



Department of
Education

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Department of Education

RESOURCE ACCOUNTS
for the year ended 31 March 2015

**Department of Education Annual Report and Accounts
For the year ended 31 March 2015**

*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*

3 July 2015



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DEPARTMENT OF EDUCATION

Annual Report and Accounts for the year ended 31 March 2015

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DEPARTMENT OF EDUCATION

ANNUAL REPORT

MANAGEMENT COMMENTARY - DIRECTORS' REPORT

1. Ministerial responsibility

The Minister with responsibility for the Department of Education (DE) is Mr John O'Dowd MLA.

2. Senior officers

The Department is headed by the Minister for Education, supported by the Permanent Secretary, three Deputy Secretaries (one of whom is not a member of the Departmental Board), a Chief Inspector, executive directors and two independent non-executive directors. The composition of the senior management team during the year was as follows:

Mr Paul Sweeney	Permanent Secretary
Mrs Katrina Godfrey	Deputy Secretary
Mrs Fiona Hepper	Deputy Secretary
Mrs Noelle Buick	Chief Inspector, Education and Training Inspectorate
Mr Gavin Boyd*	Interim Chief Executive, Education Authority
Mr Trevor Connolly	Director
Mr Barry Jordan	Director

Non-executive directors

Mr John Smyth
Mrs Fiona Keenan

*Mr Boyd is not a member of the Departmental Board but is an additional Accounting Officer of the Department.

3. Payment of suppliers

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

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

The Department's performance both in terms of paying invoices within 10 days and 30 days, can be viewed on the Account NI website:

http://www.accountni.dfpni.gov.uk/nics_prompt_payment_table_2014-2015_march15.pdf

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

4. Off Payroll Payments

There were no 'off-payroll' engagements at a cost of over £58,200 per annum in place during 2014-15.

5. Pension liabilities

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

6. Financial Instruments

Financial instruments are not material for the assessment of the Department's assets, liabilities, financial position and profit and loss (see note 11 of the resource accounts).

7. Events occurring since the end of the financial year

Following Royal Assent on 11 December 2014, the Education Authority (EA) was established under the Education Act (Northern Ireland) 2014. With effect from 1 April 2015, the EA subsumed 6 of the Department's 13 NDPBs (the 5 Education and Library Boards (ELBs) and the Staff Commission for Education and Library Boards (SCELB)).

Since 31 March 2015, applications for the Voluntary Exit Scheme have been processed and communications have issued to staff. Exits through the Scheme will be dependent on confirmation of funding. As one of the measures to live within budget, and to achieve paybill savings, the Department estimates that around 70 staff will need to be lost through the Scheme. That number may increase depending on the timing of staff exits. This is a non-adjusting event and consequently, the 2014-15 accounts have not been adjusted.

8. Company directorships

There are no company directorships or significant interests held by any of the senior management team members which conflict with their management responsibilities, in particular Mrs Fiona Keenan is a director of Keenan HR Consulting Limited and

has confirmed that this role has not conflicted with her position as an independent non-executive director of the Department of Education.

During the 2014-15 financial year, Mr Boyd was also Interim Chief Executive of the Southern Education and Library Board on a non-remunerable basis.

9. 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 reports his findings to the Northern Ireland Assembly. He and his staff are wholly independent of the Department.

The audit of the financial statements for 2014-15 resulted in a notional audit fee of £85k which is included in the administration costs in the Statement of Comprehensive Net Expenditure. During the year the Department paid £7k to the Northern Ireland Audit Office for the completion of non-audit work relating to the National Fraud Initiative.

10. 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.

11. Complaints Handling

The Department introduced a revised complaints procedure on 1 September 2014. Details are on the Department's internet site at <http://www.deni.gov.uk/contact-us/complaints-procedure-1408.htm>.

Since its introduction two complaints have been received under the procedure and these were resolved within the agreed timescales. An end year report on complaints received will be considered by the Departmental Board by 30 June 2015.

12. Personal Data Related Incidents

The Department is required to report personal data related incidents that have occurred during the financial year. A “personal data related incident” is defined as a loss, unauthorised disclosure or insecure disposal of protected personal data. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at risk of harm or distress.

Table: Summary of protected personal data related incidents formally reported to the Information Commissioner’s Office (ICO) in 2014-15.

Month of Incident	Nature of Incident	Nature of Data Involved	Number of People potentially Affected	Notification Steps
March 2015	An envelope posted by DE using Royal Mail Recorded Delivery failed to get delivered by Royal Mail and so far has not been traced.	Personal information.	1	The intended recipient was advised once the matter was notified to the ICO on 25 March 2015 and investigations are ongoing.

13. Sickness Absence

Information available from the Northern Ireland Statistics and Research Agency estimates that for the period April 2014 to March 2015 the Department will record an average of 10.2 days lost per full time equivalent member of staff (2.9 days for short-term absences and 7.3 days for long-term absences) against a target of 7.8 days (2013-14: 9.4 days against a target of 8.3). It is important to note, however, that these figures are provisional and are subject to change between now and the publication of the Financial Year Northern Ireland Civil Service (NICS) absence report for the year 2014-15, expected to be autumn 2015. Historically, though, changes between provisional and final figures have been minimal.

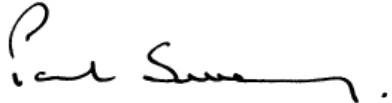
14. Future developments

The Stormont House Agreement contains a commitment to reduce the number of Northern Ireland Civil Service Departments from 12 to 9 following the Assembly election in May 2016, which will involve functions transferring from some departments to others. The number, names and high level functions of the new departments are currently being considered by Ministers. It is anticipated that staff working in the affected areas will transfer with the function. The proposed 9-departmental model outlines a machinery of government change where the

Department of Education will take on additional functions.

15. 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.



Signed: _____
Accounting Officer

Date: 25 June 2015

MANAGEMENT COMMENTARY – STRATEGIC REPORT

16. 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 Exceptional Circumstances Body. All other associated education and health bodies are outside the accounting boundary defined within the *Government Financial Reporting Manual (FRM)*.

17. 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 Exceptional Circumstances Body, all other 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*
Comhairle na Gaelscolaíochta
Council for Catholic Maintained Schools
General Teaching Council for Northern Ireland
Middletown Centre for Autism
Northern Ireland Council for Integrated Education
Northern Ireland Council for the Curriculum, Examinations and Assessment
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

Exceptional Circumstances Body

Other Public Sector bodies

Grant Maintained Integrated Schools (GMIS)**
Voluntary Grammar Schools (VGS)**

* Note: Following Royal Assent on 11 December 2014, a new public sector body, the Education Authority, was established under the Education Act (Northern Ireland) 2014. With effect from 1 April 2015, the Education Authority subsumed 6 of the Department's 13 NDPBs (the 5 ELBs and the Staff Commission for Education and Library Boards). There were no transactions between the Department and the Education Authority during the year ended 31 March 2015.

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

18. Departmental reporting cycle

The Department's original Estimates for the year were included in the "*Northern Ireland Main Estimates 2014-2015*" publication. These Estimates were subject to in-year revision and revised Estimates were included in the "*Northern Ireland Spring Supplementary Estimates 2014-2015*" publication. Both these publications are available from The Stationery Office in published form or the website for the Department of Finance and Personnel (www.dfpni.gov.uk) in electronic form.

The Department's Estimates include provision of funding for the following:

- Departmental administration;
- the Education and Library Boards;
- Voluntary and Grant Maintained Integrated Schools;
- Centrally Financed Services;
- Early Years Services;
- Receipts from the Department for Employment and Learning relating to Further Education and Student Support;
- Provisions and Impairments;
- the Northern Ireland Council for the Curriculum, Examinations and Assessment;
- the Council for Catholic Maintained Schools;
- the Staff Commission for Education and Library Boards;
- the General Teaching Council for Northern Ireland;
- Comhairle na Gaelscolaíochta;
- Northern Ireland Council for Integrated Education;
- Middletown Centre for Autism;
- Youth Council for Northern Ireland;
- Youth Services; and
- Notional Charges.

19. Purpose, objectives and strategy of the Department

The *Corporate Plan for Education 2012-15* was first published in 2012 and then subsequently reviewed by the Department in 2013. The corporate plan reflects and incorporates the education commitments contained in the Executive's Programme for Government (PfG) 2011-15 and provides a basis from which the corporate plans for the education sector should be based.

The Corporate Plan for Education sets out two overarching goals. These are:

- **Raising standards for all** – through high quality teaching and learning, ensuring that all young people enjoy and do well in their education and that their progress is assessed and their attainment recognised, including through qualifications; and
- **Closing the performance gap, increasing access and equality** – addressing the underachievement that exists in our education system; ensuring that young people who face barriers or are at risk of social exclusion are supported to achieve to their full potential; and ensuring that our education service is planned effectively on an area basis to provide pupils with full access to the curriculum and Entitlement Framework.

The three enabling goals reflect the three priority areas through which we will work to achieve the overarching goals. They are:

- **Developing the education workforce** – recognising the particular professional role of teachers and school leaders in delivering an effective curriculum and raising standards and also the important role of other education professionals and those who support them;
- **Improving the learning environment** – making sure that strategic investment supports the delivery of the area plans; that the premises in which young people learn are safe, fit for purpose and conducive to learning; and that the environment provides opportunities for sharing and for building a more cohesive society; and
- **Transforming the governance and management of education** – ensuring that the arrangements for governing and managing education here are modern, accountable and child-centred and that education services are delivered efficiently and effectively in support of schools.

20. Programme for Government 2011-15

The PfG sets out the strategic priorities and key plans of the Northern Ireland Executive. The work of the education service is fundamental to the delivery of the PfG and fundamental to the mission of the Department of Education.

The PfG 2011-15 recognises the particular contribution of education to:

- growing a sustainable economy and investing in the future;
- creating opportunities, tackling disadvantage and improving health and wellbeing;
- building a strong and shared community; and
- delivering high quality and efficient public services.

The PfG contains 82 specific commitments, 8 (see footnotes ¹&²) of which fall to the Department of Education to deliver.

These commitments, associated milestones and progress report for 2014-15 are summarised below:

Commitment	Milestones 2014/15 (unless otherwise stated)	Progress Report at end March 2015
<p>21. Increase the overall proportion of young people who achieve at least 5 GCSEs at A* - C or equivalent including GCSEs in Maths and English by the time they leave school</p> <p>Including: Increase the proportion of young people from disadvantaged backgrounds who achieve at least 5 GCSEs at A* - C or equivalent including GCSEs in Maths and English</p>	<p>2012/13 Increase to 61% 2013/14 Increase to 63% 2014/15 Increase to 66%</p> <p>2012/13 Increase to 42% 2013/14 Increase to 45% 2014/15 Increase to 49%</p>	<p>The latest data (published in May 2015) show that the proportion of school leavers with at least 5 GCSEs A*-C (inc. equivalents) including GCSE English and GCSE maths has increased from 59.5% in 2010/11 to 63.5% in 2013/14. The proportion of school leavers entitled to free school meal achieving this measure has increased from 31.7% in 2010/11 to 34.9% in 2013/14.</p> <p>The Department undertakes a range of measures to support school improvement. The Minister for Education announced in 2013/14 additional funding to be targeted at raising educational standards. This funding is providing for a CPD project for KS2 and KS3 literacy and numeracy teachers focused on the delivery of high quality teaching and learning and to address issues faced by pupils at transition to post primary. The project has been delivered to the first cohort of schools, with 316 KS3 teachers receiving training and 252 primary and post-primary principals attending the cross-phase conferences. The community education initiatives programme has now completed its 2nd year to support improved educational outcomes in areas of deprivation, including specifically areas of educational deprivation. The Delivering Social Change Signature</p>

¹ Commitment 71 “Establish a Ministerial advisory group to explore and bring forward recommendations to the Minister of Education to advance shared education“, has been achieved and is no longer reported on.

² The NI Executive agreed to withdraw commitment 76 “We will make the Education and Skills Authority operational in 2013” from the 2011-15 PfG.

