreements for major works schemes which are intended to improve efficiency of delivery and comply with best practice for construction procurement. Department also developed the approach to area-based planning in the context of the RPA work for the creation of ESA. Area-based planning will improve the strategic planning of the estate through identifying how overall provision in an area can best meet anticipated needs. A consultation exercise on a policy for sustainable schools which is directly relevant to the area-based planning was also completed, and the policy will be introduced in the coming year. The Department also worked with the Belfast Education and Library Board and the Strategic Investment Board to implement a pilot strategic partnering approach for future Belfast Education and Library Board school provision. Decisions on around thirty development proposals for changes to the schools estate were made in the year. At the end of the year there were twenty five major school building projects on site.

> Supporting and Safeguarding Children

During 2007-08 a number of initiatives were progressed or put in place to improve the equality of access to education and support children or young people who have a range of barriers to learning.

The appointment of the senior management team to the North/South Middletown Centre for Autism and the provision of refurbished office accommodation enabled the Centre to start the provision of services including training courses, while a public consultation exercise on the full range of services was carried out. Additional funding to the Education and Library Boards has enabled education transition co-ordinators to be appointed to strengthen the transition planning process in school, for pupils over 14 years with a statement of special educational needs and provide a coordinated approach to transition planning with other statutory agencies and advice givers. Significant investment in the area of speech and language has ensured additional professionals working directly in the classroom.

The proposals from the review of special educational needs and inclusion were agreed by the Minister for submission to the Education Committee prior to public consultation.

From 2007 independent counselling support has been available to some 220 post primary schools who wish to use the service. In September 2007 work started to develop a Pupils' Emotional Health and Well-being Programme in partnership with key statutory and voluntary interests with an initial focus on post primary schools. The Department has been working with the Department of Health, Social Services and Public Safety to introduce new arrangements for safeguarding children. In conjunction with the Education and Library Boards a regional Inclusion and Diversity Service was established to support young people who have English as an additional language.

Some £100m continues to be expended annually to provide free school transport and meals to those who are eligible.

Early Years, Youth and School Finance

The Early Years Team is responsible for support to voluntary playgroups, funding of pre school places, Sure Start and funding of local early years fora. The budget for the Pre-School Education Expansion Programme in the 2007-08 financial year was £9,830k. This bought 6,597 places in voluntary/private settings. Education and Library Board's returned 333 unused places resulting in a reduced requirement of £328k reducing expenditure for 2007-08 to £9,502k. This secured the Department's aim of providing one year of funded pre-school education, in the year before compulsory education, for every child whose parents wish it.

The budget for Early Years related projects was approximately £20.8m in 2007-08. These funds were used to ensure coverage of the top 20% most disadvantaged wards with Sure Start services, through support to 32 Sure Start projects; provide funds via the Early Years Organisation as Intermediary Funding Body to continue the work of some playgroups that required help in order to remain viable; the development of integrated services within 6 Sure Start areas with the aid of funds from the Renewing Communities Fund and Children and Young People's package and core funds in relation to administrative support to the Early Years Organisation and the Northern Ireland Childminding Association.

Work continued on developing the joined up strategy on early years for the 0 to 6 age group. Activities which took place included liaison with stakeholders to seek views and ensure a partnership and participatory approach to the formulation of policy. A small scale survey of children, parents and providers from a range of early years settings was also completed.

The Department's Youth Service exists to support and encourage young people to mature and reach their potential as valued individuals and responsible citizens. Participation by young people is voluntary, and Youth Service activities which are firmly rooted in a social education ethos, are generally out-of-school or work time and non-formal. It is educational in the sense that it provides a social education within the

context of a broad spectrum of diverse activity. The total budget available to the Youth Service in the 2007-08 financial year was £33m. Approximately £4m was allocated to the Youth Council for Northern Ireland, £27m to the Education and Library Boards and £2m to Voluntary Organisations. Resources from the Children and Young People Funding Package were made available in respect of the Child Protection and the Youth Outreach Initiatives.

The Community Relations budget for 2007-08 was £3.8m and was used to promote community relations activities in the statutory and voluntary bodies in the school and youth sectors through the following schemes:

- the Community Relations Core Funding Scheme which is aimed at voluntary and non-profit-making organisations that can identify how their proposed programme can contribute to the improvement of community relations between young people;
- the Schools Community Relations Programme which is administered by the Education and Library Boards and aims to encourage schools to bring together young people from across the community divide;
- the Youth Service Community Relations Support Scheme which is administered by the Education and Library Boards and the Youth Council for Northern Ireland. It provides funding to youth and community groups for community relations activities which promote greater cross-community understanding and development; and
- Cultural Traditions which is administered by the Arts Council of Northern Ireland and provides grants to projects which seek to enable young people to explore and understand more about their common cultural heritage and to gain a respect for cultural diversity through the arts.

> Review of Public Administration

The implementation of the Review of Public Administration in education will not merely be an amalgamation of existing services but will involve fundamental change to how the education service is supported. In July 2007, the Northern Ireland Executive agreed that the Review of Public Administration in education should be progressed on a phased basis. The first phase, which will focus on the necessary structural and organisational change, will be implemented from 1 April 2009. The second phase, which will focus on new governance and planning arrangements for schools, will follow within a further year. The Northern Ireland Executive decision was subsequently included in the Programme for Government.

The Department has established a programme with the following key objectives:

- define the relative roles and responsibilities of the Department and ESA and establish mechanisms for accountability;
- reshape the Department into an organisation that focuses on setting long term policies to optimise educational outcomes and monitoring the success of the operational delivery of those policies; and

• establish ESA through convergence of the operational functions of the eleven affected organisations to deliver the required outcomes.

Education and Skills Authority Implementation Team

In taking forward the creation of ESA, projects have been established in key areas – Human Resources, Financial Planning, Finance and Accounts, Information Communication Technology, Communications and Education Infrastructure Procurement Service. Project managers have been appointed and project plans developed for each of these areas.

A Change Management Strategy has been developed and communicated to the sector. Implementation of the strategy will commence in April 2008 involving managers n the affected organisations. An ESA Transition Board has been established to provide leadership and direction on service delivery and convergence issues in the transition to the establishment of ESA.

The Minister has asked Gavin Boyd, the Chief Executive (Designate), to develop and lead a Convergence Programme which involves working with the existing organisations to ensure a smooth transition to ESA.

An Outline Business Case for RPA has been prepared which provides detail on the potential costs and savings arising from ESA.

Future development and performance

The Northern Ireland Executive's first Programme for Government set out the plans and priorities for 2008-2011, as well as some longer term aspirations and intentions. To support the priorities of the Programme for Government, the Northern Ireland Executive developed a framework of twenty three Public Service Agreements (PSAs) which focus on addressing key cross-cutting issues and challenges. Details of the PSAs are available at www.pfgbudgetni.gov.uk. Departments have worked together to develop detailed Delivery Agreements for each of the PSAs.

The main challenges facing the education service over the coming years are to continue to raise overall educational standards while reducing the gap in achievement between the highest and the lowest attainers, and ensure that all young people leave school with basic skills in literacy, numeracy and Information and Communications Technology. In addition, there is a need to ensure equality of access to education, both formal and non-formal, for all learners and enable young people to develop to their full potential with the knowledge and skills they need to live, work and learn in a global society. This will require a modern, fit for purpose, education estate, fair and appropriate post-primary admissions arrangements and a streamlined and responsive education administration.

These challenges are reflected in the extensive range of Education reforms currently under way, and in the PSA targets, where the Department is contributing towards their achievement.

The Department's Budget Allocation, as detailed in the Budget 2008-2011 (www.pfgbudgetni.gov.uk), is as follows:

Current expenditure	2008-09	2009-10	2010-11
	£m	£m	£m
Objective A	1 722 5	1.026.0	1 017 7
Schools Mainstream	1,733.5	1,836.0	1,917.7
Schools Infrastructure	11.5	11.4	11.4
Total Objective A	1,745.0	1,847.4	1,929.1
Objective B			
Youth and Community Relations	31.4	31.7	31.9
Total Objective B	31.4	31.7	31.9
Total Objective B	31.4	31.7	31.7
Departmental Total	1,776.4	1,879.1	1,961.0
- T	,) =)
EU Peace Programme Match Funding	0.5	-	
Total	1776.9	1,879.1	1,961.0
Investment			
Objective A			
Schools Mainstream	4.2	4.4	1.1
Schools Infrastructure	205.4	243.9	195.0
Total Objective A	209.6	248.3	196.1
Objective B	. ^	. ^	. ^
Youth and Community Relations	5.0	5.0	5.0
Total Objective B	5.0	5.0	5.0
<u>.</u>			
Total	214.6	253.3	201.1

The Department has a target to deliver cash releasing efficiencies of £63.2 million, £124.5m and £184.0m respectively over the period 2008-09 to 2010-11. Savings will be achieved through a range of measures including: more cost-effective delivery of services following the establishment of the Education and Skills Authority; measures to improve procurement arrangements; better management of teacher absence; increased asset disposals; streamlining of support services; and efficiencies in the Department's administration budget.

In delivering the service for 2008-09 the divisions within the Department will be involved in the following key areas:

> Raising Standards

The Revised Curriculum will give our youngest pupils an improved start to primary school, place a greater emphasis on developing the skills young people need for life and work and provide greater flexibility for schools to tailor what they teach to best meet the needs of their pupils.

Phased implementation of the revised curriculum and associated assessment arrangements will continue, and arrangements will be introduced for reporting pupil progress to parents in a standardised format. With the extension of the Foundation Stage curriculum to Year 2 from September 2008, additional funding of £32m over the financial years 2008-09 to 2010-11 will be made available to support primary schools with its delivery. Further funding of £22m over the same period will be made available for other elements of the revised curriculum and associated assessment arrangements. The primary school modern languages and sports programmes will be extended.

Work will continue to provide post-primary pupils with greater access to a range of academic and vocational courses, with collaboration between schools and with the further education sector.

These strategic education reforms are intended to raise educational standards and will be accompanied by particular measures to address the gap in achievement levels between the highest and lowest attainers, through the implementation of the school improvement policy and a new literacy and numeracy strategy. Provision will also be available for the new statutory assessment arrangements, which have a more specific focus on literacy, numeracy and the use of Information Communication Technology and are aimed at ensuring that the specific needs of individual pupils are met.

The roll-out of laptops to all schools will be completed and the development of the e-Schools data warehouse solution will be taken forward, with the aim of the warehouse being available for use from September 2009. Replacement contracts for the post-primary and special school equipment, the C2k network connectivity and the C2k Management Information Systems will be taken forward.

Teachers and school leaders have a key role to play in raising standards, improving quality and implementing reform. Funding will be made available to provide additional support for teaching principals, to enable them to make the most productive use of their time. This will be of particular benefit to primary schools. The Department will also take forward projects to enhance educational provision in terms of STEM (Science, Technology, Engineering and Mathematics) subjects under the Funding for Innovation initiative.

> Development and Infrastructure

The Investment Strategy for Northern Ireland recognises the importance of delivering a modern and sustainable estate to support the development of a well educated populace with the skills to engage fully and positively in society and the economy. The Budget allocation will enable over one hundred major schools projects to be taken forward over the period, including eight special needs schools, as well as providing for continued investment in the youth estate.

In conjunction with the establishment of the new Education and Skills Authority, measures will be taken to improve the strategic planning of the education estate through the development and implementation of an area based planning approach.