Commitment	Milestones 2014/15 (unless otherwise stated)	Progress Report at end March 2015
		<p>programme for literacy and numeracy continues to deliver additional support in English and maths to thousands of pupils in primary and post-primary schools. As at 31 March 2015, all of the 270.6 FTE teachers are in post. In 2013/14 academic year approximately 10,000 pupils in primary and post primary schools received additional support. The second cohort of pupils are now receiving support this academic year. Evaluation Reports from ETI and the WELB are currently being finalised.</p> <p>The ETI has also introduced projects to support schools through the identification and dissemination of good practice in the teaching of GCSE English and mathematics and the Promoting Improvement in English and Maths project working with 19 post primary schools.</p>
<p>42. Improve literacy and numeracy levels among all school leavers, with additional support targeted at underachieving pupils</p>	<p>Implement and monitor programme</p>	<p>The Minister has in place a coherent set of policies designed to improve educational outcomes for young people and to address the root causes when pupils are not achieving to their full potential. The Department's literacy and numeracy strategy –Count, read: succeed - supports teachers and school leaders in their work to raise overall levels of attainment in literacy and numeracy. The strategy is supported by a range of additional measures and funded programmes to improve literacy and numeracy.</p> <p>The most recently published data shows that the proportion of school leavers achieving GCSE A*-C in English has increased from 69.1% in 2010/11 to 72.6% in 2013/14. The proportion achieving GCSE A*- C in maths has increased from 65.4% to 70.2% during this period. The proportion of school leavers entitled to free school meals achieving</p>

Commitment	Milestones 2014/15 (unless otherwise stated)	Progress Report at end March 2015
		GCSE A*-C in English has increased from 44.3% in 2009/10 to 47.3% in 2013/14. The proportion of school leavers entitled to free school meals achieving GCSE A*- C in maths has increased from 37.1% in 2009/10 to 43.3% in 2013/14.
43. Ensure that at least one year of pre-school education is available to every family that wants it	Review progress and take further actions as necessary	Progress on the commitment in 2014/15 shows that 99.9% of children obtained a funded pre-school place (whose parents engaged with the process to the end).
70. Significantly progress work on the plan for the Lisanelly Shared Education campus as a key regeneration project	Complete procurement process and initiate first phase of construction	<p>Construction of the new Arvalee School & Resource Centre began in March 2015.</p> <p>Demolition of the remainder of the site began in February 2015.</p> <p>The procurement of the next Integrated Consultancy Team is underway.</p>
72. Ensure all children have the opportunity to participate in shared education programmes by 2015	Achieve overall commitment objective	<p>Objectives for children participating in shared education programmes have been defined. Arrangements are in place for on-going measurement and monitoring of these objectives including use of the School Omnibus, Young Life & Times and Kids Life & Times surveys.</p> <p>The Education Minister has indicated his intentions to bring forward a Shared Education Bill and policy. A Public Consultation on both the Bill and policy ended on 6 March 2015 with 68 responses. Responses are currently being analysed.</p> <p>The first call for applications to the £25m DSC Shared Education Signature Project was issued on 27 November 2014. The target is schools already involved in shared education with the aim of further embedding work in these schools. Applications for 31 partnerships</p>

Commitment	Milestones 2014/15 (unless otherwise stated)	Progress Report at end March 2015
		<p>comprising 66 schools were approved, with a further 11 partnerships invited to resubmit applications.</p> <p>A second call for applications for partnerships commencing from September 2015 issued on 20 March 2015 with a closing date of mid-May.</p> <p>A framework has been developed for school partnerships to self assess in relation to advancing shared education and assist with action planning.</p>
73. Substantially increase the number of schools sharing facilities by 2015	Achieve overall commitment objective	<p>Progress remains on target to meet the milestone targets.</p> <p>High level objectives for children sharing school facilities have been defined.</p> <p>Baseline statistics have been established from the 2013 school omnibus survey and published in January 2014.</p> <p>Three projects have been approved for Business Case development. The criteria for application approval has been reviewed in advance of the second call for applications launched on 1 October 2014. The second call closed on 30 January 2015. 6 applications involving more than 20 schools were received. These are currently being assessed. The Minister expects to announce successful projects to proceed to planning from this call in June 2015</p>

2014-15 Departmental Business Plan

The annual *DE Business Plan 2014-15* sets out the commitments and actions that the Department will undertake to deliver on the five corporate goals set out in the Corporate Plan. The Business Plan also sets out how the Department will deliver on the Programme for Government (PfG) commitments for education.

Targets for improving educational outcomes

The corporate plan sets out detailed targets long term targets to 2019-20 for improving pupils' educational outcomes at various stages in their compulsory education. The table provided below sets out the latest position where available on progress towards achieving the published long term targets.

	Milestones 2014-15	Long Term Target 2019-20
Key Stage 2 Communication in English (% of pupils at expected level)	86%	90%+
Key Stage 2 Communication Irish (% of pupils at expected level – pupils educated through the medium of Irish)	86%	90%+
Key Stage 2 Maths (% of pupils at expected level)	86%	90%+
Key Stage 3 Communication, in English (% of pupils at expected level)	83%	85%+
Key Stage 3 Communication, in Irish (% of pupils at expected level – pupils educated through the medium of Irish)	85%+	85%+
Key Stage 3 Maths (% of pupils at expected level)	82%	85%+

	Actual Performance 2013-14	Milestones 2014-15	Long Term Target 2019-20
School leavers with at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths	63.5%	66%	70%+
School leavers with at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths - Girls	68.6%	70%+	70%+
School leavers with at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths - Boys	58.6%	62%	70%+
School leavers with at least 5 GCSEs A*-C (or equivalent)			

	Actual Performance 2013-14	Milestones 2014-15	Long Term Target 2019-20
inc GCSEs in English and Maths – Free School Meal Entitlement (FSME) pupils only	34.9%	49%	65%+

Source: Count, Read: Succeed – A Strategy to improve outcomes in Literacy and Numeracy (March 2011) with actual performance updated to reflect latest available data

Note: targets are set and measured based on academic years; the 2013-14 figures therefore provide information on performance achieved by June 2014 and are relevant to the 2014-15 financial year.

21. Current and future development and performances

The Executive’s Programme for Government rightly recognises the importance of education to growing a sustainable economy and its importance in tackling disadvantage; and in building a strong and shared community. The directorates within the Department all have a role to play in delivering the Department’s goals and the Programme for Government commitments.

Education Authority Implementation Team

During the early part of the year the Education and Skills Authority Implementation Team (ESAIT) maintained a state of readiness to implement the Education and Skills Authority (ESA) and at the same time progressed work to plan for the impact of the new local government boundaries on 1 April 2015.

In September 2014, the Northern Ireland Executive agreed to withdraw the Programme for Government commitment to establish the Education and Skills Authority and agreed legislation to create a single Education Authority to replace the five Education and Library Boards and their Staff Commission.

At that time the Implementation Team’s name was changed to the Education Authority Implementation Team (EAIT) to reflect the changed requirement to create the Education Authority.

In the period following receipt of Royal Assent to the Education Bill 2014 on 11 December 2014, the necessary arrangements were progressed to ensure that the new Education Authority (EA) replacing the five ELBs and the SCLEB, became operational on 1 April 2015. This included completion of the documentation required to provide the statutory basis of operation for the new organisation, along with all the practical issues associated with the smooth transition to one body employing some 37,000 staff and responsibility for managing a resource budget of approximately £1.5bn and a capital budget of £50m in the 2015-16 financial year.

The Chair of the new Authority, Ms Sharon O’Connor was appointed by the Minister of Education with effect from 1 April 2015 and on 19 March 2015 DE announced

the appointment of 20 members nominated by a range of interests, to its Board. Membership comprises of 12 non-political members representing the trustees of maintained schools, transferors of controlled schools, Irish-medium schools, integrated schools, voluntary grammar schools and controlled grammar schools, and eight political members who are nominated by the relevant political parties.

A series of workshops were planned for the new members to familiarise them with the issues they will be dealing with and their associated roles and responsibilities in preparation for the first meeting of the Board of the new Authority and further work will continue to assist the 'bedding-in' of the new body as it establishes the committees and working groups structure appropriate to helping it deliver the aims, objectives, actions and targets for educational services set by the DE Minister.

Development & performance during 2014-15

The EA Delivery Board contained the senior management with responsibility for the delivery of the EA programme.

The Programme Management Board (PMB) for EA provided strategic oversight and governance for the reform programme, whilst the EA Transition Board ensured cohesion between the work currently being performed by the existing organisations and the work being done to create the new organisation.

During the latter part of 2014-15, the Education Authority Implementation Team (EAIT) developed a programme of work to ensure critical strategic and operational issues were addressed for Day 1 of EA. Of the circa 90 individual projects which were identified for ESA, a reduced number of critical day 1 projects were prioritised by the PMB and progressed within the restricted timeframe. This programme of work was overseen by the Programme Management Board. This Programme included the following:

Human Resources

In September 2014, following agreement by the Executive that the Minister could bring forward legislation to establish a single Education Authority, the Human Resources Team identified and progressed a number of key projects critical to delivery from Day 1 of the EA or shortly after.

A Staff Transfer Scheme was developed and agreed with ELBs, SCELB and trade unions on 27 March 2015 and all due diligence staff data was provided from the transferees to the EA and trade unions in advance of 1 April 2015.

A Transitional Scheme of Management for Controlled Schools and Transitional Teaching Appointments Scheme for Controlled Schools were subject to consultation with the ELBs, trade unions and other stakeholders and were well advanced by 1 April 2015.

The EA admission as an employer to the NI Local Government Pension Scheme, administered by NILGOSC was accepted and the required guarantee of liabilities provided by DE.

Arrangements for negotiating in advance of Day 1 were agreed with Northern Ireland Teachers' Council (NITC) and non-teaching unions and amendments made to the Teachers' Negotiating Committee (TNC) and Joint Negotiating Committee (JNC) constitutions and rules of procedure to enable negotiating arrangements to continue to operate for the EA. Non-teaching unions agreed to review with Management Side the effectiveness of the JNC to be completed within the first year of the EA.

A project plan was developed and implementation commenced for the appointment of EA Directors and other priority Chief Executive Office (CEO) support posts and an interim Senior Management Structure put in place to maintain operational management on a sub-regional basis from 1 April 2015. Transitional Recruitment and Selection Guidance was developed in consultation with trade unions to reflect the role of the EA Board in non-teaching staff appointments.

During the year the Human Resources (HR) Team supported by ELBs and SCELB identified and agreed 20 highest priority documents required for Day 1 operations. Work on a further 59 HR documents and processes was also progressed during the year.

In light of significant budget challenges, as part of a centrally managed approach, the HR team assessed applications to fill vacancies and award additional responsibility points for non-school based staff submitted by ELBs.

Operations & Estates

The following areas of service delivery formed part of the Operations & Estates programme of work: Estate Management; Estate Planning; Environmental Hazards; Energy; Health & Safety; Transfer & Open Enrolment; Register; Building Cleaning; School Catering service; Grounds Maintenance; and Home to School Transport.

Following the passage of legislation to establish EA, a number of critical day 1 projects were prioritised and progressed within the restricted timeframe to ensure that the EA could fulfil its statutory obligations in areas such as the development of a scheme for the suspension and expulsion of pupils from controlled schools, the creation of a pool of independent appeal tribunal members and the development of a health and safety policy statement for EA – all of which will be brought to the EA Board for adoption and approval. Regular progress has been reported on all projects to the Programme Management Board for the Change Programme.

Communications

The EA website has been developed. It is now live and is updated regularly. The website is the main source of information for stakeholders.

The Staff Intranet has been developed and is now accessible by headquarters staff in the EA. It is the main source of information for staff.

A corporate identity for the EA has been developed along with guidance for use of the new logo. Priority re-branding has taken place to include corporate stationery and other essential items.

A transitional communications strategy was developed and continues to be implemented to keep staff informed during the transition to the EA.

An interim process has been put in place to co-ordinate Freedom of Information, Data Protection, Assembly Questions (AQs) and media responses supported by an IT system.

Finance and Information, Communications and Technology

The EA Management Statement and Financial Memorandum were agreed and EA accounting policies were updated. Work also progressed on the dissolution of existing organisations and EA taxation issues.

The Information, Communications and Technology (ICT) Programme Board (pre-ESA) continued in its role to oversee the Minister's approved investment of £30-50m in ICT for the education sector from 2013 to 2017-18. The Board provides leadership and ensures governance and accountability for the delivery of all ICT projects within the education sector.

Regionalisation of EA Services

The significant tasks for next year are to take forward the significant programme of change in support of the EA, including those projects that were not a critical priority for Day 1 of the EA. This will ensure equality of access and administrative alignment in the provision of services across the entire region. This will be achieved through the identification and scoping of the impact of change for all service areas, arising from the establishment of the EA.

Education Authority Delivery Directorate

The role of the Education Authority Delivery Directorate (EADD) is to manage the Department's contribution to the programme to establish the EA and to facilitate and fund a Controlled Schools Support Council.

In 2014-15, the Directorate brought forward legislation to ensure that from 1 April education administration is compatible with local government reform. The Education Act (NI) 2014 received Royal Assent on 11 December 2014.

The dissolution of the ELBs and SCELB came into effect on the 1 April 2015 following the Education (2014 Act) (Commencement No.1) Order (Northern Ireland) 2015, and on this date the ELBs and the SCELB transferred to the Education Authority.

The programme to establish the Education Authority was successfully managed by the Directorate and was subject to Gateway Review between 24 and 27 March. The programme was subsequently awarded a Green/Amber rating.

The EADD has also provided funding and support to a working group formed to establish a Controlled Schools Support Council.

Moving forward the Directorate will, in line with Gateway recommendations, review and revise Programme Management Arrangements post Day 1 of the Education Authority and ensure that anticipated benefits are monitored and realised.

The Directorate will also, on foot of the necessary appraisals and approvals, provide funding to a Controlled Schools Support Council.

Curriculum, Qualifications and Standards Directorate

Curriculum, Qualifications and Standards Directorate (CQSD) provides policy development and advice on matters of educational performance within and outwith schools. It is responsible for driving cross-departmental delivery of improved educational outcomes and greater equity of performance within the system. It does this primarily through securing the delivery of the curriculum, through maintaining the framework of school evaluation and pupil assessment, and through the delivery of targeted interventions aimed at improving educational outcomes.

Development and Performance during 2014-15

The Directorate saw an overall improvement in key performance indicators around General Certificate of Secondary Education (GCSE) and A level results, both within the system as a whole, and amongst those entitled to Free School Meals (FSME). The overall system target at GCSE was exceeded, but the FSME target remains a challenge. At A level improvement has been more modest, but follows the same pattern.

The Directorate maintains the long-term school improvement policy (Every School a Good School) and literacy and numeracy policy (Count, Read; Succeed) and the delivery of the statutory curriculum and the accompanying Entitlement Framework.

A programme of work specifically to supplement these long-term, strategic efforts to improve performance overall has been put in place, including:

- the employment of 300 recently qualified teachers to support literacy and numeracy teaching in both primary and post-primary schools, under a project within the Office of the First Minister and Deputy First Minister (OFMDFM) Delivering Social Change Signature Programme;
- the Community Education Initiatives Programme, giving support to projects outside schools designed to increase educational achievement;
- the Greater West Belfast Community Project; and
- a pilot in the Greater West Belfast area addressing the challenges to educational outcomes posed by economic disadvantage.

Also underway this year, is the KS2-3 Continuous Professional Development (CPD) literacy and numeracy project aimed at improving literacy and numeracy teaching on a cross-phase basis. These have gone ahead alongside existing programmes

including Achieving Belfast and Achieving Derry-Bright Futures, and the third year of the Education Works publicity campaign. Work in this area has also been the subject of valuable discussion between departmental officials and the Department of Education and Skills (DES) colleagues in Dublin.

The Directorate continued to implement the 'Education Works' advertising campaign which aims to raise awareness of the importance of educational achievement and promotes the value of a good education. The third year of the campaign began in the Autumn 2014 and broadened the target audience to include parents of children at GCSE level.

A review of the use of School Development Days by schools was instigated however this will require more detailed work in 2015-16.

The assessment arrangements at KS1-3 using Levels of Progression were delivered, albeit against a backdrop of union and wider professional opposition. Necessary evaluation and review has been carried out and further modifications to the arrangements were put in place for the 2014-15 academic year. Despite these changes and an extensive period of discussion with the teaching unions, the level of engagement with the statutory process remains low. It has, nevertheless, been possible to measure system-level performance on a sampling basis.

Following extensive review of the value and experience of using computer-based assessment (CBA), the NI Numeracy Assessment (NINA) and NI Literacy Assessment (NILA) assessment tools have been delivered to 187 schools on a voluntary basis, in order to inform the future delivery of these tools. Feedback from this and previous years informed the advice to the Minister and his subsequent decision on the way forward.

Recommendations from the review of GCSEs and A levels have been taken forward. The Council for the Curriculum, Examinations and Assessment (CCEA) has commenced work on revising its GCSE and A level specifications following Ministerial approval of the High Level Criteria that will apply to all GCSE and A level qualifications offered by awarding organisations in schools here.

An extensive portfolio of curriculum enrichment has been supported, through delivery partners, in the fields of Science, Technology, Engineering and Mathematics (STEM) and business education resulting in 60k pupil engagements in STEM and 80k pupil engagements in Business Education as well as the provision of a range of foreign languages in 450 primary schools. The Curriculum Sports Programme, delivered by the Irish Football Association (IFA) and the Gaelic Athletic Association (GAA) on behalf of the Department had another successful year in supporting the delivery of curricular Physical Education (PE) for our youngest pupils

A review of the Careers Education, Information, Advice and Guidance Strategy has been completed, and the Department and the Department for Employment and Learning (DEL) have agreed a set of actions to be implemented in response to this review. The Department has committed to rolling out a bespoke Careers CPD

programme comprising four modules. The first two modules have been delivered during 2014-15.

Following consultations with Area Learning Communities (ALCs) during the autumn, a pilot project was initiated in January 2015 to support the consistent and coherent delivery and assessment of Literacy and Numeracy across the primary and post-primary phases. The participating ALCs will work with partner primary schools to support the development of professional capacity through peer support and school-to-school learning. At the same time, a small number of ALCs have been piloting the more general extension of area-based cooperation amongst primary schools.

The report of the Organisation for Economic Co-operation and Development (OECD) review of the evaluation and assessment framework remains the basis for continuing work in this field, including development of more sophisticated school-level and system-level evaluation, and the continuing development of pupil assessment and qualifications arrangements. A panel of interested stakeholders is being established to develop more detailed proposals for a new ‘dashboard’ of metrics for school evaluation

Through participation in international studies we learn where we most need to improve and what will make our schools even better. Our primary schools participated in TIMSS (trends in International Mathematics and Science Study) and PIRLS (Progress in International Reading Literacy Study) for the first time in 2011 and the outcomes were very positive. It has been agreed that our primary schools will participate in TIMSS 2015 and PIRLS 2016 and during this year the Directorate has been working with the National Foundation for Education Research (NFER) to progress our participation in TIMSS 2015. This work will continue in 2015-16.

The Directorate continues to support and monitor the implementation and roll out of the C2k education network (EN) service. A milestone during 2014-15 was completion by September 2014 of the transformation of all schools onto the new C2k services. During 2014-15 the replacement of C2k-provided teacher laptops with 15,500 portable devices for primary, post-primary and special schools was agreed. Funding has also been secured to extend C2k services to EOTAS (Education Other Than at School) settings and Woodlands Juvenile Justice Centre. The Department has also arranged for the replacement of the School Library Management software which will allow schools to maximise the potential of school resources to support teaching and independent learning.

In line with the Minister’s priorities, a consultation was undertaken on Deferral of School Starting Age in exceptional circumstances. Policy advice is now being taken forward to update the Minister on the outcome of the consultation and to explore next steps.

Future Developments

As the Department continues to develop an evaluation and assessment framework, a panel of stakeholders will advise on the development of a new framework for quantitative school evaluation – the ‘dashboard’ – drawing on a wider range of data.

Measures to cultivate positive engagement with assessment arrangements at KS1-3 that reflect the value of the cross-curricular skills in our curriculum and the merit of teacher assessment will continue to be developed.

New processes for the accreditation of GCSE and A-level specifications, and the revision of CCEA specifications, will continue as a priority for CCEA. Work to drive up levels of attainment will continue with the revision by CCEA of GCSE English and Maths specifications, and with work to progress the development of skills-competence qualifications in literacy and numeracy.

The wider recommendations from the review of GCSEs and A levels will continue to be taken forward. A number of recommendations relating to the development of a longer-term vision for the 14-19 qualifications system will be the focus of the Expert Group established as part of the review.

The Minister has instructed CCEA to provide a voluntary CBA programme in autumn 2015. For the longer term, he has commissioned a detailed project plan for the delivery of a state owned CBA tool, informed by the reviews of NINA and NILA and by research into the use of Commercial Assessments and the Curriculum.

The Department shall continue to support the delivery of the curriculum. This will include reviewing and revising the DE / DEL STEM Strategy, taking forward a strategy on the role of education in supporting the economy; and maximising opportunities for schools to avail of European Union (EU) funding streams. Existing Curriculum Complaints Tribunal and Temporary Exceptions regulations will be reviewed and new regulations will be drafted.

The ongoing dialogue with DES about tackling educational underachievement will be taken further through a proposed programme of practitioner engagement and good-practice dissemination. Meanwhile, the work of the Achieving Belfast and Achieving Derry/Bright Futures programmes will continue, with a view to its informing the approaches of the Education Authority to tackling educational deprivation in the medium to long term.

With the continuation, of the Entitlement Framework, the work of ALCs will be supported. The extension of the work of ALCs into supporting cross-phase learning with the primary sector will be evaluated, especially as it relates to the KS2-3 Literacy and Numeracy CPD.

Access, Inclusion and Well-being Directorate

Access, Inclusion and Well-being Directorate develops and maintains policies on school admissions; transfer from primary to post-primary school; school transport; support to address a range of barriers to learning (including special educational needs, newcomer pupils, Traveller children, looked after children, school age mothers and young carers); safeguarding; behaviour; and promotion of emotional well-being. The Directorate endeavours to bring a whole child/whole school approach to building resilience, supporting pupils to mitigate difficulties and addressing issues arising from learning and health or social impacts.

Development and Performance during 2014-15

The Access Inclusion and Well-being Directorate contributed to the Department's delivery of Corporate Goal 2: *Closing the performance gap, increasing access and equality* and Corporate Goal 4: *Improving the Learning Environment*. In particular, the following Departmental commitments have been progressed or delivered:

Transport Review – *Subject to the Minister's views consider the recommendations from the Home to School transport Review*. The report of the independent review of Home to School Transport was completed and presented to the Minister on 28 August 2014. The Minister intends to launch a public consultation in autumn 2015 on many of the issues raised in the report.

Special Education Needs (SEN) and Inclusion Review - *Complete work on any necessary revisions to primary and secondary legislation following finalisation of revised Special Educational Needs and Inclusion Policy*. The Special Educational Needs and Disability Bill was introduced in the Assembly on 2 March passed Second Stage on 10 March 2015 and Committee Stage commenced on 11 March 2015. Preparation of the subordinate legislation to further support the revised SEN and Inclusion framework is ongoing.

Special Educational Needs – *Work with other Departments and relevant bodies to improve the transitions process for pupils with SEN*: The Department continued to engage with the ELBs, Department for Health, Social Services and Public Safety (DHSSPS) and DEL in relation to improving the transitions process. The recommendations of the September 2014 Education and Training Inspectorate (ETI) report on transition arrangements are currently being considered by both the Department and DHSSPS and will help inform future transition planning arrangements. Departmental officials met with the ELBs' Transition Services in November 2014 to discuss the ETI Transitions report. An Education Authority response to the report is awaited. Following consideration of this response, the Department will consider how best to take forward the report's recommendations, liaising with DHSSPS and other Departments as necessary.

Special Education Needs - *Deliver agreed expansion of services by the Middletown Centre for Autism to increase the number of children with complex autism receiving specialist direct educational support*. The Centre continued to increase the numbers of children in receipt of multi-disciplinary outreach support to children following referrals from the Inter-Board Autism Spectrum Disorder Group.

Delivering Social Change (DSC) - *In conjunction with DSD, continue to deliver the DSC Nurture Units project; begin the formal evaluation of the effectiveness of nurture (20 DSC and 10 existing Units) and commence development of a policy position based on initial research findings*. All 30 funded units have continued their operations and brought in a second cohort of children in September 2014. A tendering process for the evaluation of Nurture was completed and won by Queen's University, Belfast. Queen's have collected initial performance data from all 30 units and supplied an initial analysis to the Department to inform initial policy planning. The formal policy development will be taken forward in the 2015-16 financial year.