The use of procurement Frameworks will be rolled out across education sector projects in the coming months to take forward the significant school investment programme confirmed in the Investment Strategy for Northern Ireland and in the Department's Investment Delivery Plans. A review of the Primary School Building Handbook has commenced and is expected to be completed in autumn 2008 to inform the requirements of new primary schools.

> Supporting and Safeguarding Children

Tackling disadvantage and the requirements of those with special educational needs will continue to be an important focus for the Department. The main objective for future spending in special educational needs will be to maintain the levels of provision, but £25m has been secured over the years of the Comprehensive Spending Review to implement the proposals in the review which will be published for consultation in October 2008. In 2008-09 building of the new accommodation will commence at the Middletown Centre for Autism to enable young people to come on site and the procedures and protocols for all four services to be provided will be developed.

Work began in 2007-08 to devise more equitable arrangements for transfer from primary to post primary school and will be completed in 2008-09. The groups established to take an area based look at post primary education provision will report in October 2008.

Work will be undertaken through the Pupils' Emotional Health and Well-being Programme to assess how best to extend support to pupils in the primary and special education sectors. The new policy on support for young people with English as an additional language will be launched, while efforts will continue to improve the educational outcomes for young people from the Travelling community. A review of alternative education provision will be completed.

Early Years, Youth and School Finance

In addition to the continuation of the existing range of services across Early Years and Pre-School, the Department will continue to develop its early years 0-6 strategy with consultation planned for autumn 2008.

The Department, in conjunction with stakeholders, will develop Priorities for Youth. These priorities will reflect the new era in which the Department will be responsible for establishing the strategic direction for the Youth Service, setting policy, priorities and standards while the new Education and Skills Authority will be responsible for delivery of services.

The Department is developing a capital strategy for the youth estate, both statutory and voluntary. The strategy will be aligned to area based planning and will therefore assist in delivering capital resources to those most in need.

> Review of Public Administration and the Education and Skills Authority Implementation Team

The Budget allocation will enable the reform of education administration to be taken forward through the establishment of an Education and Skills Authority. By reducing bureaucracy and improving the quality and cost effectiveness of the education service, this reform will support the drive to raise standards through a streamlined, strategic and responsive administration.

The Department aims to introduce primary legislation for the first phase of the RPA before the 2008 summer recess.

In designing the new organisation, there will be an extensive process of engagement with the existing organisations to obtain the views of senior and middle management on how services should be structured and delivered under ESA. This will lead to the development of service delivery models which will inform the structure for the new organisation.

ESA will make a real difference in the areas of Education Quality and Children's Services in terms of both service delivery and outcomes. Working Groups will be established for these areas with membership drawn from senior management in existing education and youth organisations, school principals, practitioners, the Department, the Education and Training Inspectorate and ESAIT.

An audit of existing accommodation within the education sector will be undertaken to inform the development of the ESA organisational structure and location decisions. Any decisions on location will be taken in accordance with the Framework for Location of Public Sector Jobs.

14. Resources

A key resource available to the Department is its employees. Both staff and managers at all levels of the organisation continue to face a programme of modernisation that will provide efficient and focused services. An Organisation Design and Implementation Project (ODIP) is taking forward work on areas such as the internal review, human resource issues for Departmental RPA affected staff, human resource communications for Departmental staff, workforce planning and skills development, organisation culture and capability and the structure of the remaining Departmental functions. Staff will be kept fully informed of developments in all these areas as they progress.

Equal opportunities

The Department of Education is an equal opportunities employer and fully endorses the Northern Ireland Civil Service (NICS) Equal Opportunities Policy Statement. It is Departmental policy that people shall have equal opportunity for employment and advancement in the Department on the basis of their ability, qualifications and aptitude for the work. Everyone has the right to equality of opportunity and to a good and harmonious working environment and atmosphere in which all workers are encouraged to apply their diverse talents and in which no worker feels under threat or

intimidated. In order to provide a high quality service the Department needs to recruit, retain and promote the best available people. We aim to foster a culture which encourages every member of staff to develop his or her full potential and which rewards achievement. Creating a working environment where individual differences are valued and respected enables all staff to give of their best and helps us to respond more effectively to the needs of the people we serve.

Full details can be found in the NICS Equal Opportunities – A guide for all staff.

Awareness of equal opportunities best practice is promoted throughout the Department by Personnel and Development Services Branch.

Employment of people with disabilities

The Department of Education follows the Northern Ireland Civil Service Code of Practice concerning the employment of people with disabilities. The Northern Ireland Civil Service is committed to providing equality of opportunity as stated in the Service's Equal Opportunities Policy Statement. The policy states that "all eligible persons shall have equal opportunity for employment and advancement in the Northern Ireland Civil Service on the basis of their ability, qualifications and aptitude for work". The Department aims to provide access to the full range of recruitment and career opportunities for all people with disabilities, to establish working conditions which encourage the full participation of people with a disability and seek to ensure the retention of existing staff who are affected by disability through rehabilitation, training and reassignment. As part of this overall policy the Department is committed to ensuring that its policies and practice comply with the requirements of the Disability Discrimination Act.

Full details can be found in the NICS Code of Practice.

Provision of information to employees

Information on matters of interest to employees is provided to them by a number of means such as the Department's intranet, the in-house magazine, issue of circulars and regular team briefings.

The Department has agreed consultation arrangements with the recognised trade union, the Northern Ireland Public Service Alliance (NIPSA), and meets formally twice a year. In addition, trade union side is regularly consulted on matters relating to employees' terms and conditions.

15. Risks and uncertainties

Risk management has been incorporated into the corporate planning and decision-making processes of the Department. The Department's Risk Management Framework defines the framework and describes the process for identifying and managing risks within the Department. Further details on the Department's capacity to handle risk, the risk and control framework within which the Department operates, and a review of the effectiveness of the Department's system of internal control are

provided in the Statement on Internal Control which identifies any significant internal control issues faced by the Department.

16. Relationships

The Department provides funding to a number of executive Non-Departmental Public Bodies (NDPBs) and Public and Private Sector Bodies (detailed in paragraph 5), which have responsibility for the delivery of Educational and Youth Services. The performance of these bodies which directly influences the ability of the Department to achieve its objectives, is monitored by sponsor branches within the Department. Sponsor branches are responsible for governance and accountability issues, budgetary allocation and planning, monitoring and general financial control of income and expenditure by the bodies they sponsor.

17. Financial position

Comparison of outturn against Estimate

The Department's Net Resource Outturn for the year was £1,831m compared to a total of £1,979m authorised by Parliament. The main factors causing this variance were:

A-1 Education and Library Boards

This is the result of a relative change in the proportional allocation of administration costs across Estimate lines.

A-3 Voluntary and Grant Maintained Integrated Schools

This is the result of a relative change in the proportional allocation of administration costs across Estimate lines.

A-9 Education and Library Boards

Schools spent less than their delegated budgets under Local Management of Schools. In addition, there was slippage on infrastructure projects and lower than expected grant requirements.

A-10 Voluntary and Grant Maintained Integrated Schools

Mainly caused by the slippage on a large infrastructure project, due to a delay in the purchase of the site.

A-12 Council for Catholic Maintained Schools

A lower than expected level of grant was issued in respect of 2007-08 expenditure.

A-14 Integrated Development Fund

New programmes were unable to progress as quickly as originally expected due to a delay in the appointment of a programme leader.

B-3 Youth Services

There was slippage on a number of voluntary youth infrastructure projects.

B-7 Education and Library Boards

There was planned carry forward of resource provision for youth service budgets and slippage on infrastructure projects.

Reconciliation of resource expenditure between Budgets	Estimates,	Accounts and		
g	2007-08 £000	2006-07 £000		
Net Resource Outturn (Estimates)	1,831,165	1,706,407		
Adjustments to additionally include:				
Consolidated Fund Extra Receipts in the OCS	(13,920)	1,254		
Adjustment for effects of prior period				
adjustment	-	231		
Net Operating Cost (Accounts)	1,817,245	1,707,892		
Adjustments to remove:				
Voted expenditure outside the budget	(1,770,760)	(1,654,600)		
Adjustments to additionally include:				
Other Consolidated Fund Extra Receipts	13,920	(1,254)		
Resource consumption of non-departmental				
public bodies	1,842,748	1,840,553		
Other adjustments	-	(7,745)		
Resource Budget Outturn (Budget) *	1,903,153	1,884,846		
of which				
Departmental Expenditure Limits (DEL)	1,714,497	1,589,804		
Annually Managed Expenditure (AME)	188,656	295,042		

^{* 2007-08} figures are provisional outturn; 2006-07 figures are final outturn.

Going concern

The balance sheet at 31 March 2008 shows negative taxpayers equity of £30.1m. This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from grants of Supply approved annually by the Northern Ireland Assembly, to meet the Department of Education's Net Cash Requirement. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All unspent moneys, including those derived from the Department's income, are surrenderable to the Fund.

In common with other government departments, the future financing of the Department of Education's liabilities is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by the Northern Ireland Assembly. Such approval for amounts required for 2008-09 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Contingent liabilities included for Parliamentary reporting and accountability

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

18. Environmental, social and community issues

The Department of Education contributes to the overall Government objectives on sustainable development in a number of ways. The government estate in Northern Ireland is managed centrally by the Department of Finance and Personnel (DFP). DFP aims to oversee a government estate which:

- is sustainably procured, operated and managed;
- leads in the sustainable procurement of works, supplies and services;
- is resource efficient;
- makes efficient use of space and ways of working, in buildings that are exemplars of energy, water and carbon efficiency in operation and maintenance;
- conserves and sustainably manages land and encourages biodiversity; and
- integrates the principles of sustainability fully into working practices.

A central approach is also taken to procurement and this is led by the Central Procurement Directorate which is also located within DFP.

The DFP led nature of both the management of the government estate and procurement means that a number of key targets are set centrally. These targets relate primarily to the government estate but this Department has a role to play in managing its particular contribution towards those targets for example, in relation to the schools' estate and the curriculum for schools.

During 2007-08 the Department continued to monitor progress against a previously agreed Action Plan, by reviewing each area against baseline data on a quarterly basis reporting to the Sustainable Development Forum, followed by an annual report to the Departmental Board.

The Department is committed to achievement of sustainability in construction procurement. Sustainable construction is about building, engineering and refurbishment projects that promote environmental, social and economic gains now and for the future, helping to create a better quality of life today and for generations to come. The Sustainable Construction Group, membership of which includes representation from Centres of Procurement Expertise and Government Construction Clients in Northern Ireland issues advice and guidance on this subject. The Department's Building Branch issues essential guidance on sustainability to all the education providers in Northern Ireland in the form of Technical notes published by the Central Procurement Directorate. All school projects that receive capital funding

from the Department are expected to comply with the requirements detailed in the Technical notes.

The Department has recently awarded a Major Works framework for the procurement of refurbishments and extensions to existing schools and for the provision of new schools and the principles of sustainable development have been built into these frameworks. This will shortly be followed by frameworks for Professional Services and Minor Works.

Building Branch has also written to all the school authorities who have capital schemes in planning informing them of the requirements relating to the Achieving Excellence Initiative for Northern Ireland and in particular the Achieving Sustainability in Construction Procurement - Sustainability Action Plan. The importance of all projects complying with those Guidelines and in particular the Building Research Establishment Environmental Assessment Method (BREEAM), which is used to assess the environmental performance of both new and existing buildings, was stressed. In addition, projects funded in the education sector through the Central Energy Efficiency Fund (administered by DFP) complement the need for the overall Schools Capital Programme to take account of energy efficiency/renewable technologies in school buildings.

Education for Sustainable Development is a key element throughout the revised curriculum currently being introduced on a phased basis at both primary and post-primary level. It aims to develop the young person as a contributor to the environment. Sustainable development and biodiversity are also explicit parts of the revised curriculum in areas such as geography and science. Pupils will address issues such as environmental change, bio-diversity and managing the human impact on the environment.

The Department's role in relation to social and community issues is shaped by a range of strategies from other areas of government. Those with the most direct bearing on education are the Children and Young People Strategy (www.allchildrenni.gov.uk), A Shared Future (www.asharedfutureni.gov.uk) and the Northern Ireland Investment Strategy (www.dfpni.gov.uk). In addition, an overriding priority for education is to promote equality of opportunity, so that all learners are given an equal chance to succeed. The Department's major focus is to:

- enable learners to fulfil their potential;
- prepare every learner for life;
- transform education for learners;
- provide the best environment for learning.

19. Disclosure of information to auditors

As Accounting Officer I can confirm that I am not aware of any relevant audit information of which the Department's auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

CORPORATE GOVERNANCE

20. Operation of the Departmental Board

The Board comprises the Permanent Secretary, as chair, the Deputy Secretaries, a professional Head of Finance (in line with paragraph 3.3 of the HM Treasury Code of Good Practice on Corporate Governance in Central Government Departments (the Code)), the Chief Inspector of the Education and Training Inspectorate and two independent non-executive directors. The Board leads the work of the Department by charting the overall strategic direction, and providing leadership on major operational and management issues including the following:

- leading the Department by providing and communicating a system-wide strategy and vision;
- leading the Department in the implementation of that strategy and vision through:
 - o setting the Department's standards and values;
 - o ensuring delivery of the Department's business plans;
 - o the development of policy and the directing of change; and
 - o the allocation of resource.
- monitoring the implementation of that strategy by:
 - o tracking delivery progress against targets and expenditure;
 - holding the Department and its delivery partners to account for this progress;
 - o safeguarding against and managing risk; and
 - o maintaining internal controls.
- managing, monitoring and improving the performance of the Department, leading organisational change where it is necessary.

The Board meets on the first Wednesday of each month. In the month preceding the Board meeting, the Board Secretariat draws up the meeting agenda from a Board

Forward Planner of Routine and non-Routine Business. This document plots the Board's fulfilment of its responsibilities by timetabling five categories of Board business:

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

The Board is regularly serviced by reports and updates across all these areas. Minutes of the Board meetings are made available to staff.

21. Independent Board members

Dr Roger Platt and Mr Kevin Steele were appointed as non-executive Board members in October 2006. The appointment process followed the guidance set down in paragraph 2.8 of the Code, including an emphasis on transparency, objectivity and induction. The Board has assured itself of the independence of the non-executive board members.

The role of the non-executive members of the Board is to provide an independent and external perspective on the work of the Board and to bring specific expertise to its discussions

22. The work of the Departmental Board's Audit and Risk Management Committee

The Audit and Risk Management Committee which is chaired by an independent non-executive director, and includes two Deputy Secretaries, the Head of Raising Standards Division and an independent non-executive director, meets four times a year and reports to the Board after each meeting. The Committee is supported by the Finance Director, the Head of Accounts Branch and the Head of Internal Audit. Representatives from the Northern Ireland Audit Office attend meetings of the Committee. The role of the Audit and Risk Management Committee is to support the Board by reviewing and challenging assurances on risk management, governance and internal control, the way in which these are developed and the management priorities and approaches on which the assurances are based.

23. Management of the Department's relationships with arm's length bodies including NDPBs

The Department has written agreements with all arm's length bodies some of which are in the process of being revised. Mechanisms are in place for performance reporting during the year and at year-end, by the arm's length bodies.

24. Other Corporate Governance arrangements

The Department also has the following Corporate Governance arrangements in place:

- Statements on Internal Control are completed annually and are discussed with the Audit and Risk Management Committee and discussed and agreed with the Departmental Board;
- senior managers provide the Accounting Officer annually with signed assurances regarding their areas of responsibility;
- the Department's Board members possess a range of appropriate business skills and undertake continual professional development; and
- a system exists for succession management and talent development of the Department's Board members.

25. Developments in the Department's Corporate Governance arrangements

The Department's Corporate Governance arrangements are a vital element of the overall control framework and in recognition of the importance of having information on their adequacy and effectiveness they were formally documented during the 2007-08 financial year, within the Corporate Governance framework.

The Corporate Governance Framework evolved from the Planning and Accountability Review carried out in 2004, which recognised that more coherent information was required on the Department's Planning and Accountability arrangements. Subsequent developments, including the HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice and Dear Accounting Officer letter (DFP) 15/06 Corporate Governance: Reporting, set out the requirements for measurement and publication of corporate governance arrangements and management actions.

The objectives of the Planning and Accountability Review were to improve alignment and co-ordination of planning and monitoring arrangements, ensure a consistent and co-ordinated approach to external relationships, improve clarity in the role of senior management, sponsor branches and central branches and improve the Department's ability to demonstrate accountability.

The Department's Corporate Governance Framework is intended to provide a composite summary of the specific areas and responsibilities for Corporate Governance actions within the Department, together with an evaluation of each of the areas identified from a range of assurance sources. This composite information can then be utilised for the following purposes:

- to inform the Accounting Officer's overall opinion of the risk management, control and governance arrangements when compiling the Department's Statement on Internal Control and to identify areas where further assurance is required;
- to provide the Departmental Board with an overview of the Corporate Governance processes and responsibilities within the Department at given points in time throughout the year;
- to provide the means through which management can monitor compliance and direct further improvements to enhance Departmental performance;
- to provide an effective tool by which to verify the effectiveness of management direction and control; and
- to help promote compliance with the HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice.

To promote compliance with the framework, Corporate Governance is recognised by all concerned as an integral component of the Department's management function.

During the 2006-07 financial year a review of Corporate Governance was undertaken by the Department's Internal Audit Branch. The review concluded that the core elements of Corporate Governance were operating satisfactorily within the Department however there were areas for improvement or development. During 2007-08 Internal Audit initiated a review of the implementation of the recommendations made. This review verified that progress has been made in the following areas:

- the Departmental Board Terms of Reference has been reviewed, updated and agreed by the Minister;
- potential conflicts of interest are now an annual standing agenda item for the Departmental Board members;
- the performance of the Departmental Board will be subject to annual review;
- a formal Terms of Reference for the Audit and Risk Management Committee has been agreed and published on the Department's intranet;
- the Department's risk management framework was reviewed, updated, endorsed by the Department's Board and published on the Department's intranet; and

• guidance on risk management has been developed and published on the Department's intranet.

Governance arrangements for ESA are being developed taking account of the recommendations of the following reports:

- Dear Accounting Officer letter (DFP) 14/07 Public Bodies: A guide for NI Departments;
- NIAO report "Good Governance Effective relationships between Departments and their Arm's Length Bodies"; and
- Managing Public Money.

REMUNERATION REPORT

26. Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. Further information about the work of the Review Body can be found at www.ome.uk.com.

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.

Staff are appraised annually against a set of competencies and individually targeted objectives. The pay award for staff in the Northern Ireland Senior Civil Service (SCS) is comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. The non-consolidated bonuses are payable to a proportion of SCS staff as part of the annual pay award.

27. Performance Management

The Performance Management System for the Senior Civil Service provides a means to improve management of individual performance and a better link between organisational success, individual contribution and reward. It links objective setting to business objectives; provides a delivery-focused set of Senior Civil Service Leadership Competences; encourages the development of skills and knowledge; focuses on personal development through the mid-year development review; and rewards results through the performance review and pay awards.

28. 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.

Dr Roger Platt and Mr Kevin Steele were appointed for a fixed period from the 1 October 2006 to the 30 September 2008, with the possibility of one extension. The Department and the non-executive directors may terminate the appointment before the expiry of the fixed period by giving three months' notice in writing.

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

29. Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management of the Department. The Remuneration of Independent Board Members is laid down in guidance on appointments, provided by the Office of the First Minister and Deputy First Minister.

Remuneration (Audited)	2007-08	2007-08	2006-07	2006-07
Ministers		Benefits in		Benefits in
	Salary £	kind (to nearest £100)	Salary £	kind (to nearest £100)
Ms Caitriona Ruane MLA (from 8 May 2007)	33,940	-	-	-
Ms Maria Eagle MP (to 7 May 2007)	-	-	-	-
Remuneration (Audited)	2007-08	2007-08	2006-07	2006-07
Officials		Benefits in kind		Benefits in kind
	Salary £000	(to nearest £100)	Salary £000	(to nearest £100)
Mr Will Haire	110-115	_	105-110	_
Permanent Secretary				
Mr John McGrath	_	_	_	_
Deputy Secretary	(85-90 full			
From 25 February 2008 (Note a)	year			
- · · · · · · · · · · · · · · · · · · ·	equivalent)			
Dr Eddie Rooney	85-90	-	85-90	_
Deputy Secretary				
To 22 February 2008 (Note a)				

Remuneration (Audited)	2007-08	2007-08	2006-07	2006-07
Officials	Salary	Benefits in kind (to nearest	Salary	Benefits in kind (to nearest
D. D. L D	£000	£100)	£000	£100)
Dr Robson Davison	110-115	-	105-110	-
Deputy Secretary	107 110		07.100	
Ms Marion Matchett	105-110	-	95-100	-
Chief Inspector,				
Education and Training Inspectorate	65.70		65.70	
Dr Mark Browne	65-70	-	65-70	-
ESAIT				
Mrs Dorothy Angus	70-75	-	65-70	-
Supporting and Safeguarding Children				
Mrs Catherine Daly	65-70	-	40-45	-
Finance Director			(55-60 full	
			year	
M.E. D	70.75		equivalent)	
Mr Eugene Rooney	70-75	-	65-70	-
Development and Infrastructure				
Ms Louise Warde Hunter	55-60	_	55-60	-
Early Years, Youth and School Finance				
Mr David Woods	80-85	-	90-95	-
Strategy, Performance and Accountability				
Mrs Maura McCusker	65-70	-	60-65	-
Corporate Services				
Mrs Katrina Godfrey	60-65	-	60-65	-
Raising Standards				
Mr Chris Stewart	65-70	-	60-65	-
Review of Public Administration				
Mr Gavin Boyd	145-150	_	20-25	-
Chief Executive Designate, ESA			(145-150	
			full year	
			equivalent)	
Dr Roger Platt	5-10	=	0-5	-
Non-executive director			(5-10 full	
			year	
Mr. V. savin Charle	<i>E</i> 10		equivalent)	
Mr Kevin Steele Non-executive director	5-10	-	0-5 (5-10 full	-
Non-executive unector			(3-10 juii year	
			year equivalent)	
			equivalent)	

Note a - Mr John McGrath joined the Department on 25 February 2008 but his salary to 31 March 2008 continued to be paid by his former Department, the Department for Social Development. Dr Eddie Rooney transferred to the Office of the First Minister and Deputy First Minister on 25 February 2008 but his salary to 31 March 2008 continued to be paid by the Department of Education.

Salary

"Salary" includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Between 1 April 2007 and 7 May 2007 the Department of Education was under the direction and control of Ms Maria Eagle MP. Her salary and allowances were paid by NIO or the Cabinet Office rather than the Northern Ireland Assembly. These costs have not been included as notional costs in the Operating Cost Statement in the same way as Devolved Minister's salaries. Details of Ms Maria Eagle's salary and allowances, will be provided in the NIO resource accounts.