Anti-Bullying - Progress Anti-Bullying Legislation to include: a common definition of bullying, a requirement for each school to have a designated member of the Board of Governors with responsibility for the anti-bullying policy and responding to complaints of bullying within the school; and introduce a legal requirement for schools to record incidents of bullying, the reasons/basis of the incident and the school's action(s) in response. This work continues to progress. An eight week public consultation was launched on 5 January which attracted approximately 5,000 responses, over 4,200 of which came from pupils. Analysis of the responses has been completed and a draft Executive Paper seeking approval to legislate on this issue has been circulated to Executive Ministers. The intention remains to introduce a draft Bill to the Assembly over the coming months.

Pupil Attendance - Reduce the % of half days missed because of unauthorised absence in Primary schools by 0.5% and in Post-primary schools by 0.5%; Secure an increase in the overall attendance rate to 94.3%; Secure an increase in the overall attendance rate in schools with currently less than 90% attendance. This work continues to progress. Departmental officials have been working with the Education Welfare Service (EWS) to address absence levels. The Department also wrote to all schools with high levels of unauthorised absence with “no reason provided”. This followed analysis of the statistics on unauthorised absence. Further actions will be considered as part of the Attendance Strategy.

Pupil Attendance - Respond to the recommendations contained in the NIAO and PAC Follow up Reports on Improving Pupil Attendance published in February and June 2014 respectively. The Department's Memorandum of Reply was prepared and laid before the Assembly on 4 August 2014. A joint DE/ EA action plan has been prepared. A strategic oversight group representative of the Department and ELBs (now EA) was established. Workshops were held with schools, EWS, parents and young people to assist in the development of a Pupil Attendance Strategy. Officials are also working in conjunction with ETI to identify and disseminate good practice. Officials also have established cross-Departmental links to assist in promoting the benefits of regular attendance at school.

Looked-After Children - Continued collaborative work with DHSSPS and the Education Welfare Service to embed the use of Personal Education Plans and to ensure that there is sufficient guidance available to support schools in educating Looked After Children and ensuring the Looked After Child's needs are met; commence work on the development of a Looked After Children Policy with the aim of having the policy in place during 2015/16; through these actions increase the % of Looked After Children leaving school with at least 5 GCSEs at grades A-C or equivalent including GCSEs in English and Maths above the 2011-12 position of 19.1%.*

Consultation got underway with key stakeholders across the Education and Health Trust sectors to inform the content of the policy. A review of Personal Education Plans (PEPs) and guidance was commenced in line with the Regional Implementation Group's recommendations. It is planned to have a draft policy by the end of the 2015-16 school year. The policy will also link with the Pupil Attendance Strategy which will seek to raise attendance levels of Looked-After Children and therefore help to raise attainment levels.

Attention should also be drawn to the following significant achievements:

Guidance on school admissions and enrolment: Officials carried out a review of existing circulars and updated and re-issued a number through the course of the year, namely; ‘Open Enrolment in Nursery Schools and Nursery Classes in Primary Schools’; ‘Open Enrolment in Primary Schools’; ‘The Procedure for Transfer from Primary to Post-Primary Education’; ‘Open Enrolment in Nursery, Primary and Post-Primary Schools – Timetables’; and ‘Sixth Form – Temporary Variation Requests’. The Circular ‘Admissions and Enrolment Numbers – Temporary Variation Requests’ was also reviewed and updated to include a recommendation from the NI Ombudsman. The Circular ‘Irish Medium Primary Schools Admissions Criteria’ was written and issued to provide guidance specifically to the Irish medium sector. These circulars have clarified the processes for schools and the EA.

Post primary transfer: The Department published an advice leaflet on post-primary transfer aimed at the parents of P6 children. This is designed to enable parents to make better informed decisions about transfer options for their children. The leaflets were circulated to parents through primary schools before December 2014.

Special Educational Needs - *Monitoring implementation of 2014-15 Autism Strategy actions* – The first meeting of the Inter Departmental implementation group was held in June 2014. In March 2015 the Department submitted an annual update against actions which will be incorporated into a DHSSPS annual progress report and shared with the Assembly.

Transport - £130k was spent on completing the upgrade of the Board bus fleet to be fully compliant with new safety legislation in relation to lighting and signage improvements. £3.232m capital was spent on providing 62 replacement buses to upgrade the Board fleet.

Special Educational Needs - *Take forward recommendations from the ETI survey into challenging behaviour in special schools by March 2015.* - In October 2014, the Department held a workshop for Special School Principals to consider the recommendations outlined in the ETI report and identify what proposals could potentially be achieved in both the short term and longer term. The information gleaned from the workshop was shared with all Principals and will also be shared with the EA.

Education Otherwise Than At School (EOTAS) - *Preparation of Outstanding DE Guidance.* EOTAS guidance was completed and published in September 2014. Work has commenced to prepare supplementary guidance on Home Tuition and Hospital Schooling, two specialist forms of EOTAS provision. This will be taken forward, as other work priorities permit, during 2015-16.

It was not possible to deliver the following agreed target:

Primary Counselling – whilst the initial target (within the Directorate’s 2014-15 Business Plan) for the delivery of an options paper for the Minister on the Primary Counselling programme was March 2015, due to other pressures this was not deliverable. Work is however ongoing to scope the development of the primary

counselling programme and it is intended to present the Minister with an options paper during 2015-16.

Future Development and Performance

Progress anti-bullying legislation, with a view to introducing a bill into the Assembly over the coming months (subject to Executive agreement) and supporting the progress of the bill through the Assembly before the end of the current Assembly mandate. Resources permitting, work will also commence on the development of supporting Departmental guidance.

Support the progress of the Special Education Needs and Disability Bill (SEND) Bill through the Assembly and prepare draft Regulations and SEN Code of Practice for consultation by March 2016.

It is planned to consult on a draft Looked After Children policy by the end of 2015. The policy will also link with the Pupil Attendance Strategy which will seek to raise attendance levels of Looked-After Children and therefore help to raise attainment levels.

Take forward an initial consultation exercise on the Report into the review of school transport and, following analysis of the responses, will begin to develop proposals for any changes to the current policy.

Continue to work with other Departments and relevant bodies to develop and implement improvements in the transitions process for pupils with SEN.

Continue to work with other departments and relevant bodies regarding the implementation of DE specific 2015-16 autism actions, as outlined in the NI Executive's Autism Strategy & Action Plan.

Review of Circular 99/10 (Pastoral Care in Schools) – it is intended to commence a review of this guidance.

Suicide Prevention Guidance for Schools – this was a work area under the Department's iMatter programme. The guidance will be finalised and published during 2015-16.

Develop a pupil attendance strategy and continue to work to deliver the commitments in the Department's Memorandum of Reply to the Public Accounts Committee (PAC) Report on Improving Pupil Attendance.

Develop a Departmental nurture policy based on the outcome of the Queens University's evaluation of the effectiveness of nurture.

Education and Training Inspectorate

Through inspection and reporting publicly to the educational stakeholders, in 2014-15, the Education and Training Inspectorate (ETI) has continued to play a pivotal role in maintaining and developing the quality of provision and achievement in pre-

school, school, further education, work-based learning, youth and teacher education settings.

As well as for DE, the ETI provides inspection services for DEL and the Department of Culture, Arts and Leisure (DCAL). The Inspectorate also undertakes inspections for the Department of Agriculture and Rural Development (DARD), and, from time-to-time, has undertaken joint work with other agencies including the Regulation and Quality Improvement Authority and Criminal Justice Inspection, Northern Ireland.

During the 2014-15 financial year, ETI achieved almost all the key targets that were identified in the 2014-15 Annual Business Targets; and exceeded the targets when nursery units that were inspected as part of primary school inspections and baseline inspection visits in early years are included. In 2014-15, as well as organisation inspections, ETI undertook a number of important evaluations. ETI have also delivered dissemination conferences for the Chief Inspector's Report 2012-14 and the Promoting Improvement in English and Mathematics support programme. In January 2015, the ETI was assessed for the retention of its Customer Service Excellence Award which it was subsequently granted.

The ETI plans to continue to provide a high-quality service in the 2015-16 financial year. It aims to:

- carry out inspection and evaluation activities in a manner consistent with “the principles of inspection”, outlined in “The Government’s Policy on Inspection of Public Services” (Office of Public Service Reform, 2003), to promote improvements in provision, standards and achievements for all learners;
- provide timely, evidence-informed advice to Departments to support policy development, including changes to existing policy. In doing so, the Inspectorate will seek to share our knowledge, understanding and experience across the Departments and other Public Bodies; and
- work to ensure that the members of the Inspectorate are highly valued and motivated and well-placed to respond to significant changes in education and training.

The work of the ETI for the 2015-16 financial year will be determined by the Service Level Agreements negotiated with the relevant commissioning departments and DE’s analytical work programme. The Annual Business Targets 2015-16 will identify the key areas of work to be conducted by the ETI. In addition, the ETI continues to address corporate development work as identified within the Three-Year Corporate Plan 2013-16.

Families and Communities Directorate

The key focus of this Directorate is to develop relevant policies to enable the creation of a suite of good quality, coherent services and provision that complements and supports formal education. This spans the range from pre-school provision and Sure Start, extended schools policy and youth services. It also includes a range of anti-poverty measures.

Development & Performance during 2014-15

The PfG 2011-16 commitment to ensure that at least one year of pre-school education is available to every family that wants it was again achieved. The number of applications for pre-school places grew by almost 2%, when compared to 2013-14, with 99.9% of children (an increase of 0.1%), whose parents engaged with the process to the end, obtaining a place for the 2014-15 school year. A survey of parents of children who were in their second year at Primary School and who had been recorded as not having had a pre-school place, was undertaken in late 2014 and its outcome, which is expected in late summer 2015, will inform the Department's future promotion and targeting of the Pre-school Education Programme.

Good progress has been made on the implementation of Learning to Learn - A Framework for Early Years Education and Learning (published October 2013). A wide range of actions have been achieved - all of which contribute to preparing, supporting and encouraging children to learn. These include the introduction of temporary flexibility for increased class size in statutory nursery settings; introducing Extended Services for eligible voluntary/private pre-schools; refocusing the use of Extended Schools funding for Nursery Schools/Units; revising the number of development days for non-statutory settings by an additional 3 days; and letting a contract for Irish medium research. A paper was sent to the Executive in October 2013 seeking permission to draft a Bill to address a number of key issues but this has not been progressed. Implementation of Learning to Learn will continue.

A detailed business case is being developed for the Getting Ready to Learn element of Workstream 1 of the Early Intervention Transformation Programme (EITP) led by the DHSSPS and supported by the EITP Early Years Task Group. This will involve investment of approx £3.25 million over three years in a proposed application based programme available to all funded DE pre-school settings (both statutory and non statutory) to help them support parents of pre-school children to improve their home learning environment.

Funding of over £25m was provided to enable Sure Start provision to (at least) the top 20% most disadvantaged wards here. Expansion of the Sure Start programme is substantially progressed to increase the geographical provision of Sure Start to the top 25% most disadvantaged wards. Services are now provided via 39 Sure Start projects. In total, four new Sure Start projects have been created and 14 projects have expanded their catchment areas to extend services to additional wards. The Department also commissioned an independent review of the Sure Start programme and a final report was received in February 2015. Report findings will be considered in the context of wider Departmental priorities.

The Department for Finance and Personnel (DFP) report entitled "Review of the Department of Education Early Years Fund" criticised the "closed" nature of the Early Years Fund and work was progressed to reshape the Fund moving forwards. Further consideration will need to be given to this in light of the recent budget outcome.

Following the publication of DE's policy for youth work in education "Priorities for Youth" (PfY) in October 2013, implementation of the policy has begun with the establishment of a Regional Advisory Group (RAG). The RAG has contributed to

the development and agreement of a Regional Youth Development Framework, focused on outcomes, to address the priorities and actions identified in PfY. The youth sector, both statutory and voluntary, was engaged in the development process and this partnership approach will be continued through the implementation phase which will now start to gain momentum and place the planning of youth services on a more structured and transparent basis.

The Extended Schools Programme continues to help deliver the Department's vision to ensure that every learner fulfils his or her full potential at each stage of development. Funding of £12.6m was made available in 2014-15 with £1.4m of this aimed specifically at encouraging parental engagement and £276k for Irish language programmes.

The Department has continued to pilot Full Service programmes through the Belfast Education and Library Board (BELB) in North Belfast at the Belfast Boys' and Girls' Model Schools (£385k) and the Council for Catholic Maintained Schools (CCMS) in West Belfast with the Full Service Community Network (£385k) which centres on the local communities of the Greater Falls and Upper Springfield. During the course of 2014-15 a Joint Impact Document was developed collaboratively by both sets of Full Service personnel. The Document focuses on the improved outcomes achieved by Full Service provision in relation to improved attainment levels and highlights areas targeted by both programmes in implementing interventions to improve pupil attendance, parental engagement, health and well-being and community engagement programmes.