From 8 May 2007 the Department of Education was under the control of Ms Caitriona Ruane MLA. Her Ministerial salary and allowances were paid by the Northern Ireland Assembly and have therefore been treated as a notional cost in these resource accounts. Details of her Ministerial salary, allowances and other benefits are given above. These amounts do not include costs relating to the Minister's role as 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 the Inland Revenue as a taxable emolument.

Pension Benefits (Audited)					
Ministers	Accrued pension at age 65 at 31 March 2008	Real increase in pension at age 65 £000	CETV at 31 March 2008 £000	CETV at 31 March 2007 £000	Real increase in CETV £000
Ms Caitriona Ruane MLA (from 8 May 2007)	0-5	0-2.5	8	-	6
Ms Maria Eagle MP (to 7 May 2007)	-	=	-	-	-

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2000 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the

Retail Prices Index. Ministers pay contributions of 6% of their Ministerial salary. There is also an employer contribution paid by the Consolidated Fund representing the balance of cost. This is currently 22.6% 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. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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.

Pension Benefits (Audited) Officials	Accrued pension at age 60 at 31 March 2008 and related lump sum £000	Real increase in pension and related lump sum at age 60 £000	CETV at 31 March 2008 £000	CETV at 31 March 2007 £000	Real increase in CETV £000	Employer contribution to partnership account (nearest £100)
Mr Will Haire	35-40	0-2.5	706	617	18	_
Permanent Secretary	plus lump	plus lump	700	017	10	
T difficulty Secretary	sum of	sum of				
	105-110	2.5-5.0				
Mr John McGrath	30-35	0-2.5	721	716	3	-
Deputy Secretary	plus lump	plus lump				
From 25 February 2008	sum of	sum of				
	95-100	0-2.5				
Dr Eddie Rooney	25-30	0-2.5	504	450	14	-
Deputy Secretary	plus lump	plus lump				
To 22 February 2008	sum of	sum of				
	75-80	0-2.5				
Dr Robson Davison	45-50	0-2.5	1,130	996	40	_
Deputy Secretary	plus lump	plus lump				
	sum of	sum of				
	135-140	5.0-7.5				

Pension Benefits (Audited) Officials	Accrued pension at age 60 at 31 March 2008 and related lump sum £000	Real increase in pension and related lump sum at age 60 £000	CETV at 31 March 2008 £000	CETV at 31 March 2007 £000	Real increase in CETV £000	Employer contribution to partnership account (nearest £100)
Ms Marion Matchett	40-45	0-2.5	1,141	1,027	11	-
Chief Inspector, Education and Training Inspectorate	plus lump sum of 130-135	plus lump sum of 2.5-5.0				
Dr Mark Browne	15-20	0-2.5	329	280	12	=
ESAIT	plus lump sum of 50-55	plus lump sum of 0-2.5				
Mrs Dorothy Angus Supporting and Safeguarding Children	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 2.5-5.0	548	479	21	-
Mrs Catherine Daly	15-20	0-2.5	386	336	11	-
Finance Director	plus lump sum of 55-60	plus lump sum of 0-2.5				
Mr Eugene Rooney	20-25	0-2.5	376	321	10	
Development and Infrastructure	plus lump sum of 60-65	plus lump sum of 0-2.5				
Ms Louise Warde Hunter	0-5	0-2.5	50	31	12	
Early Years, Youth and School Finance						
Mr David Woods	35-40	0-2.5	978	909	2	-
Strategy, Performance and Accountability	plus lump sum of 115-120	plus lump sum of 0-2.5				
Mrs Maura McCusker	30-35	0-2.5	668	605	11	=
Corporate Services	plus lump sum of 90-95	plus lump sum of 0-2.5				
Mrs Katrina Godfrey	10-15	0-2.5	214	168	9	-
Raising Standards	plus lump sum of 40-45	plus lump sum of 0-2.5				
Mr Chris Stewart	15-20	0-2.5	250	211	9	-
Review of Public Administration	plus lump sum of	plus lump sum of				
Mr Gavin Boyd Chief Executive Designate, ESA	45-50 0-5	0-2.5 0-2.5	37	1	32	-
Dr Roger Platt Non-executive director	-	-	-	-	-	-
Mr Kevin Steele Non-executive director	-	-	-	-	-	-

Due to certain factors being incorrect in last year's CETV calculator there may be a slight difference between the final period CETV for 2006-07 and the start of period CETV for 2007-08.

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 Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (partnership pension account). joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an "earned pension" arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase.

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

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**.

Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures 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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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.

	builfaire	
Signed:		Date: 26 June 2008
<u> </u>	Accounting Officer	

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance and Personnel has directed the Department of Education 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 of Education and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Department of Finance and Personnel, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Department of Finance and Personnel has appointed the Permanent Head of the Department as Accounting Officer of the Department of Education. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department of Education's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in *Government Accounting Northern Ireland*.

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

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

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

The risk management, control and governance process within the Department includes the arrangements by which the Department manages relationships with NDPBs. This Statement on Internal Control takes account of any significant control issues or failures within the Department's NDPBs.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department of Education for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with the Department of Finance and Personnel guidance.

3. Capacity to handle risk

The Department's Board has collective responsibility for monitoring and reviewing the high level risks recorded in the Department's risk registers. The Board has procedures in place for verifying that risk management and internal control are regularly reviewed and reported on.

The Department's Risk Management Framework provides direction on the Department's underlying approach to risk management, including the roles and responsibilities of the Departmental Board, the Audit and Risk Management Committee, Heads of Divisions, Heads of Branches, Internal and External Audit.

4. The risk and control framework

The Department has set out its approach to risk management in a Risk Management Framework, which also outlines the mechanisms through which potential risks to the achievement of the departmental objectives are identified and evaluated. Appropriate procedures have been carried out to ensure that risks associated with the Department's key objectives have been assessed, and determine a control strategy for each of the significant risks. Risk ownership has been allocated to the appropriate staff.

The nature of the risk, the current level of control, any further action being taken, and risk owners, are recorded in the Department's risk registers. The Department's Risk Management Framework includes guidance which helps to ensure consistent evaluation of risk.

The following key principles underline the Department's approach to risk management:

- the Departmental Board assumes responsibility for risk management across the Department as a whole;
- an open and receptive approach by the Departmental Board to discussing and addressing risks across the Department;
- conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- monitoring of key risks will be undertaken by senior management;
- senior management will support the Divisional/Branch implementation and ongoing management of risk; and
- the risk management process is integrated with normal management processes and informs the annual business planning cycle so as to link risk management and internal control firmly with the Department's ability to fulfil its business objectives.

The Department's Board describe the Department's risk appetite as risk aware and prudent, reflecting the fact that public money can only be used for the purposes intended and authorised; and there are higher public expectations on government departments to safeguard and make good use of public funds than there would be on a private organisation. Risks are identified, evaluated and managed to ensure that the Department's exposure is within an acceptable range. The Department has established an evaluation framework to assist managers in assessing the level of risk.

The Department's Board has ultimate responsibility for ensuring an effective risk management process is in place and is regularly reviewed. The Department's Board works with Heads of Division to collectively agree the risks to be included in the Department's Corporate Risk Register and to assign ownership of each risk.

5. Review of effectiveness

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

The Department's Board is responsible for setting the tone and influencing the culture of risk management within the Department including:

- determining the Department's "appetite for risk";
- determining which types of risk are acceptable and which are not;
- discussing and approving issues that significantly affect the Department's risk profile or exposure;
- continually monitoring the management of significant risks and ensuring that actions to remedy control weaknesses are implemented;
- satisfying itself that the less significant risks are being appropriately managed by senior management at Divisional/Branch level; and
- reviewing annually (or more frequently) the effectiveness of the organisation's process of internal control and ensuring the Department is compliant with corporate governance best practice including ongoing maintenance and development of risk management and review processes.

In relation to risk management, the Audit and Risk Management Committee provide a forum to discuss risk management matters and advise the Department's Board on:

- the strategic processes for risk and adequacy of risk management and internal control;
- the quality of Corporate and Divisional Risk Registers; and
- the outcome of internal monitoring of Corporate and Divisional Risk Registers.

The role of Heads of Division in the risk management process includes responsibilities for:

- establishing and maintaining a sound system of internal control within their Division;
- identifying and managing the key risks within their business and summarising these in the form of Divisional Risk Registers;

- monitoring and reporting to the Department's Board on key risks and controls in the context of regular management reports or other agreed arrangements;
- notifying the Department's Board and the Audit and Risk Management Committee when there is a significant change to the Divisional risk profile; and
- providing an annual assessment of the significant risks and controls for their Division in accordance with best practice corporate governance requirements.

The Heads of Branch role in the risk management process includes responsibilities for:

- establishing and maintaining a sound system of internal control within their Branch;
- identifying and managing the key risks within their Branch on a day by day basis;
- providing supplementary assurance to Head of Division, as and when required, on aspects of the Branch's risk management and internal control framework; and
- liaising with Head of Division on a regular basis to review risk exposure within the Branch and identifying and capturing those risks within the Divisional risk register that are considered to be of appropriate significance.

Internal Audit carry out independent reviews of the effectiveness of risk management and control and report these results to Heads of Branch and the Accounting Officer. Internal audit also has a role to play in providing advice on the management of risk, especially those issues surrounding the design, implementation and operation of systems of internal control; and promoting risk and control concepts within the Department.

The risk management arrangements currently in place have been independently assessed by Internal Audit against HM Treasury guidance. This review has confirmed a high level of compliance with the guidance.

My review of the effectiveness of the system of internal control is also informed by:

- regular performance information provided by managers with executive responsibilities;
- the subsidiary statements on internal control presented by Heads of Branch and Heads of Division within the Department, who have responsibility for the development and maintenance of the internal control framework in their respective areas;
- the statements on internal control, and associated documentation, submitted by the Accounting Officers of the Department's NDPBs; and
- comments made by the external auditors in their management letters and other reports.

In regard to Job Evaluation Schemes in Education and Library Boards (ELBs), an accredited Job Evaluation Scheme in line with a UK agreed process was undertaken by ELBs to address a major risk, i.e. to stem the flow of the growing number of expensive equal pay claims arising in the public sector and to ensure fairness and objectivity in the treatment of staff. To

address the risk of affordability I have asked Boards to keep the Department fully informed of the potential costs of any Job Evaluation Schemes and to seek both the Department's and the Department of Finance and Personnel's approval before they conclude a deal with the Trade Unions.

6. Significant internal control issues

Impact of Review of Public Administration

The implementation of the Education aspects of the recommendations of the Review of Public Administration will require a significant programme of change to be taken forward in 2008-09. The changes include the establishment of a new Education and Skills Authority (ESA) which will subsume the responsibilities of the existing Education NDPBs and also some functions transferring from the Department.

The extent and nature of these changes will require significant transformation within the Department itself and will present challenges for business continuity and financial management across the education sector. The Department recognises the complexity of the task and the need for robust processes to ensure continuity of business and implementation of change within a strong control environment. Factors influencing budgetary behaviour will be a particular focus of the monitoring arrangements between the Department and its sponsored bodies, to ensure no diminution of effective financial management in the context of the overall change programme.

Project management disciplines are being applied to the change programme and a number of projects are being taken forward to address the practical and operational issues to ensure delivery of the new arrangements within the required timescales. The programme is managed by a DE Transformation Oversight Board, supported by a Programme Management Office which coordinates and monitors progress on the delivery of the individual projects and the transformation programme as a whole.

The legislation for the establishment of ESA is being taken forward through two Bills to enable a phased approach to implementation. The Department continues to engage with the Assembly's Committee for Education to address issues relating to the Draft Bills, to facilitate the progress of the legislation through its formal stages in the Executive and Assembly. All DE staff have been made aware of the priority status of the Legislation and the transformation projects and this priority is reinforced on a continual basis.

The Chief Executive (Designate) of ESA is a member of the Department of Education Oversight Board and also chairs a Transition Board comprising the Chief Executives of the existing organisations. The main focus of the Transition Board is a convergence programme which aims to harmonise key functions and services in preparation for the establishment of ESA.

Financial Governance

The Head of Internal Audit has provided me with a report on internal audit activity within the Department during the year and an annual assurance statement. These indicate that the system of governance, risk management and internal control in the Department is satisfactory

in part, but that there are a number of significant weaknesses which would need to be addressed promptly. Her overall opinion is that the level of assurance which management can derive from the system in place is limited. The Department is taking forward a programme of work to fully implement all internal audit recommendations and this will be overseen and monitored by the Audit and Risk Management Committee.

Teachers' Superannuation Scheme NI (TSS NI)

The Department is also Scheme Manager for the TSS NI. The Statement on Internal Control contained within the TSS Resource Accounts for 2007-08 provides details of any matters which are relevant to the Scheme.

	Wriffaire		
Signed:		Date:	26 June 2008
	Accounting Officer		

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 of Education for the year ended 31 March 2008 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the Statement of Operating Costs by Departmental Aim and 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

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I report to you whether, in my opinion, the information which comprises, the Introduction and the Management Commentary, included in the Annual Report, is consistent with the financial statements. I also report whether 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.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report, the Corporate Governance Section, and the

Reconciliation of Resources Expenditure between Estimates, Accounts and Budgets. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Department's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- information which comprises the Introduction and the Management Commentary, included within the Annual Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

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

Date: 1 July 2008

STATEMENT OF PARLIAMENTARY SUPPLY

Summary of Resource Outturn 2007–08

Request for Resources	Note	Gross expenditure £000	Accruing Resources £000	Estimate Net total £000	Gross expenditure £000	Accruing Resources £000	Outturn Net total £000	2007-08 Net total outturn compared with Estimate: saving/ (excess) £000	2006-07 Outturn Net total £000
Request for Resources A	2	1,938,934	(834)	1,938,100	1,796,272	(834)	1,795,438	142,662	1,672,925
Request for Resources B	2	41,814	(847)	40,967	36,523	(796)	35,727	5,240	33,482
Total resources	3	1,980,748	(1,681)	1,979,067	1,832,795	(1,630)	1,831,165	147,902	1,706,407
Non- operating cost Accruing Resources		-	-	-	-	-	-	-	-

Net Cash Requirement 2007-08

	Note	Estimate £000	Outturn £000	2007-08 Net total outturn compared with Estimate: saving/ (excess) £000	2006-07 Outturn £000
Net cash requirement	4	1,979,860	1,824,726	155,134	1,709,199

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).

		Fore	ecast 2007-08	Outturn 2007-08		
	Note	Income £000	Receipts £000	Income £000	Receipts £000	
Total	5	21,728	21,728	13,920	12,485	

Explanations of variances between Estimate and outturn are given in note 2 and in the Management Commentary.

Operating Cost Statement for the year ended 31 March 2008

		Staff	Other	2007-08	Staff	Other	2006-07
	Note	costs £000	Costs £000	Income £000	costs £000	costs £000	Income £000
Administration costs:							
Staff costs	8	22,746	-	=	22,157	-	-
Other administration costs	9	-	6,185	-	-	5,209	-
Operating income	11	-	-	(6)	-	-	(5)
Programme costs:							
Request for Resources A							
Staff costs	8	869	-	-	389	-	-
Programme costs	10	-	1,767,433	-	-	1,682,131	-
Less: Income from EU (DE principal)	11	-	-	(6,279)	-	-	(20,021)
Less: Income	11	-	_	(8,171)	_	-	(14,472)
Request for Resources B							
Programme costs	10	-	35,562	-	-	34,167	-
Less: Income from EU (DE principal)	11	-	-	(795)	-	-	(1,420)
Less: Income	11	-	-	(299)	-	-	(243)
Totals	_	23,615	1,809,180	(15,550)	22,546	1,721,507	(36,161)
Net operating cost	3, 12			1,817,245			1,707,892

All income and expenditure are derived from continuing operations.

Statement of Recognised Gains and Losses for the year ended 31 March 2008

	Note	2007-08 £000	2006-07 £000
Net gain on revaluation of tangible fixed assets	13	17	13
Net gain on revaluation of intangible fixed assets	14	14	7
Recognised gains and losses for the financial year	_	31	20

Balance Sheet as at 31 March 2008

	Note	£000	2008 £000	£000	2007 £000
Fixed assets:					
Tangible assets	13	355		440	
Intangible assets	14	388		191	
Investments	15	1,560		1,560	
	_		2,303		2,191
Current assets:					
Debtors	16	15,846		16,839	
Cash at bank and in hand	17	1		4,071	
	_	15,847		20,910	
Creditors (amounts falling due within one year)	18	(47,735)		(48,545)	
Net current liabilities	-		(31,888)		(27,635)
Total assets less current liabilities		_	(29,585)	_	(25,444)
Provisions for liabilities and charges	19		(498)		(43)
		_	(30,083)	_ _	(25,487)
Taxpayers' equity:					
General fund	20		(30,190)		(25,574)
Revaluation reserve	21(a)		107		87
		_	(30,083)	_	(25,487)
		_		_	

	Wiiffaire		
Signed: _		Date:	26 June 2008
-	Accounting Officer	_	

Consolidated Cash Flow Statement for year ended 31 March 2008

	Note	2007-08 £000	2006-07 £000
Net cash outflow from operating activities	22(a)	(1,811,792)	(1,691,490)
Capital expenditure and financial investment	22(b), 22(c)	(449)	(249)
Payments of amounts due to the Consolidated Fund		(12,372)	(17,593)
Financing	22(d)	1,820,327	1,700,670
Decrease in cash in the period	22(e)	(4,286)	(8,662)

Consolidated Statement of Operating Costs by Departmental Aim and Objectives for the year ended 31 March 2008

Aim: To educate and develop the young people of Northern Ireland to the highest possible standards.

	Gross £000	Income £000	2007-08 Net £000	Gross £000	Income £000	2006-07 Net £000
Objective 1	1,796,272	(14,456)	1,781,816	1,708,897	(34,498)	1,674,399
Objective 2	36,523	(1,094)	35,429	35,156	(1,663)	33,493
Net operating costs	1,832,795	(15,550)	1,817,245	1,744,053	(36,161)	1,707,892

The Department's objectives were as follows:

Objective 1

Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement, that will give them a secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society.

Objective 2

Promoting, through the youth service, the personal and social development of children and young people and assisting them to gain knowledge, skills and experience to reach their full potential as valued individuals; and, through community relations measures for young people, encouraging the development of mutual understanding and promoting recognition of and respect for cultural diversity.

See note 23.

ANNUAL REPORT AND ACCOUNTS 2007-08

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2007-08 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. The accounting policies contained in the *FReM* follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

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

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 Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

In accordance with the *FReM*, the Department is not able to accrue funding due from the Consolidated Fund in respect of Parliamentary/Assembly Grant to match current liabilities recorded within the balance sheet. Under FRS 18, such a closing balance sheet position which shows a surplus of liabilities over assets requires the Accounting Officer to make an assessment of the viability of the Department as a going concern. However, no material uncertainties affecting the Department's ability to continue as a going concern have been assessed and these accounts have therefore been prepared under the going concern principle.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

1.2 Basis of consolidation

These accounts comprise a consolidation of the non-agency parts of the Department (the core department) and the Special Educational Needs and Disability Tribunal which falls within the Departmental boundary as defined in the *FReM* (chapter 1.5) issued by the Department of Finance and Personnel. Transactions between entities included in the consolidation are eliminated.

As the results of the Core Department are not materially different from those of the Consolidated Department, the results of the Special Educational Needs and Disability Tribunal have not been separately disclosed on the Operating Cost Statement, Balance Sheet and supporting notes.

A list of all those entities within the Departmental boundary is given at note 33.

1.3 Tangible fixed assets

Tangible fixed assets are initially recognised at cost, including directly attributable costs in bringing the asset into working condition for its intended use.

At each annual reporting date, tangible fixed assets are stated at valuation, determined as follows:

• Land and Buildings excluding Dwellings

Title to land and buildings excluding dwellings shown in the accounts is held by the Department of Education. Land and buildings are restated to current value using a professional valuation, which is provided every five years and appropriate indices in intervening years.

• Other Tangible Fixed Assets

Transport equipment and information technology have been stated at current cost using appropriate indices. The minimum level for capitalisation is £1,000. PCs (including laptops) and network equipment are grouped for all assets utilised in connection with the Departmental Local Area Network.

1.4 Depreciation

Depreciation of tangible fixed assets is provided on a straight-line basis by reference to current values and to the remaining economic useful lives of assets and their estimated residual value. Freehold land is not depreciated.

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

Buildings excluding dwellings 25 years
Information technology 3 to 10 years
Transport equipment 4 years

Tangible fixed assets, other than land and buildings excluding dwellings are re-valued annually on the basis of the latest available indices. Revaluations below historic cost which are not temporary fluctuations in market value are treated as an impairment as per FRS 11 and charged in full to the Operating Cost Statement.

Impairment reviews of fixed assets are performed annually and additionally where there is an indication of an impairment as defined by FRS 11.

1.5 Intangible fixed assets

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred on the purchase of an individual or grouped fixed asset. Except where reliable evidence of current value cannot be readily ascertained, these are restated to current value each year. Software licences are amortised over the shorter of the term of the licence and their useful economic life.

1.6 Investments

In 2004-05 the Department invested in the "Middletown Centre for Autism (Holdings) Limited", which is a company registered in Northern Ireland and limited by guarantee. The Company is a joint venture between the Department of Education in Northern Ireland and the Department of Education and Science in the Republic of Ireland and is funded equally by each department.

The primary object of the company is the establishment, development and management of a centre located at Middletown, Co Armagh, Northern Ireland for the purpose of supporting the promotion of excellence throughout Northern Ireland and Ireland in the development and harmonisation of education and allied services to children and young people with autistic spectrum disorders.

An Oversight Committee of four members monitors the effectiveness and management of the company. The Department of Education in Northern Ireland and the Department of Education and Science in the Republic of Ireland each appoint two members to the committee.

Although categorised as a joint venture in line with FRS 9, the company is deemed by the Department in agreement with the Department of Finance and Personnel to fall outside the Departmental boundary and has therefore been treated as an investment in the Departmental Resource Accounts. In agreement with the Department of Finance and Personnel the investment has been valued at cost within the balance sheet of the Department.

1.7 Stocks

Stocks are not deemed to be material, and are expensed to the Operating Cost Statement as purchased.

1.8 Operating income

Operating income is income which relates directly to the operating activities of the Department. It principally comprises contributions from the European Union but also includes other income such as that from the sale of tangible fixed assets. It includes both operating Accruing Resources and income to the Consolidated Fund which in accordance with the *FReM* is treated as operating income. Operating income is stated net of VAT.

1.9 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 by the Department of Finance and Personnel. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery.

1.10 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 per cent) on the average carrying amount of all assets less liabilities except for liabilities for amounts to be surrendered to the Consolidated Fund, where the charge is nil.

1.11 Foreign exchange

Transactions which are denominated in a foreign currency and which are covered by a related forward contract are translated into sterling at the exchange rate specified in the contract. Transactions which are not covered by a related forward contract are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the Operating Cost Statement.