The Department recognises the value of all forms of pupil participation and the important contribution these can make in supporting pupils as key stakeholders and decision makers within schools. Accordingly a School Circular was developed which provides guidance on how to encourage pupil participation in decision making in schools. The Circular issued to all schools in June 2014.

Free school meal entitlement was extended from September 2014 so that the same eligibility criteria apply to primary and post-primary pupils. Around 12,000 additional pupils have become eligible as a result.

Work was also commenced to assess the implications of welfare reform in relation to free school meals and will be progressed in light of wider developments around this issue.

In addition, the directorate led work on behalf of the department on a range of key cross departmental initiatives including the Child Poverty Strategy, the Childcare Strategy, the draft State Party Report to the UN Convention on the Rights of the Child (UNCRC) and the new Draft Public Health Strategy. It also took forward work on Together – Building a United Community (T:BUC) and Delivering Social Change. In relation to T:BUC, the Department has been involved in the design of the United Youth programme being led by the Department for Employment and Learning (DEL) and the Summer Camps pilot programme being led by OFMDFM. Subject to Ministerial approval, OFMDFM plans to run 100 pilot Summer Camps in 2015 through the EA at a cost of £1m. The process will be overseen by a multi-agency Board, including the Department.

The directorate also acts as sponsor for the Youth Council for NI. With the agreement of the Commissioner for Public Appointments for NI, a recruitment process took place to make two short-term emergency appointments to the Board of the Youth Council for NI to address significant governance concerns resulting from the Board's decreasing membership. Work was also undertaken to prepare for a full appointments process to the Council but was suspended in light of the Minister's decision to consult on the future of the Council after the establishment of the Education Authority.

Future Development & Performance

There will continue to be a focus on meeting the PfG commitment to ensure that at least one year of pre-school education is available to every family that wants it and actions will be considered to respond to the recent survey of pre-school children who did not have a pre-school place. The implementation of Learning to Learn will continue along with steps to address the issues identified in the recent review of Sure Start. The Early Years Fund will also be actively managed in line with available funding.

The EITP Project will be progressed further and the programme developed in line with the proposal agreed by the Programme Board.

Implementation of Priorities for Youth will continue in line with the recently agreed Regional Youth Development Framework for 2015-16. A further Framework for 2016 onwards will now be agreed with The Regional Advisory Group. A consultation exercise on the future of the Youth Council will be launched and actions progressed as appropriate following that exercise.

The Extended Schools Programme and Full Service Programmes will continue to be delivered. Work will be progressed further to define Free School Meals entitlement once the position on Welfare Reform is clearer. Key input on behalf of DE will be made to a range of initiatives including Together – Building a United Community, Delivering Social Change, Child Poverty Strategy, Childcare Strategy, Children's Bill and other cross cutting departmental initiatives as they arise.

Education Workforce Development Directorate

The Education Workforce Development Directorate (EWDD) has policy responsibility for workforce development for staff in the education sector, including youth and early years.

Responsibilities of the EWDD include:

- a focus on quality, supply and demand, and professional development of the workforce, with a particular recognition of the pre-eminent role of teachers in raising standards;
- ensuring that pay and conditions of service are appropriate to maintain an able, committed and flexible workforce that will secure high and improving standards of school education for all children in the north of Ireland;

- development of policy and legislation in relation to the Northern Ireland Teachers' Superannuation Scheme (NITSS) and on early retirement or other severance arrangements for teachers and the conditions under which retired teachers may be re-employed;
- ensuring that teachers and teacher pensioners are paid accurately and on time, and that payments are made efficiently, effectively and at best value for money; and
- ensuring that the EA makes effective provision for all employment matters relating to its Employer role.

The EWDD is made up of five teams. Four are based in Rathgael House – the Teachers' Negotiating Team (TNT); the Pay Remit Team (PRT); Pensions Policy Team (PPT) and the Workforce Planning Team (WPT) and one, the Teachers' Pay and Pensions Team (TPPT), is based in Waterside House.

Development & Performance during 2014-15

- Ongoing work with the ELBs on teacher payroll issues to ensure effective establishment of the EA;
- Developing policy and introducing legislation for NI Teacher's Pension Scheme (NITPS) to provide for the introduction of a reformed Northern Ireland Teachers' Pension scheme by April 2015;
- Preparation and implementation of Pension Reform in the administration of NITPS;
- Management of the school based (both teaching and non-teaching) redundancy process to ensure cost reduction achieved;
- Management of the Efficient Discharge Scheme, to contribute towards Raising Standards in school settings;
- Review of 'Dealing with Allegations of Abuse against a member of staff' DE Circular launched 30 April 2015;
- Contribution to and management of industrial relations with Education Unions;
- Continued progress of the School Workforce Review;
- Development of Non-teaching Managing Attendance Strategy ;
- Leadership and management of the Strategic Planning and Policy Forum and associated work streams;
- Review of Vacancy Control Policy;

- Completion of work with the EAIT on all employment issues to ensure effective establishment of the EA;
- Considerable progress during 2014-15 regarding pay remit process; 14 historic pay remits across the education sector required approval, compared with 31 outstanding remits at 31 March 2014; and
- Substantial progress in reviewing the teachers' honoraria policy.

Future Development & Performance

In the 2015-16 financial year the Directorate will undergo a review, as the work of the Pensions Policy Team will move from reform to business as usual. A priority will remain to be the re-shaping of the Directorate, whilst maintaining business continuity during a period of change. The establishment of the Education Authority on 1 April 2015 will also have a major impact on the work of the Directorate. A number of reviews which have been delayed, such as the review of the education sector negotiating machinery, will be progressed during 2015-16, now that the EA has been established.

Planning and Performance Management Directorate

The Directorate provides high quality support to the Accounting Officer in areas of governance and accountability and, more specifically, is responsible for:

- the establishment and maintenance of robust strategic business planning within the Department and for the Department's NDPBs ensuring consistency and alignment across the organisations;
- co-ordination of the setting of formal performance objectives and targets in conjunction with the Department's policy directorates and the monitoring of performances against targets;
- central oversight responsibilities for governance issues in the Department and its NDPBs, including compliance with the terms of Management Statements;
- policy on school governance;
- the provision of assurances regarding the risk management within the Department, control and governance arrangements operating to ensure achievement of departmental objectives;
- professionally led internal audit function; and
- professionally led statistics and research services to the Department.

Development and performance during the 2014-15 financial year:

- Quarterly DE Business Plan updates provided to the Departmental Board;
- Work undertaken to develop the DE 2015-16 Business Plan in advance of the 1 April 2015;
- Liaison and reporting of progress to OFMDFM on the delivery of the Department's commitments contained in the PfG 2011-15;
- Liaison with OFMDFM on the development of a refocused PfG for 2015-16;
- Development and monitoring in 2014-15 of Resource Allocation Plans for the 5 ELBs and Business Plans for smaller arm's length bodies;
- Provision of assurances to the Departmental Board and Audit and Risk Assurance Committee (ARAC) on the management of risk within the Department;
- Completion of processes to recruit Chair/Members of the board of the new EA within a very tight timeframe;
- Induction training completed in advance of the EA becoming operational on 1 April 2015;
- The Management Statement for the new EA was drafted and agreed for implementation as scheduled for the EA's establishment on 1 April 2015;
- Governance structures and related processes for the 5 ELBs and the SCELB were wound-up on schedule by 31 March 2015;
- DE governor appointments to Voluntary Grammar Schools (VGS) and Grant Maintained Integrated (GMI) Schools as part of the reconstitution of school Boards of Governors exercise which commenced in October 2013;
- The planning and administration associated with up to 35 Governance and Accountability Review meetings;
- Taking the lead in progressing the work of a Regional Governor Training & Development Programme including: the delivery of regional governor conferences; the development of governor "Aps"; a pocket governor handbook; the development of a range of new ESAGS.tv (Every School a Good School) governor training modules; the development of a Chairs Development Programme Pilot; and a separate project intensively focused on improving governor training and development in the Irish Medium sector etc;
- In conjunction with other directorates, oversight of the arrangements to maintain effective governance structures in the ELBs, the Council for

Catholic Maintained Schools (CCMS), the SCELB and the Youth Council for Northern Ireland pending new arrangements for education administration in 2015;

- Oversight, analysis and review of arm's length bodies annual Governance Statements to identify any significant areas for inclusion in the DE Governance Statement;
- Work with sponsor teams to ensure that all DE public appointment processes and competitions are managed effectively, comply with public appointment policy and, where applicable, the Commissioner for Public Appointments (NI) Code of Practice;
- Delivery of an Internal Audit service which meets the requirements of the ARAC and the Accounting Officer in both the Department and DCAL;
- Revision of the Fraud Prevention Policy and Raising Concerns (Whistleblowing Policy);
- Internal Audit has provided information to the ARAC and the Board regarding the on-going implementation of PAC commitments in accordance with the timetables established by DFP;
- Publication of eight statistical bulletins in full accordance with the Code of Practice for Official Statistics (this is a statutory requirement for DE statistics which have achieved National Statistics designation). Other key publications include the School Omnibus Survey and School Datapacks;
- Making the case and securing agreement for participation in TIMSS 2015 and PIRLS 2016;
- Completion of two externally commissioned research projects and three internal research projects identified as part of a wider DE Analytical Work Plan;
- Development of a coordinated DE Analysis and Evidence Strategy for 2014-15 and 2015-16; and
- Project management of the Departmental response to the December 2014 Organisation for Economic Co-operation and Development (OECD) Assessment and Evaluation of Education in NI.

Throughout the year there was slippage in relation to the consultation process on new regulations to permit the removal of governors in certain circumstances.

Future development and Performance during 2014-15

- The development of a NI Executive Programme for Government for 2016-20;

- The development of a Corporate Plan for education for the period 2016-20;
- An independent external quality assessment of the Internal Audit service;
- The development of a DE Corporate Governance Framework; and
- The development of Open Data within the Department.

Investment and Infrastructure Directorate

Investment and Infrastructure Directorate (IID) is responsible for strategic oversight of the delivery of the Department's capital works programme. This includes:

- major capital works;
- the School Enhancement Programme (SEP);
- minor capital works; and
- a programme of capital youth projects.

Development and Performance during 2014-15

The work undertaken within IID falls under Corporate Goal 4 – 'Improving the learning environment'. Throughout the 2014-15 financial year, IID has continued to make significant progress towards the Department's strategic goal of delivering safe, modern, sustainable premises that support delivery of the Curriculum.

The major works new build programme is progressing with a total of eight projects currently on site and one other due to progress shortly. It is currently anticipated that a further 15 projects will commence on site in the 2015-16 financial year.

The SEP was established in January 2013 to enable the refurbishment or extension of school buildings. Of the 51 SEP projects announced, 22 schemes will proceed to construction within the current approved 2015-16 capital budget allocation, 10 of which are currently on-site.

The Minor Works programme continues to be the most significant area of capital spend with £135m of investment in 2014-15, this includes £10m investment in a 'spend to save' energy efficiency programme.

The Directorate also contributes to the Executive's Asset Management Strategy and DE's Asset Management Plan for 2014-15 – 2019-20 was submitted to the Strategic Investment Board (SIB) in November 2014.

During the year IID continued to liaise with the Health and Safety Executive Northern Ireland (HSENI) to remind school authorities of their obligations in relation to the management of asbestos containing materials (ACMs) in schools. Under IID's health and safety remit, a further sampling programme to check for lead

in drinking water was undertaken by Northern Ireland Water. This sampling programme will continue in 2015-16.

The Department's nine Public Private Partnership (PPP) projects are all operational. The projects have delivered 16 post-primary schools, three primary schools with associated nursery provision, one special school and one youth club. The official opening of Tor Bank Special School was held on 26 March 2015.

Future Development and Performance

The 2015-16 gross capital budget of £147.3m is significantly below the 2014-15 initial gross budget allocation of £183.4m. This is likely to have a major impact on the capital programme planned for 2015-16.

A new Education Asset Management Forum has been established which will have senior representation from the Education Authority and other key stakeholders. The Forum will identify and implement opportunities for the rationalisation of the office estate; ensure more timely disposal of surplus assets and consider means to reduce running costs across the whole of the education estate (including the schools' estate).