1.12 Pensions

The Department is covered by the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The scheme is essentially non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS(NI). The Department meets the cost of pension cover provided for staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS(NI) as a whole.

1.13 Early departure costs

DE employees

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

Teachers

The Teachers' Premature Retirement Scheme for Northern Ireland recovers compensation costs via increased employer contributions. Compensation costs are borne by the scheme and are therefore not included as a cost within the Departmental Resource Accounts.

1.14 Leases

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

1.15 Grants payable

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

- The extent of the grant liability in relation to the Education and Library Boards (ELBs) and other Non Departmental Public Bodies (NDPBs) for both recurrent and capital expenditure is equal to their expenditure to the extent that the latter has been properly incurred. Expenditure in this context is when the ELBs/NDPBs make the payments which are due to be funded by the Department. This is equivalent to grant issued by the Department.
- Grant issued to Voluntary Grammar and Grant Maintained Integrated Schools in respect of recurrent funding as at 31 March each year reflects the totality of the schools' entitlement under the Local Management of Schools' arrangements.
- Grant issued to Voluntary Grammar and Grant Maintained Integrated Schools in respect of capital project funding is recognised based on the payments actually made plus accruals for valid grant claims in the possession of the Department.
- Other grant payments are recognised on an accruals basis where such information is available or on the basis of the extent of the grant issued or approved for payment as at 31 March each year.

1.16 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2 per cent).

1.17 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote but which have been reported to Parliament in accordance with the requirements of *Government Accounting Northern Ireland*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to Parliament.

1.18 Value Added Tax

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

1.19 Third party assets

The Department holds as custodian or trustee certain assets belonging to third parties. These are not recognised in the accounts since neither the Department nor Government more generally has a direct beneficial interest in them.

2. Analysis of net resource outturn by section

						Outturn		2007-08 Estimate	2006-07
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing Resources £000	Net total £000	Net total £000	Net total outturn compared with Estimate £000	Prior- year outturn £000
Request for Resources A									
Departmental Expenditure in DEL:									
Education and Library Boards – Departmental overheads	16,869	966	-	17,835	-	17,835	20,320	2,485	16,036
2. Non-Departmental Public Bodies – Departmental overheads	724	42	-	766	-	766	785	19	749
3. Voluntary and Grant Maintained Integrated Schools – Departmental overheads	6,563	382	-	6,945	-	6,945	6,094	(851)	6,411
4. Miscellaneous Educational Services	1,055	1,989	5,971	9,015	-	9,015	9,703	688	6,724
5. EU programme for Peace and Reconciliation	-	-	1,510	1,510	(834)	676	659	(17)	1,030
6. Early Years Services	150	-	19,285	19,435	-	19,435	20,756	1,321	16,364
7. Integrated Development Fund	-	-	474	474	-	474	766	292	-
Executive Programme Funds	-	-	-	-	-	-	-	-	114
Annually Managed Expenditure (AME):									
Education Maintenance Allowance Scheme – School Support	-	-	-	-	-	-	-	-	297
Non-Budget:									
8. Notional Charges – Department of Education	2,548	-	-	2,548	-	2,548	2,762	214	2,501
9. Education and Library Boards	-	-	1,361,697	1,361,697	-	1,361,697	1,474,785	113,088	1,275,576
10. Voluntary and Grant Maintained Integrated Schools	-	-	348,228	348,228	-	348,228	372,088	23,860	322,248
11. Council for the Curriculum, Examinations and Assessment (CCEA)	-	-	21,904	21,904	-	21,904	21,953	49	19,930
12. Council for Catholic Maintained Schools (CCMS)	-	-	3,558	3,558	-	3,558	4,220	662	4,251
13. Staff Commission for Education and Library Boards	-	-	354	354	-	354	359	5	341
14. Integrated Development Fund	-	-	2,003	2,003	-	2,003	2,850	847	472
Executive Programme Funds	-	-	-	-	-	-	-	-	112
Adjust for effects of prior period adjustment	_	-	-	-	-	-	-	-	(231)
Total	27,909	3,379	1,764,984	1,796,272	(834)	1,795,438	1,938,100	142,662	1,672,925

						Outturn		2007-08 Estimate	2006-07
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing Resources £000	Net total £000	Net total £000	Net total outturn compared with Estimate £000	Prior- year outturn £000
Request for Resources B									
Departmental Expenditure in DEL:									
Education and Library Boards – Departmental overheads	311	18	-	329	-	329	380	51	337
2. Youth Council – Departmental overheads	47	3	-	50	-	50	83	33	62
3. Youth Services4. Voluntary Bodies and Other Services supporting	172	30	2,207	2,409	-	2,409	3,079	670	2,130
Community Relations	299	17	1,525	1,841	-	1,841	1,869	28	2,001
5. EU Programme for Peace and Reconciliation	-	-	1,426	1,426	(796)	630	666	36	1,039
Non-Budget: 6. Notional Charges – Department of Education 7. Education and Library	84	-	-	84	-	84	87	3	93
Boards	-	-	25,784	25,784	-	25,784	30,069	4,285	23,824
8. Youth Council	-	-	4,119	4,119	-	4,119	4,145	26	3,875
9. Integrated Development Fund	-	-	481	481	-	481	589	108	73
Executive Programme Funds		-	-	-	-	-	-	-	48
Total	913	68	35,542	36,523	(796)	35,727	40,967	5,240	33,482
Resource Outturn	28,822	3,447	1,800,526	1,832,795	(1,630)	1,831,165	1,979,067	147,902	1,706,407

Explanation of variance between Estimate and outturn

Request for Resource A

This mainly represents planned carry forward of resource provision and slippage of capital provision in respect of Education and Library Boards, lower than expected grant requirements in respect of Education and Library Boards and slippage of capital provision in respect of Voluntary and Grant Maintained Integrated Schools.

Request for Resource B

This mainly represents planned carry forward of resource provision and slippage of capital provision in respect of Education and Library Boards and slippage of voluntary youth capital provision.

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

Key to Request for Resources

Request for Resource A

Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement, that will give them a secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society.

Request for Resource B

Promoting, through the youth service, the personal and social development of children and young people and assisting them to gain knowledge, skills and experience to reach their full potential as valued individuals: and, through community relations measures for young people, encouraging the development of mutual understanding and promoting of and respect for cultural diversity.

3. Reconciliation of outturn to net operating cost and against administration budget

3(a) Reconciliation of net resource outturn to net operating cost

	Note	Outturn £000	Supply Estimate £000	2007-08 Outturn compared with Estimate £000	2006-07 Outturn £000
Net resource outturn (Note a)	2	1,831,165	1,979,067	147,902	1,706,407
Non-supply income (CFERs)	5	(13,920)	(21,728)	(7,808)	1,254
Adjust for effects of prior period adjustment	2	-	-	-	231
Net operating cost (Note a)		1,817,245	1,957,339	140,094	1,707,892

Note a - Net operating cost is the total of expenditure and income appearing in the operating cost statement. Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the Department's Supply Estimate.

3(b) Outturn against final administration budget

	Budget £000	2007-08 Outturn £000	2006-07 Outturn £000
Gross administration budget	26,830	26,190	24,720
Income allowable against the administration budget	(1)	-	-
Net outturn against final administration budget	26,829	26,190	24,720

4. Reconciliation of resources to cash requirement

	Note	Estimate £000	Outturn £000	2007-08 Net total outturn compared with Estimate: saving/ (excess) £000	2006-07 Prior-year outturn £000
Resource Outturn	2	1,979,067	1,831,165	147,902	1,706,407
Capital:					
Acquisition of fixed assets	13, 14	462	449	13	249
Investments	15	-	-	-	-
Non-operating Accruing Resources					
Proceeds of fixed asset disposals	22(b)	-	-	-	-
Accruals Adjustments					
Non-cash items	9	(3,260)	(2,722)	(538)	(2,431)
Changes in working capital other than cash		-	(4,253)	4,253	4,655
Changes in creditors falling due after more than one year	18	-	-	-	-
Use of provision	19	215	87	128	88
Other adjustment		3,376	-	3,376	-
Adjust for the effects of prior period adjustment	2				231
Net cash requirement	_	1,979,860	1,824,726	155,134	1,709,199

Explanation of variance between Estimate and net cash requirement

This mainly represents planned carry forward of resource provision and slippage of capital provision in respect of Education and Library Boards, lower than expected grant requirements in respect of Education and Library Boards and slippage of capital provision in respect of Voluntary and Grant Maintained Integrated Schools. The changes in working capital other than cash are largely due to movements on amounts due to the Consolidated Fund.

5. 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).

		Forec	ast 2007-08	Outtu	ırn 2007-08
	Note	Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts – excess Accruing Resources		-	-	3	-
Other operating income and receipts not classified as Accruing Resources		21,728	21,728	13,917	12,485
	6	21,728	21,728	13,920	12,485
Non-operating income – excess Accruing Resources	7	-	-	-	<u>-</u> _
Total income payable to the Consolidated Fund	20	21,728	21,728	13,920	12,485

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

	Note	2007-08 £000	2006-07 £000
Operating income	11	15,550	36,161
Gross income		15,550	36,161
Income authorised to be Accruing Resources	2	(1,630)	(37,415)
Non-operating income – excess Accruing Resources	7	-	(4)
Operating income payable to the Consolidated Fund	5	13,920	(1,258)

7. Non-operating income – Excess Accruing Resources

	2007-08 £000	2006-07 £000
Profit on disposal of fixed assets	-	4
Non-operating income – excess Accruing Resources	-	4

8. Staff numbers and related costs

Staff costs comprise:

	2007-08 Total £000	Permanently employed staff £000	Others £000	Ministers £000	2006-07 Total £000
Wages and salaries	19,286	17,507	1,745	34	18,346
Social security costs	1,336	1,332	-	4	1,273
Other pension costs	3,041	3,033	-	8	2,994
Sub total	23,663	21,872	1,745	46	22,613
Less recoveries in respect of outward secondments	(48)	(48)	-	_	(67)
Total net costs*	23,615	21,824	1,745	46	22,546
These costs are shown in the	ne Operating C	ost Statement as:			
Administration Costs	22,746	21,001	1,699	46	22,157
Programme Costs	869	823	46	-	389
Total net costs	23,615	21,824	1,745	46	22,546
Analysis by Objective					
Objective 1	22,897	21,106	1,745	46	21,739
Objective 2	718	718	-	-	807
Total net costs	23,615	21,824	1,745	46	22,546

^{*} No staff costs have been charged to capital. Permanently employed staff includes the cost of the Department's Special Adviser, who is paid in the pay band £56,100-£78,540.

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) is an unfunded multi-employer defined benefit scheme, but the Department of Education 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 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2007-08, employers' contributions of £3,037,837.14 were payable to the PCSPS(NI) (2006-07: £2,992,486.40) at one of four rates in the range of 16.5 to 23.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, the salary bands will be revised but the rates will remain the same (the rates will be changing with effect from April 2009). The contribution rates are set to meet the cost of the benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £3,115.84 (2006-07: £1,768.42) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In

addition, employer contributions of £267.88 (2006-07: £185.05), 0.8 per cent of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2006-07: £33.23). Contributions prepaid at that date were £nil (2006-07: £nil).

No-one (2006-07: two persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2006-07: £ 4,533.51).