Area Planning Directorate

The Area Planning Directorate is responsible for supporting the governance and development of area planning policy and implementation of the Sustainable Schools Policy. The aim is to deliver a network of viable and sustainable schools which are capable of serving the educational needs of the communities they serve by providing access to high quality education.

The statutory Development Proposal (DP) process is a key part of Directorate functions and involves significant engagement with statutory planning authorities, area planning stakeholders and proposers as well as other Directorates within the Department.

The Directorate is also responsible for taking forward work on the delivery of the Executive's commitment under the Together: Building a United Community programme to commence 10 shared education campuses by 2018.

Development and Performance during 2014-15

The Area Planning Directorate delivers against Corporate Goals 2 and 4.

Corporate Goal 2: closing the performance gap, increasing access and equality.

Significant progress was made during the year both in the development of area planning, and its delivery through the DP process.

All five Boards published revised Primary Area Plans in June 2014, and updates to the Post-primary plans during the year. The Annual Area Profile is an annual publication of a range of area information on Primary and Post-primary schools to encourage informed local involvement in area planning. These were published in July 2014 by all Boards using information collated by the Directorate.

The Directorate published new, detailed DP Guidance, including information seminars for policy colleagues, and processed a significant number of DPs.

New governance structures for area planning were agreed by the Minister and an Area Planning Cycle for the submission and publication of Area Plans and Annual Action Plans was agreed by the Area Planning Steering Group (APSG).

A sub group of the APSG developed a draft circular for guidance on amalgamations.

The Directorate has been closely engaged with the Northern Ireland Audit Office (NIAO) on their draft Value For Money (VFM) report on the Sustainability of Schools, providing factual accuracy checks and additional information to inform the report.

Corporate Goal 4: improving the learning environment

The Together: Building a United Community programme reflects the Executive's commitment to improving good relations and building a united, shared and reconciled society. The Directorate is leading on the headline action to commence 10 shared education campuses by 2018. Three projects have been approved to progress to planning stage and project boards have been established to progress feasibility studies and economic appraisals, these involve two primary schools in Moy, two post primary schools in Ballycastle and enhance facilities for two post primary schools in Limavady. A second call for projects closed at the end of January 2015 with six applications. The Minister is expected to announce the next projects to proceed in planning in summer 2015.

Future Development and Performance

Priorities for 2015-16 will include embedding the new area planning governance structures and reviewing annual action plans with the EA and CCMS. Area Planning guidance and processes will be reviewed to take account of EA establishment. Development Proposal work will continue to require the delivery of high quality advice to the Minister. The publication of the NIAO VFM report on Sustainable Schools will involve the development and delivery of an action plan to implement agreed recommendations. Implementation of the review of special schools report recommendations will be progressed.

Shared Education Campus project priorities will include progressing economic appraisal approval for the Ballycastle, Limavady and Moy projects and the establishment of project boards for any approved second call projects.

Lisanelly Programme Directorate

The work undertaken by the Lisanelly Programme Directorate falls under Corporate Goal 4 - Improving the learning Environment. The Directorate is responsible for the delivery of the Lisanelly Shared Education Campus (LSEC) Programme which involves significant capital investment into the construction of six core schools and associated shared education facilities.

Development and performance during 2014-15

Throughout the 2014-15 financial year, significant progress has been made across a number of areas, the main highlights being the start of construction works for the first school on site (Arvalee School) in March, site wide demolition works beginning in February, the completion of concept designs for the overall campus in February, the beginning of the procurement process for the next design team and ongoing work to develop and agree ownership, governance and management arrangements, develop the educational model and explore opportunities to deliver a range of coordinated services on the campus. Importantly, the key Programme for Government, Departmental and Directorate objective to complete the procurement of Phase 1 (Arvalee School) and begin construction has been achieved and the overall Programme remains on target to complete in 2020.

Following the gateway Review in March 2014 significant progress has been made and the Review's recommendations have now been implemented or are substantially underway.

Future development and performance

It is expected that this good progress will continue into 2015-16 and that the Programme will remain on track to meet overall timescales, the key priorities being to substantially complete Arvalee School, procure a new team to take forward the next design stages, agree a Memorandum of Agreement and progress the development of the educational model and proposals for the delivery of other services on the campus.

Collaborative Education and Practice Directorate

Collaborative Education and Practice (CEP) Directorate was established on 1 April 2014. The aim of the Directorate is to contribute to the Department's vision of "Every young person achieving to his or her full potential at each stage of his or her development" through encouraging and supporting the development of collaborative practice in integrated, Irish medium, teacher, shared education and community relations.

The Directorate comprises the Irish medium/Integrated Education (IMIE), Teacher Education (TET) and Shared Education & Community Relations (SECR) Teams.

Development and performance during 2014-15

Significant progress was made against the 2014-15 Department business plan priorities as follows:

- Significant progress was made in relation to the PfG and T:BUC commitments to advance shared education. A Shared Education policy and Bill were drafted and issued for public consultation; a Delivering Social Change Shared Education Programme was announced in September 2014, with the first call for application made in November thereby meeting the business plan priority. In addition guidance was developed and agreed for 'jointly managed' schools;

- Significant support was given by the Directorate in support of the development of Peace IV proposals for a Shared Education thematic area;
- The Directorate is on course to finalise a Shared Education Policy and for the introduction of a Shared Education Bill to the Assembly early in the 2015-16 financial year;
- In November 2014, the Minister set out his response to the report of the Advisory Group on the Strategic Development of Irish-medium post primary education. The statement was accompanied by a detailed Departmental response to the Report's recommendations, which set out the wider framework for future implementation;
- In December 2014, reviews of organisation and governance in Comhairle na Gaelscolaíochta (CnaG) and Northern Ireland Council for Integrated Education (NICIE) were carried out. The Directorate is working closely with both organisations to develop fit for purpose Action Plans in response to the reports;
- Throughout the business year, the Directorate has worked closely with CnaG and NICIE to optimise the use of available resources and ensure that education bodies are not in breach of the financial control framework. Awareness raising was conducted across the department on the need to refocus attention on not just delivering the statutory duties for integrated and Irish medium education but in being proactive in ensuring that all possible opportunities are both realised and documented;
- Significant progress was made in respect of the development of a vision and future direction for teacher professional learning including delivery of the stakeholder engagement strategy. Slippage has occurred in delivering a final document for the Minister to launch in respect of the future direction of teacher professional learning;
- Careers Advisory Support Service (CASS) and Regional Training Unit (RTU) delivered their respective programmes of support and development for teachers and leaders and engaged in development of the vision for future direction for teacher professional learning;
- The North South Ministerial Council (NSMC) evaluation of the Irish Medium programme of work was completed as was delivery of the 2014-15 programme of work; and
- The General Teaching Council for Northern Ireland (GTCNI) draft bill was 90% complete with co-ordination and input from the Department and DEL and advice from the Departmental Solicitor's Office (DSO) and the Office of Legislative Counsel (OLC). Due to other work priorities the bill did not however progress as had been anticipated and it may not make final passage in this Assembly mandate.

Future development and performance

In the upcoming year the Directorate is confident that the work in teacher professional learning, shared education and Irish medium and integrated education will begin to impact on practice in the respective areas of its work. The Directorate is also exploring the potential synergies across its work, for example how DSC shared education funding can contribute to the development of some of the work in teacher professional learning and how funding allocated to professional learning in the Irish medium sector can be aligned to the developing teacher professional learning strategy also. Equally, following the review of CnaG and NICIE the Directorate will work to ensure that they implement necessary changes to both form and function in the upcoming year.

22. Future budget allocation

The Department's Budget Allocation for 2015-16 (compared to the opening budget for 2014-15), following Executive agreement of the Final Budget 2015-16 on 15 January 2015, is as follows:

Current expenditure	2014-15	2015-16
	£m	£m
Objective A		
Schools Mainstream	1,900.1	1,873.5
Schools Infrastructure	10.2	7.2
EU Peace Programme	-	0.2
Total Objective A	1,910.3	1,880.8
Objective B		
Youth and Community Relations	34.0	34.0
EU Peace Programme	-	0.2
Total Objective B	34.0	34.0
Departmental Total	1,944.3	1,914.9
Investment		
Objective A		
Schools Mainstream	1.5	0.0
Schools Infrastructure	176.4	136.3
Total Objective A	177.9	136.3
Objective B		
Youth and Community Relations	5.0	10.5
Total Objective B	5.0	10.5
Total	182.9	146.8

Note: Totals may not add due to rounding.

The Budget 2015-16 outcome for education produces major challenges for the Department as the level of funding available is less than had previously been in place in 2014-15.

The Resource Budget funding gap between the Department's anticipated spending requirements and the Budget 2015-16 outcome is £97.6m. The scale of the budget reductions required in 2015-16 means that these cannot be delivered through efficiency savings alone, especially in light of the savings already delivered during the Budget 2011-15 period. Therefore, a Savings Delivery Plan has been developed to address the gap in funding and has been published on the departmental website.

The implications of the capital reductions will result in delays for various investment programmes and severely constrain the ability to undertake any new projects.

23. Employees

The Department's employs over 650 people all of whom play an important role in the delivery of services to the Minister, the education sector and citizens. In May 2014 the Department launched a 3-year HR Strategy for the period 2014-17 and a HR Action Plan for 2014-15. Substantial progress has been made on identified improvement actions for 2014-15 in relation to internal communication, training and development and employee engagement.

The Department will sustain momentum in this area through the agreement and delivery of a HR Action Plan for 2015-16. It recognises that people management and engagement will have an increasing relevance as the Department restructures in-year in response to reductions to its staffing budget.

Staff absence

Final validated staff absence figures for 2014-15 will not be available until autumn 2015, though provisional information from the Northern Ireland Statistics and Research Agency (NISRA) suggests that the target average of 7.8 days sickness absence per employee will not be met. NISRSA estimates that the Department will record 10.2 days lost per full time equivalent member of staff for 2014-15. A sustained management focus in this area has been in place throughout 2014-15 together with a Health and Well Being Programme for staff – this will continue in 2015-16.

Equal opportunities

The Department is an Equal Opportunity employer and fully endorses the Northern Ireland Civil Service (NICS) Equal Opportunities Policy Statement.

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

In order to provide a high quality service to the people of the north of Ireland the NICS needs to recruit, retain and promote the best available people. Our equal opportunities policy is central to this strategy. We aim to foster a culture that encourages every member of staff to develop their full potential and which rewards achievement. Creating a working environment where individual differences are valued and respected enables all staff to give of their best and helps us to respond more effectively to the needs of the people we serve.

The NICS seeks to maintain the confidence of the whole community. It will continue to promote equality of opportunity and fair participation within the framework of the law and will strive to achieve a workforce that is broadly representative of the society which it serves.

It is the responsibility of all staff to be aware of and to apply this policy. Both Management and Trade Union Side are fully committed to the policy and will endeavour to ensure its full implementation.

Employment of people with disabilities

The NICS Equal Opportunities Policy and the Code of Practice on the Employment of People with Disabilities provide the framework used by the Department to achieve equality of opportunity for people with disabilities. The Department is committed to ensuring that the consideration and the implementation of reasonable adjustments are undertaken to ensure staff with a disability can make full use of their skills and abilities.

Health and Safety

To comply with the Health and Safety at Work (NI) Order 1978; the Department has a duty to ensure the health, safety and welfare of its employees. The Department is fully committed to this Order and all other relevant legislation.

The Department's Health and Safety (H&S) Policy was updated in October 2014.

In 2014-15 business year, a wide range of H&S guidance policies have been added to the Department's new Intranet site.

A H&S report was presented to the DE Board in June 2015.

24. Breakdown of employees by gender

The analysis of the Department's employees by gender at 31 March 2015 was as follows:

	Male	Male %	Female	Female %	Total	Total %
Executive Directors	3	50	3	50	6	100
Non-executive Directors	1	50	1	50	2	100
Total Directors*	4	50	4	50	8	100
Senior Managers**	6	46.2	7	53.8	13	100
Other employees	223	35.6	403	64.4	626	100
Total	233	36	414	64	647	100

*Directors include members of the DE Board as at 31 March 2015.

**Senior managers include members of staff at Senior Civil Service level.

Note: this table is based on the number of staff in post rather than full time equivalents.

25. Risks and uncertainties

Risk management is incorporated into the corporate planning and decision-making processes of the Department. The Department's Risk Management Framework (RMF) defines the framework and describes the process for identifying and managing risks within the Department. The RMF is reviewed and updated annually.

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 Governance Statement, which also details the significant issues faced by the Department during 2014-15.

26. Relationships

The Department provides funding to a number of executive NDPBs and other Public Sector Bodies (detailed in paragraph 17), 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 teams within the Department. Sponsor teams 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.

27. Financial position

Comparison of outturn against Estimate

The Department's Net Resource Outturn for the year shows an underspend of £129.2m (5.7%) against the Estimate for the year. This was mainly due to underspends in the following areas:

- £123.0m underspend due to lower than anticipated drawdown of grant in aid by the Department's NDPBs to fund recurrent and capital expenditure on schools and youth services, largely as a result of lower than anticipated payments to creditors;

- £2.4m underspend for impairments due to a higher than anticipated valuation for land, resulting in the write back of previously recognised revaluation losses;
- £1.0m underspend for provisions owing to lower than expected costs for legal cases;
- £0.8m underspend on notional charges owing to lower than expected costs for accommodation and ICT services; and
- £0.6m underspend on Youth Services due to slower than anticipated construction in a number of voluntary youth capital schemes.

Explanation of variance between Estimate and net cash requirement

The Net Cash Requirement in SOAS4 shows a total underspend of £181.2m (7.9%) against the Estimate for the year. This was due to:

- resource outturn being less than the Estimate by £129.2m, as noted above in the explanations of variances between Estimate and outturn;
- acquisition of property, plant and equipment was lower than the Estimate by £0.7m due to deferral of demolition works at the Lisanelly Shared Education Campus, to 2015-16 and a later than expected start date for construction of Arvalee Special School, on the Lisanelly Shared Education Campus;
- the following non-cash items: depreciation, amortisation and revaluation were £2.5m lower than the Estimate due to a higher than anticipated valuation for land, resulting in the write back of previously recognised revaluation losses;
- the following non-cash items: new provisions, and adjustments to previous provisions were £1.0m lower than the Estimate owing to lower than expected costs for legal cases;
- other non-cash items were £0.8m less than the Estimate due to lower than expected notional costs; and
- changes in working capital other than cash were less than the Estimate by £55.4m due to: an increase in “trade payables” where a decrease had been anticipated and an increase in “accruals and deferred income” where a significant increase was not expected. The increase in liabilities is mainly due to the timing of both resource and capital grant payments.

Reconciliation of net resource expenditure between Estimates, Accounts and Budgets

	2014-15	2013-14
	£000	£000
Net Resource Outturn (Estimates)	2,122,065	2,071,217
<i>Adjustments to additionally include:</i>		
Consolidated Fund Extra Receipts in the Statement of Comprehensive Net Expenditure	(3,287)	(3,988)
Net Operating Cost (Accounts)	2,118,778	2,067,229
<i>Adjustments to remove:</i>		
Capital grants and capital grant income	(2,701)	(1,456)
Voted expenditure outside the budget	(2,057,094)	(2,012,983)
Notional inter-departmental charges	(3,693)	(3,632)
Capital Consolidated Fund Extra Receipts	3,114	3,785
Non-budget EU Consolidated Fund Extra Receipts	-	102
<i>Adjustments to additionally include:</i>		
Resource consumption of NDPBs	1,996,628	1,932,300
Resource Budget Outturn (Budget) *	2,055,032	1,985,345
of which		
Departmental Expenditure Limits (DEL)	1,951,389	1,912,894
Annually Managed Expenditure	103,643	72,451

2014-15 figures are provisional outturn; 2013-14 figures are final outturn

Going concern

The statement of financial position at 31 March 2015 shows negative taxpayers equity of £61.1m. 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 (Northern Ireland) 2001, 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 monies, including those derived from the Department's income, must be surrendered 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 2015-16 are to be voted by the Northern Ireland Assembly 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 Assembly reporting and accountability

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

28. Environmental, social, community and human rights issues

The Northern Ireland government estate is centrally managed by DFP.

The Department of Education contributes to central targets and has implemented waste management and recycling schemes. Key areas are:

- the use of 100% recycled paper for printing and photocopying;
- cardboard, glass, plastic, polystyrene, paper plates and aluminium are segregated and recycled;
- double sided printing where equipment permits;
- IT equipment and consumables (including monitors, hard drives, peripherals and toner cartridges) are sent for recycling;
- Removal of a number of under desk waste bins throughout the Department and the introduction of centralised waste collection areas;
- Waste bags filled to the required level to reduce bag wastage;
- Staff awareness has contributed to a decrease in waste being produced;
- Waste storage on site is now at minimal levels and waste is removed through less frequent collections; and
- Daily and nightly checks are made of the office environment in order to ensure that lights and office equipment which are not in use are turned off.

Sustainability in procurement and construction

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

The Construction Industry Forum for Northern Ireland (CIFNI), the Government Construction Clients Group and the construction industry, as represented by the Construction Industry Group for Northern Ireland have jointly explored how sustainability issues could be incorporated into construction contracts. A CIFNI Sustainability Task Group developed proposals to promote the economic, social and environmental elements of sustainable development through sustainable procurement in construction. The outcome of this work is illustrated within Procurement Guidance Note (PGN) 06/10 - Procurement of Construction Works and Services. In addition the Government Construction Clients Sustainability Action Plan for 2012-

15 published in November 2012 outlines targets and objectives in respect of sustainability.

PGN 01/13 Integrating Social Considerations into Contracts (November 2013), was published with the purpose of encouraging the inclusion of social clauses and the promotion of social and economic gains within public procurement. The Strategic Investment Board is currently undertaking a Strategic Review of Social Clauses. The Department is currently participating in this review.

The Building Research Establishment Environmental Assessment Method (BREEAM) is used to assess the environmental performance of new and existing buildings. The Department's building handbooks are designed to support the achievement of a BREEAM rating of 'excellent' in new school builds and 'very good' for refurbishment projects. Where appropriate, renewable energy sources are employed for the heating of schools.

Sustainable Development

The Department is committed to ensuring that sustainable development is incorporated both into the curriculum and also into the design of all its building projects. This fulfils its obligations under Objectives 2.4 and 3.3 of the Executive's "*Sustainable Development Strategy*" (<http://www.ofmdfmi.gov.uk/sustainable-develop.pdf>) and associated Action Plan (http://www.ofmdfmi.gov.uk/focus_on_the_future.pdf). In October 2014, the Department provided a report on its sustainable development obligations to the OFMDFM report on the implementation of the sustainable development statutory duty in the public sector (<http://www.ofmdfmi.gov.uk/statutory-duty-good-practice-report.pdf>).

Education for Sustainable Development has been included in the curriculum across all key stages; this was introduced on a phased basis from September 2007. Pupils explore issues such as climate change and the need to manage human impact on the environment.

All school building contracts include overarching requirements in respect of energy, water and low carbon design to ensure the accommodation is sustainable and energy efficient.

Biodiversity

The Department requires all major works for schools to achieve a BREEAM rating of 'excellent' in new school builds and 'very good' for refurbishment projects. An assessment of the impact of construction on ecology and biodiversity is undertaken as part of the BREEAM rating.

The Schools Building Handbook specifies that outside space should satisfy the Department's policy on biodiversity e.g. habitat replacement, bird boxes and bat boxes.

The Department of the Environment (DoE) consulted in early 2014 on a Biodiversity Strategy for Northern Ireland to 2020. Following the outcomes of this, DE will

consider what further actions can be taken to promote biodiversity across the education estate and in the curriculum.

On 9 January 2015, 100% of schools in the north of Ireland were registered for the Eco-Schools programme, making it the first region in the world to achieve every school an Eco-School. Eco-Schools is an international environmental education programme which offers a means for schools to take environmental issues from the curriculum and apply them to the day-to-day running of the school.

Climate Change

The Department is represented on the Cross Departmental Working Group on Climate Change (CDWGCC), which is chaired by the Environment Minister. This ensures a proactive, interdepartmental approach is taken towards achieving the greenhouse gas emissions reductions targets outlined in the PfG.

To contribute to the PfG target, the Department is taking forward actions, together with the ELBs, to mitigate the impact of climate change by working towards a reduction in greenhouse gas emissions, through the implementation of energy efficiency measures in schools. Through the incorporation of sustainable development into the curriculum, future generations are being made aware of the role they must play in the respect of energy efficiency and the reduction of emissions.

Alongside mitigation strategies, the CDWGCC has also been developing complementary strategies to adapt to the warming climate. The first Northern Ireland Climate Change Adaptation Programme was laid in the Assembly in January 2014. Under the Programme, the Department is committed to ensuring that schools are prepared for flood events.

Energy

Although the Department has no specific targets in relation to the promotion of renewable energy, it does have strategic objectives outlined in the Executive's *'Sustainable Energy Action Plan 2012-15'* (the drafting of which was led by the Department of Enterprise, Trade and Investment given their responsibility for energy policy). The report can be accessed at http://www.detini.gov.uk/deti-energy-index/strategic-policy-planning/_energy-newpage-17.htm. The objectives are all ongoing and reflect the Department's responsibilities for the curriculum in relation to sustainable development and the provision of sustainable accommodation for educational establishments.

Across the education estate, consideration is given to the use of renewable energy sources, where economically feasible. During 2014-15, DE has implemented a £10 million schools' energy efficiency programme. This 'spend to save' initiative has seen investment in a range of energy efficiency measures, including the installation of photovoltaic (solar) panels on over 300 schools; boiler upgrades; gas conversions and the installation of gas and electricity monitors. As well as the financial savings, it is anticipated that the schools will use these systems as educational tools in the areas of geography, IT, maths, science and design and technology.

Carbon Reduction Commitment

The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a mandatory UK scheme aimed at reducing carbon dioxide emissions in large public and private sector organisations. Measures to simplify the scheme were brought into law in Northern Ireland on 20 May 2013, through the CRC Energy Efficiency Scheme Order 2013. All Departments are mandated participants and four of the five Education and Library Boards (ELBs) also met the qualifying criteria for participation in Phase Two, which commenced on 1 April 2014. The Western Education and Library Board (WELB) is not a participant in the scheme as electricity usage is below the threshold limit. 2018-19 will be the final reporting year for Phase Two.

Participants are required to monitor and report their energy annually and surrender allowances equal to their carbon dioxide emissions. The Department and ELBs have complied fully with their commitments under the legislation during 2014-15.

Education for Sustainable Development

The statutory curriculum, which is in place in all grant aided schools, includes Education for Sustainable Development (ESD) as a key element across all Key Stages of the curriculum.

Through ESD, pupils explore issues such as environmental and climate change, biodiversity and the need to manage the human impact on the environment. The aim is to develop pupils as contributors to the environment so that they come to understand the interdependence of society, the economy and the environment; to develop respect for the needs of both present and future generations; and to act towards promoting an improved environment.

Social, community and human rights issues

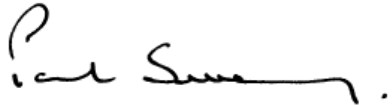
The Department's role in relation to social and community issues is shaped by a range of strategies from other areas of government. Those strategies with the most direct bearing on education are "Children and Young People in Northern Ireland 2006-2016", the "Investment Strategy for Northern Ireland 2008-2018" and the "Together: Building a United Community Strategy".

The Department's role in relation to social and community issues is also shaped by international legislation such as the UN Convention on the Rights of the Child; the UN International Convention on the Elimination of All Forms of Racial Discrimination; and the UN Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities.

The Programme for Government 2011-2015 contains four commitments to advance shared education, which will contribute to social and community issues. The Education Minister has accepted a range of recommendations from an independent panel which he established to advise on advancing shared education. A draft Shared Education Bill and accompanying policy, based on the recommendations of the independent panel, were issued for public consultation. Both are expected to be finalised in 2015-16.

Together: Building a United Community reflects the Executive's commitment to improving good relations and building a united, shared and reconciled society. The Department is leading on a number of commitments, including the commencement of ten shared education campuses by 2018. Three projects have been approved to progress to planning stage to date - in Moy, Limavady and Ballycastle. A second call for applications closed at the end of January 2015; an announcement on the next round of shared campuses is expected in June 2015.

Since its launch in March 2011, the Department has been implementing a new Community Relations, Equality and Diversity in Education (CRED) Policy. The new policy reflects the range of national and international equality and human rights legislation as well as changes to the curriculum. A formal review of the policy undertaken in late 2014 has shown that most schools and youth organisations demonstrate effective practice in helping children and young people build relationships with others from different background and traditions. A number of recommendations have been made to further embed the effectiveness of this work.