Average number of persons employed

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

Objective	2007-08 Total Number	Permanently employed staff Number	Others Number	Ministers Number	Special advisers Number	2006-07 Total Number
1	666	621	43	1	1	660
2	27	27	-	-	-	31
Total	693	648	43	1	1	691

9. Other administration costs

	Note	£000	2007-08 £000	£000	2006-07 £000
Rentals under operating leases			83		61
Non-cash items (Note a)					
Depreciation		167		192	
Amortisation		188		106	
Loss on revaluation of fixed assets		13		14	
Cost of capital charges		(820)		(519)	
Auditors' remuneration and expenses		70		67	
Accommodation and other notional charges		2,516		2,527	
Provision provided for in-year	19	542	2,676	44	2,431
Other expenditure (Note b)			3,426		2,717
Total			6,185		5,209

Note a - the total of non-cash transactions included in the reconciliation of resources to net cash requirement in note 4 and in the reconciliation of operating costs to operating cashflows in note 22 comprises:

	2007-08	2006-07
	£000	£000
Other administration costs – non-cash items (as above)	2,676	2,431
Notional charge for Minister's salary (included in staff costs)	46	-
Total non-cash transactions (Notes 4 and 22)	2,722	2,431

Note b – "Other expenditure" comprises:

	2007-08 £000	2006-07 £000
Travel and subsistence	418	417
DRC – Telephone, printing and stationery	632	561
DRC - Accounting and information technology	426	480
DRC – Other general	1,950	1,259
Total	3,426	2,717

10. Programme costs

	Note	2007-08 £000	2006-07 £000
Rentals under operating leases		33	-
Current grants and other current expenditure		1,800,026	1,711,392
EU expenditure		2,936	4,906
Staff costs		869	389
	_	1,803,864	1,716,687
Less: Programme income	11	(15,544)	(36,156)
Total	_	1,788,320	1,680,531

11. Income

	RfRA £000	RfRB £000	2007-08 Total £000	2006-07 Total £000
Administration income:				
Administration fees	6	-	6	5
<u>-</u> -	6	-	6	5
Programme income:				
Contribution from European Union – DE acting as principal for EU	6,279	795	7,074	21,441
Sale of land and buildings (NDPBs)	8,171	299	8,470	14,640
Other income	· -	-	-	75
<u>-</u> -	14,450	1,094	15,544	36,156
Total operating income	14,456	1,094	15,550	36,161

12. Analysis of net operating cost by spending body

	Estimate £000	2007-08 Outturn £000	2006-07 Outturn £000
Spending body:			
Core department	1,957,104	1,817,045	1,707,705
Other bodies	235	200	187
Net operating cost	1,957,339	1,817,245	1,707,892

13. Tangible fixed assets

	Land and buildings excluding dwellings £000	Transport equipment £000	Information technology £000	Plant and machinery £000	Total £000
Cost or valuation					
At 1 April 2007	171	13	1,062	69	1,315
Additions	-	-	74	4	78
Disposals	-	-	(109)	(12)	(121)
Revaluations	15	-	(48)	6	(27)
At 31 March 2008	186	13	979	67	1,245
Depreciation					
At 1 April 2007	9	8	799	59	875
Charged in year	4	5	151	7	167
Disposals	-	-	(109)	(12)	(121)
Revaluations	1	-	(37)	5	(31)
At 31 March 2008	14	13	804	59	890
Net book value at 31 March 2008	172	-	175	8	355
Net book value at 31 March 2007	162	5	263	10	440
Asset financing					
Owned	172	-	175	8	355
Finance Leased	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-
PFI residual interests	-	-	-	-	-
Net book value at 31 March 2008	172	-	175	8	355

Note a – Land and Buildings excluding Dwellings are usually revalued on a quinquennial basis by Land and Property Services, an agency of the Department of Finance and Personnel. During intervening years, they are revalued on the basis of the latest available indicies. For the purpose of the 2007-08 resource accounts land was revalued at 31 December 2007. Land was revalued on the basis of existing use value by Land and Property Services and buildings were revalued on the basis of depreciated replacement cost. Other tangible assets were revalued on the basis of the latest available indicies.

14. Intangible fixed assets

Intangible fixed assets comprise purchased software licences for the Department.

	Total £000
Cost or valuation	
At 1 April 2007	869
Additions	371
Revaluations	45
At 31 March 2008	1,285
Amortisation	
At 1 April 2007	678
Charged in year	188
Revaluations	31
At 31 March 2008	897
Net book value at 31 March 2008	388
Net book value at 31 March 2007	191

15. Investments

	Middletown Centre for Autism (Holdings) Limited £000
At 1 April 2007	1,560
Additions	-
Disposals	-
Revaluations	-
At 31 March 2008	1,560

In the year to 31 March 2005 the Department invested in the "Middletown Centre for Autism (Holdings) Limited" as a joint venture with the Department of Education and Science in the Republic of Ireland. Both parties fund the company equally.

Although categorised as a joint venture in line with FRS 9, the company is deemed by the Department, in agreement with the Department of Finance and Personnel, to fall outside the departmental boundary and therefore has been treated as an investment in the Departmental Resource Accounts. In agreement with the Department of Finance and Personnel the investment has been valued at cost within the balance sheet of the Department.

The Department's share of the net assets and results of the above body for the year ended 30 June 2007 are summarised below.

	Middletown Centre for Autism (Holdings) Limited Year ended 30 June 2007 £000	Middletown Centre for Autism (Holdings) Limited Year ended 30 June 2006 £000
Net assets at 30 June 2007	1	6
Turnover	59	57
Loss for the year	(5)	(9)

16. Debtors

16(a) Analysis by type

	2007-08 £000	2006-07 £000
Amounts falling due within one year:		
Trade debtors	15,336	16,705
Other debtors	57	35
Prepayments and accrued income	116	99
	15,509	16,839
Amounts due from the Consolidated Fund		
in respect of Supply	337	-
	15,846	16,839

Included within trade debtors is £5,079,631.29 (2006–07: £3,644,592.92) that will be due to the Consolidated Fund once the debts are collected.

16(b) Intra-government balances

Amounts falling due within one year		
2007-08 £000	2006-07 £000	
645	276	
645	276	
15,201	16,563	
15,846	16,839	
	2007-08 £000 645 645 15,201	

17. Cash at bank and in hand

	2007-08 £000	2006-07 £000
At 1 April 2007	4,071	12,733
Net change in cash balances	(4,286)	(8,662)
At 31 March 2008	(215)	4,071
The following balances at 31 March were held at:		
Commercial banks and cash in hand	(215)	4,071
At 31 March 2008	(215)	4,071
The balance comprises:		
Cash in hand	1	1
Cash at bank	-	4,070
Bank overdraft	(216)	-
	(215)	4,071

18. Creditors

18(a) Analysis by type

	2007-08 £000	2006-07 £000
Amounts falling due within one year:		
Bank overdraft (Note 17)	216	-
Other taxation and social security	16,698	16,164
Trade creditors	22,276	14,739
Other creditors	322	7,761
Accruals and deferred income	3,021	2,165
Amounts issued from the Consolidated Fund		
for supply but not spent at year end	-	4,062
Consolidated Fund extra receipts due to be		
paid to the Consolidated Fund		
received	122	9
receivable	5,080	3,645
	47,735	48,545

18(b) Intra-government balances

	Amounts falling due within one year		
	2007-08		
	£000	£000	
Balances with other central government bodies	22,730	32,018	
Balances with Voluntary Grammar and			
Grant Maintained Integrated Schools	20,472	13,497	
Balances with local authorities	2	3	
Balances with public corporations and trading funds	-	3	
Sub total: intra-government balances	43,204	45,521	
Balances with bodies external to government	4,531	3,024	
Total creditors at 31 March	47,735	48,545	

Balances with Voluntary Grammar and Grant Maintained Integrated schools have been separately disclosed, as these organisations have been classified as public sector bodies for budgeting purposes from 1 April 2006.

19. Provisions for liabilities and charges

	Early departure costs £000	Legal claims £000	Other £000	Total £000
At 1 April 2007	23	-	20	43
Provided in the year	183	353	20	556
Provisions not required written back	-	-	(14)	(14)
Provisions utilised in the year	(81)	-	(6)	(87)
At 31 March 2008	125	353	20	498

19.1 Early departure costs

The Department is required to meet the costs of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age, and must provide in full for the cost of meeting pensions resulting from such early retirement schemes. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance and Personnel Superannuation Vote.

19.2 Legal claims

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated.

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in note 28.

19.3 Other

Eligible teachers in Northern Ireland are entitled to have their General Teaching Council Northern Ireland (GTCNI) annual fee reimbursed in full. The majority of the fees are deducted/reimbursed at source from the teacher payroll system early in the financial year. Teachers who are outside this process must pay their fee to the GTCNI and claim their reimbursement from the Department. The provision reflects the Department's estimate for claims outstanding at the year end.

20. General fund

The General Fund represents the total assets less liabilities of each of the entities within the accounting boundary, to the extent that the total is not represented by other reserves and financing items.

At 31 March 2008	(30,190)	(25,574)
Transfer from revaluation reserve	11	6
Auditors' remuneration	70	67
Accommodation and other charges	2,562	2,527
Cost of capital	(820)	(519)
Non-cash charges		
CFERs repayable to Consolidated Fund	(13,920)	1,254
Net operating cost	(1,817,245)	(1,707,892)
Net transfer from operating activities		
Settlement of supply creditor – prior year	4,062	12,591
Supply debtor/(creditor) – current year	337	(4,062)
Year end adjustment		
drawn down	1,820,327	1,700,670
Net parliamentary funding		
At 1 April 2007	(25,574)	(30,216)
una manenig neme.	2007-08 £000	2006-07 £000

Under the Reinvestment and Reform Initiative, loans are made available to the Northern Ireland Block. The loans are financed by borrowing from the National Loans Fund and the funding is paid directly to the Northern Ireland Consolidated Fund. The associated cash, £1,480,000 (2006-07: £5,742,000) is paid to Departments from the Northern Ireland Consolidated Fund through the normal supply process.

21. Reserves

21(a) Revaluation reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

	2007-08 £000	2006-07 £000
At 1 April 2007	87	73
Arising on revaluation during the year (net)	31	20
Transferred to general fund in respect of		
realised element of revaluation reserve	(11)	(6)
At 31 March 2008	107	87

21(b) Donated asset reserve

The Department does not have any donated assets.

22. Notes to the consolidated cash flow statement

22(a) Reconciliation of operating cost to operating cash flows

	Note	2007-08 £000	2006-07 £000
Net operating cost	12	(1,817,245)	(1,707,892)
Adjustments for non-cash transactions	9	2,722	2,431
Decrease in debtors	16	993	9,801
less movements in debtors relating to items not passing through the operating cost statement	16	337	-
Decrease in creditors	18	(1,026)	(23,118)
less movements in creditors relating to items not passing through the operating cost statement	18	2,514	27,376
Use of provisions	19	(87)	(88)
Net cash outflow from operating activities		(1,811,792)	(1,691,490)

22(b) Analysis of capital expenditure and financial investment

		2007-08	2006-07
	Note	£000	£000
Tangible fixed asset additions	13	(78)	(136)
Intangible fixed asset additions	14	(371)	(113)
Net cash outflow from investing activities		(449)	(249)

22(c) Analysis of capital expenditure and financial investment by Request for Resources

	Capital expenditure £000	Loans etc £000	Accruing Resources £000	Net total £000
Request for Resources A	449	-	-	449
Total 2007-08	449	-	-	449
Total 2006-07	249	-	-	249

22(d) Analysis of financing

	Note	2007-08 £000	2006-07 £000
From the Consolidated Fund (supply) – current year	20	1,820,327	1,700,670
Net financing		1,820,327	1,700,670

22(e) Reconciliation of net cash requirement to decrease in cash

	Note	2007-08 £000	2006-07 £000
Net cash requirement	4	(1,824,726)	(1,709,199)
From the Consolidated Fund (supply) - current year	22(d)	1,820,327	1,700,670
Amounts due to the Consolidated Fund - received in a prior year and paid over		(9)	(142)
Amounts due to the Consolidated Fund - received and			
not paid over	18	122	9
Decrease in cash in the period		(4,286)	(8,662)

23. Notes to the consolidated statement of operating costs by departmental aim and objectives

Net operating costs have been allocated as follows:

	Objective 1 £000	Objective 2 £000	2007-08 Total £000	Objective 1 £000	Objective 2 £000	2006-07 Total £000
Programme grants and other current expenditure	1,767,433	35,562	1,802,995	1,682,131	34,167	1,716,298
Staff costs	22,897	718	23,615	21,739	807	22,546
Other administration costs	5,942	243	6,185	5,027	182	5,209
Income	(14,456)	(1,094)	(15,550)	(34,498)	(1,663)	(36,161)
Net operating income	1,781,816	35,429	1,817,245	1,674,399	33,493	1,707,892

The Department of Education's capital is deemed to be employed exclusively for the achievement of Objective 1, on the basis of materiality.

Administration costs are apportioned between the two objectives based on the respective percentages of Departmental personnel employed working on each objective.

Notional costs are apportioned between the two objectives based on the respective percentages of Departmental personnel employed working on each objective.

The cost of capital charge is apportioned between the two objectives based on the respective percentages of Departmental personnel employed working on each objective.

24. Capital commitments

	2007-08 £000	2006-07 £000
Contracted capital commitments at 31 March 2008 for which no provision has been made	324	
provision has been made	324	-

25. Commitments under leases

25.1 Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

2007-08 £000	2006-07 £000
43	-
32	57
75	57
4	-
13	22
17	22
	£000 43 32 75

25.2 Finance leases

The Department has a finance lease which has not been capitalised, as such capitalisation would not have a material effect on these accounts. Such treatment is permissible under SSAP21. Rental obligations for the lease have been included in the table above.

26. Other financial commitments

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

The payments to which the Department is committed during 2008–09, analysed by the period during which the commitment expires are as follows.

	2007-08	2006-07
	£000	£000
Expiry within one year	1,118	434
Expiry within two to five years	61	142
	1,179	576

27. Financial Instruments

FRS13, *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Department of Education is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Department has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Department in undertaking its activities.

As permitted by FRS13, debtors and creditors which mature or become payable within twelve months from the balance sheet date have been omitted from the currency profile.

27.1 Liquidity risk

The Department's net revenue resource requirements are financed by resources voted annually by Parliament/the Northern Ireland Assembly, as is its capital expenditure. The Department of Education is not therefore exposed to significant liquidity risks.

27.2 Interest rate risk

One hundred per cent of the Department's financial assets and liabilities carry nil or fixed rates of interest and the Department of Education is not therefore exposed to interest rate risk.

27.3 Interest rate profile

The following two tables show the interest rate and currency profiles of the Department's financial liabilities and assets.

Financial liabilities

					Fixed ra	te financial liabilities	Non- interest bearing financial liabilities
Currency	Total £000	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non- interest bearing financial liabilities £000	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Weighted average period until maturity Years
At 31 March 2008							
Sterling	242	-	-	242	-	-	1.3
US Dollar	-	-	-	-	-	-	-
Euro	=	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross financial liabilities	242	-	-	242	-	-	1.3
At 31 March 2007							
Sterling	3	-	-	3	-	-	1.2
US Dollar	-	-	-	-	-	-	-
Euro	=	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross financial liabilities	3	-	-	3	-	-	1.2

Financial assets

					Fixed ra	Non- interest bearing financial assets	
Currency	Total £000	Floating rate financial assets £000	Fixed rate financial assets £000	Non- interest bearing financial assets (Note a) £000	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Weighted average term Years
At 31 March 2008							
Sterling	1	-	-	1	-	-	Note a
US Dollar	-	_	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross financial assets	1	-	-	1	-	-	-
At 31 March 2007							
Sterling	4,071	-	-	4,071	-	-	Note a
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross financial assets	4,071	-	-	4,071	-	-	-

Note ${\bf a}$ – The Department's non-interest bearing financial assets comprise cash in hand (£700.00). Cash in hand is available on demand.

27.4 Foreign currency risk

The Department's exposure to foreign currency risk is not significant. There is no foreign currency income and foreign currency expenditure at less than 1 per cent of total expenditure is not significant.

27.5 Fair values

Set out below is a comparison by category of book values and fair values of the Department's financial assets and liabilities as at 31 March 2008.

	Book Value £000	Fair Value £000	Basis of Fair Valuation
Primary financial instruments			
Financial assets			
Cash in hand	1	1	Note a
Financial liabilities			
Bank overdraft	216	216	Note a
Provisions	26	26	Note b

Note \mathbf{a} — Will be cleared as cash is drawn from the Consolidated Fund on an ongoing basis, and fair value is not different to book value.

Note b – Likely to be paid within 1-2 years so fair value is not significantly different from book value.

28. Contingent liabilities disclosed under FRS 12 and contingent assets

28.1 Contingent liabilities

The following contingent liabilities at 31 March 2008 have not been accrued.

Nature	Number of cases	Value £000
Case relating to discrimination	1	40
Case relating to unlawful deduction from wages	1	20
Judicial review	2	Unable to quantify
Comhairle na Gaelscolaíochta (CnaG) – Membership of NILGOSC Pension Scheme	1	60
Legal challenge to procurement framework	1	8,000

The Department is challenging these actions.

28.2 Contingent assets

The following contingent assets at 31 March have not been accrued.

Nature	Number of cases	Value £000
Probable recoupment of monies from insurance companies in respect of staff injured in road traffic accidents	4	3
Recovery of debt	1	1
Probable recoupment of monies from school trustees following closure	4	1,175

29. Contingent liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability purposes

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

30. Losses and special payments

30(a) Losses statement

For 2007-08 expenditure on losses was below the reporting threshold of £250,000. For 2006-07 expenditure on losses was £287,068.01 for 76 cases, with no individual case over the reporting threshold of £250,000.

30(b) Special Payments

For 2007-08 and 2006-07 expenditure on special payments was below the reporting threshold of £250,000.

30(c) Losses incurred by managing agents

The Department of Education uses managing agents to distribute funds of public monies to final recipients. Had these funds been distributed directly by the Department no additional losses would have been recognised.

30(d) Other notes

Details of any losses and special payments made by the Education and Library Boards, the Northern Ireland Council for the Curriculum, Examinations and Assessment, the Youth Council for Northern Ireland, the Council for Catholic Maintained Schools and the Staff Commission for Education and Library Boards will be reported in the accounts of those bodies.

31. Related-party transactions

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

Executive NDPBs

Belfast Education and Library Board
Council for Catholic Maintained Schools
Northern Ireland Council for the Curriculum, Examinations and Assessment
North Eastern Education and Library Board
Southern Education and Library Board
South Eastern Education and Library Board
Staff Commission for Education and Library Boards
Western Education and Library Board
Youth Council for Northern Ireland

Tribunals

Special Educational Needs and Disability Tribunal

Public and private sector bodies

Grant Maintained Integrated Schools*
Voluntary Grammar Schools*
Northern Ireland Council for Integrated Education
Comhairle na Gaelscolaíochta
Middletown Centre for Autism
Health and Social Services Boards

* Note: Other schools, maintained and controlled, are funded via the Education and Library Boards.

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

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

32. Third-party assets

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

	31 March 2007 £000	Gross inflows (Note a) £000	Gross outflows (Note a) £000	31 March 2008 £000
Monetary assets such as bank balances	2	24	(24)	2
Listed securities	609			558

Note a – The inflow and outflow figures do not equal the change in the value of listed securities over the year, because movements caused by revaluation to 31 March prices are not reflected in the inflows and outflows figures.

The Department also holds legal title to a number of Turbary rights (the right to extract peat) and associated land which is held in Trust.

In accordance with FRS5, *Reporting the substance of transactions*, these assets are not included within the Departmental accounts on the grounds that the legal basis of the trusts involved ensures that the Department cannot obtain economic benefit from these assets.

33. Entities within the departmental boundary

The entities within the boundary during 2007–08 were as follows:

Supply-financed agencies: None

Non-executive NDPBs: Special Educational Needs and Disability Tribunal

Other entities: None

34. Post balance sheet events

Since the balance sheet date, the former Minister for Finance and Personnel announced measures to address equal pay issues in the Northern Ireland Civil Service. This is likely to involve the payment of back pay in excess of £100m to some 9,000 civil servants across Northern Ireland Civil Service Departments and their agencies. Details of the final settlement will be progressed over the coming months and an exact figure will not be available until this process has concluded.

35. Premature retirement compensation

The Teachers' Premature Retirement Scheme for Northern Ireland recovers compensation costs via increased employer contributions. Compensation costs are borne by the scheme and are therefore not included as a cost within the Departmental resource accounts.

The Department is responsible as compensating authority for Voluntary Grammar Schools, Grant Maintained Schools and a number of smaller bodies.

The number of compensating cases, for which the Department is compensating authority, for the current year and in total broken down by employer group are:

Total number of teachers retiring on grounds of premature retirement in the year to 31 March 2008

	Efficient discharge	Redundancy
Voluntary Grammar Schools	6	111
Other Grant Maintained Schools	-	8
Other Bodies		1
Total	6	120

Total number of teachers retired on grounds of premature retirement as at 31 March 2008

	Efficient discharge	Redundancy
Voluntary Grammar Schools	166	604
Other Grant Maintained Schools	6	15
Other Bodies	28	77
Total	200	696

The Combined Financial Statements of the Teachers' Pension Scheme for Northern Ireland and the Teachers' Premature Retirement Scheme for Northern Ireland provide complete information on premature retirement compensation. The statements are available on request from the Department.

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36. Transfer of function from the Department of Health, Social Services and Public Safety

On 1 November 2006, responsibility for the Early Years function transferred from the Department of Health, Social Services and Public Safety. The staff relating to the delivery of the function were also transferred to the Department on that date. The transfer was accounted for using merger accounting principles in accordance with the *FReM*. Accordingly, the results relating to the transferred services have been brought into account from the start of the 2006-07 year.

The share of the net operating cost for the 2006-07 year attributable to the transferred function was £16.5m.

Analysis of the operating cost statement between the function transferred from the Department of Health, Social Services and Public Safety and other functions

			2007-08			2006-07
	Function transferred from DHSSPS £000	Other £000	Total £000	Function transferred from DHSSPS £000	Other £000	Total £000
Administration costs:						
Staff costs	-	-	-	144	22,013	22,157
Other administration						
costs	-	-	-	-	5,209	5,209
Operating income	-	-	-	-	(5)	(5)
Programme costs:						
Request for Resources A	L					
Staff costs	-	-	-	-	389	389
Programme costs	-	-	-	16,364	1,665,767	1,682,131
Less: Income from EU						
(DE principal)	-	-	-	-	(20,021)	(20,021)
Less: Income				-	(14,472)	(14,472)
Request for Resources B	}					
Programme costs	-	-	_	=	34,167	34,167
Less: Income from EU					,	,
(DE principal)	-	-	-	-	(1,420)	(1,420)
Less: Income	-	-	-	-	(243)	(243)
Net operating cost			-	16,508	1,691,384	1,707,892

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