Signed: _____
Accounting Officer

Date: 25 June 2015

REMUNERATION REPORT

1. Remuneration policy

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review board report which he commissioned in 2010. The commitment to a Pay and Grading Review for SCS was the second phase of the equal pay settlement approved by the Executive.

2. Service contracts

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

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

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

3. Salary and pension entitlements

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

Remuneration (including salary) and pension entitlements (Audited)

Minister	2014-15			2013-14		
	Salary £000	Pension Benefits* £000	Total £000	Salary £000	Pension Benefits* £000	Total £000
Mr John O'Dowd MLA	38	12	50	38	16	54

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

Officials	2014-15			2013-14		
	Salary £000	Pension Benefits* £000	Total £000	Salary £000	Pension Benefits* £000	Total £000
Mr Paul Sweeney Permanent Secretary	110-115	48	160-165	105-110	27	135-140
Mrs Katrina Godfrey Deputy Secretary	80-85	79	160-165	65-70 (75-80 full year equivalent)	52	120-125
Mrs Fiona Hepper Deputy Secretary	80-85	111	190-195	25-30 (80-85 full year equivalent)	47	70-75
Mrs Noelle Buick Chief Inspector	90-95	29	120-125	90-95	19	110-115
Mr Trevor Connolly Director	65-70	14	80-85	65-70	18	80-85
Mr Barry Jordan Director	65-70	(21)	45-50	65-70	3	65-70
Mr Gavin Boyd*** Interim Chief Executive, EA	145-150	47	190-195	145-150	31	175-180
Mrs La'Verne Montgomery** Director	-	-	-	45-50 (60-65 full year equivalent)	17	60-65
Ms Linda Wilson** Director	-	-	-	50-55 (65-70 full year equivalent)	1	50-55
Mr Diarmuid McLean** Director	-	-	-	50-55 (65-70 full year equivalent)	1	50-55
Mr Philip Irwin** Director	-	-	-	30-35 (65-70 full year equivalent)	6	35-40
Mrs Caroline Gillan** Director	-	-	-	40-45 (60-65 full year equivalent)	(19)	20-25
Mr David Hughes** Director	-	-	-	45-50 (65-70 full year equivalent)	10	55-60
Mr Paul Price** Director	-	-	-	50-55 (65-70 full year equivalent)	10	60-65

Officials	2014-15			2013-14		
	Salary £000	Pension Benefits* £000	Total £000	Salary £000	Pension Benefits* £000	Total £000
				equivalent)		
Mr John Smyth****	5-10	-	-	5-10	-	-
Non-executive director						
Mrs Fiona Keenan****	5-10	-	-	0-5	-	-
Non-executive director						
Band of Highest Paid Director's Total Remuneration	145-150			145-150		
Median Total Remuneration	28,879			28,108		
Ratio	5.1			5.3		

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

***Membership of the Departmental Board ended on 31 December 2013 due to the reconstitution of the Board.*

**** Mr Boyd is not a member of the DE Board. He is included in the Remuneration Report as he is an additional Accounting Officer of the Department.*

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

Salary

“Salary” includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

The Department of Education was under the direction and control of Mr John O’Dowd MLA during the financial year. His salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this resource account. These amounts do not include costs relating to the Minister’s role as 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 HM Revenue and Customs as a taxable emolument. There were no such benefits in kind made in 2013-14 and 2014-15.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no such bonus payments made in 2013-14 and 2014-15.

Pension Benefits (Audited)

Minister	Accrued pension at pension age as at 31 March 2015 £000	Real increase in pension at pension age £000	CETV at 31 March 2015 £000	CETV at 31 March 2014 £000	Real increase in CETV £000
Mr John O'Dowd MLA	0-5	0-2.5	43	33	6

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 7% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 21.6% 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. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

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

Pension Entitlements (Audited)

Officials	Accrued pension at pension age as at 31 March 2015 and related lump sum £000	Real increase/(decrease) in pension and related lump sum at pension age £000	CETV at 31 March 2015 £000	CETV at 31 March 2014 £000	Real increase/(decrease) in CETV £000	Employer contribution to partnership pension account (nearest £100)
Mr Paul Sweeney Permanent Secretary	50-55 plus lump sum of 150-155	2.5-5 plus lump sum of 7.5-10	1,150	1,038	46	-
Mrs Katrina Godfrey Deputy Secretary	25-30 plus lump sum of 75-80	2.5-5 plus lump sum of 10-12.5	430	354	56	-
Mrs Fiona Hepper Deputy Secretary	30-35 plus lump sum of 90-95	5-7.5 plus lump sum of 15-17.5	567	454	89	-
Mrs Noelle Buick Chief Inspector	30-35	0-2.5	600	542	27	-
Mr Trevor Connolly Director	10-15 plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	236	213	9	-
Mr Barry Jordan Director	35-40 plus lump sum of 105-110	(0-2.5) plus lump sum of (0-2.5)	723	708	(19)	-
Mr Gavin Boyd Interim Chief Executive, EA	15-20	2.5-5	380	310	45	-
Mr John Smyth Non-executive director	-	-	-	-	-	-
Mrs Fiona Keenan Non-executive director	-	-	-	-	-	-

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 the Assembly each year. From April 2011, pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could

choose between membership of premium or joining a good quality “money purchase” stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a “Career Average Revalued Earnings” (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, alpha, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a ‘Career Average Revalued Earnings’ (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

Employee contribution rates for all members for the period covering 1st April 2015 – 31st March 2016 are as follows:

Scheme Year 1st April 2015 to 31st March 2016

Pay band – assessed each pay period		Contribution rates – Classic members	Contribution rates – classic plus, premium, nuvos and alpha
From	To	From 01 April 2015 to 31 March 2016	From 01 April 2015 to 31 March 2016
£0	£15,000.99	3%	4.6%
£15,001.00	£21,000.99	4.6%	4.6%
£21,001.00	£47,000.99	5.45%	5.45%
£47,001.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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).

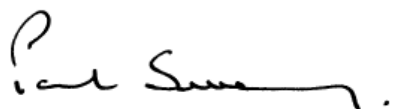
The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members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

Cash Equivalent Transfer Values

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

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.



Signed: _____
Accounting Officer

Date: 25 June 2015

DEPARTMENT OF EDUCATION

STATEMENT OF ACCOUNTING OFFICERS' 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 and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the principal 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 Secretary of the Department as principal Accounting Officer of the Department. In addition, the Department of Finance and Personnel has appointed an additional Accounting Officer to be accountable for those parts of the Department's accounts relating to specified requests for resources and the associated assets, liabilities and cash flows. This appointment does not detract from the Permanent Secretary's overall responsibility as Accounting Officer for the Department's accounts.

The allocation of Accounting Officer responsibilities in the Department is as follows:

RFR A

Function Lines A9 and A13:

Gavin Boyd (Interim Chief Executive of the Education Authority)

All other Function Lines:

Paul Sweeney (Permanent Secretary)

RFR B

Function Line B5:

Gavin Boyd (Interim Chief Executive of the Education Authority)

All Other Function Lines:

Paul Sweeney (Permanent Secretary)

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 *Managing Public Money Northern Ireland*.

DEPARTMENT OF EDUCATION

GOVERNANCE STATEMENT

1. INTRODUCTION

This Governance Statement is a key feature of the Department's annual report and accounts. It provides details of how I, as Accounting Officer, have ensured effective management and control of resources during the 2014-15 year, and of the action taken to ensure effective risk management and a high standard of corporate governance.

The Head of Internal Audit has provided me with a report on internal audit activity within the Department during the year and an opinion on the Department's governance, risk management and internal control system. The Internal Audit opinion reflects an aggregate assessment of Internal Audit activity over a three year period from 2012-13 to 2014-15. This indicates that, overall, the system of governance, risk management and internal control within the Department is *satisfactory*.

The Department's Head of Internal Audit also provides a report on the effectiveness of the Department's risk management, internal control and governance arrangements. The evaluation for 2014-15 has indicated that these arrangements operated at a *satisfactory* level. Significant issues identified by the Head of Internal Audit for inclusion in the Governance Statement are included at section 8.

The following statement primarily focuses on the Department as each of its 13 sponsored Non-Departmental Public Bodies (NDPBs) provides equivalent statements within their published reports and accounts.

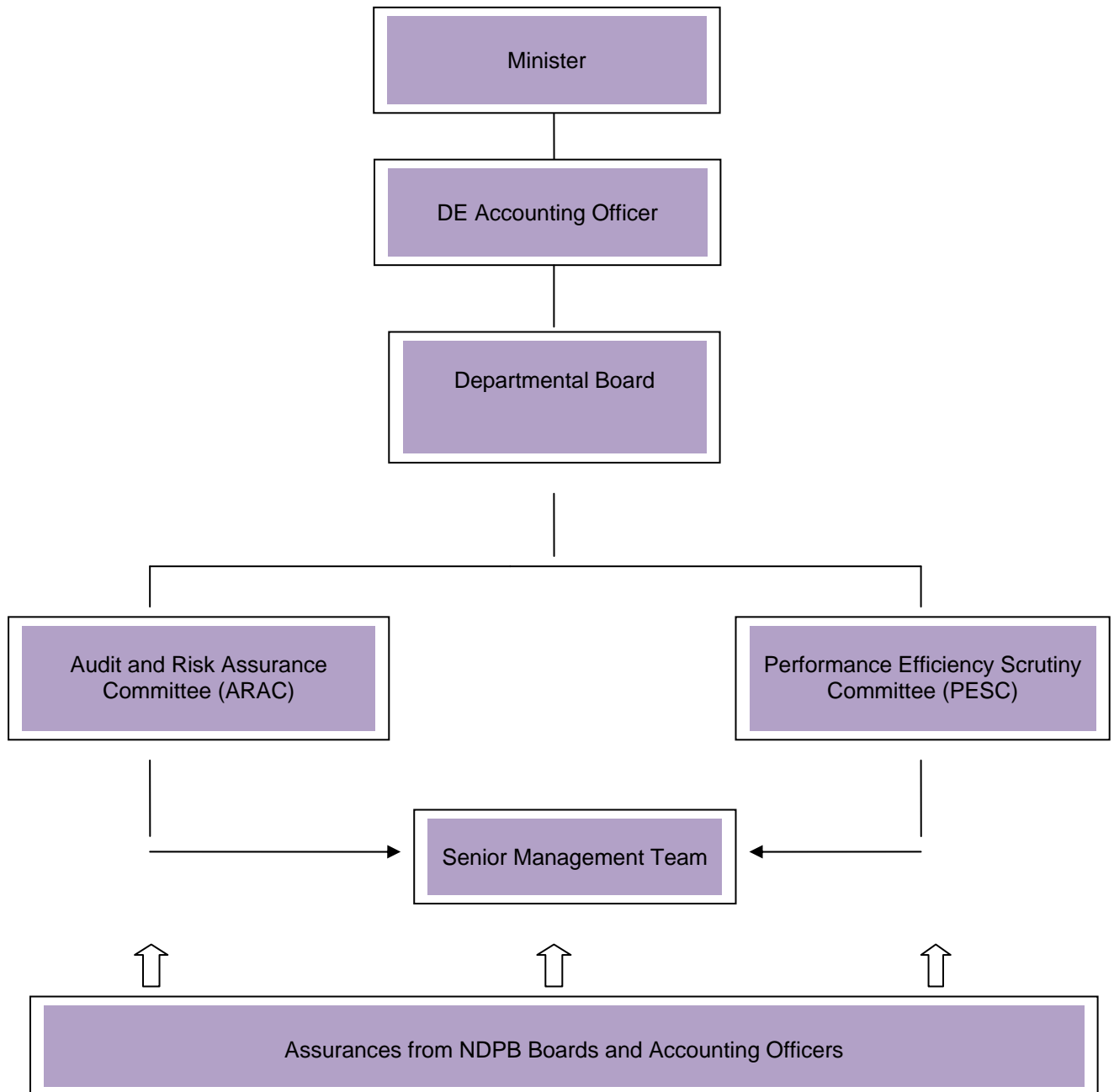
2. DE'S GOVERNANCE FRAMEWORK

The Department of Education (DE) operates under the direction and control of the Minister for Education who is the Head of the Department. The Minister leads the Department and is responsible and accountable to the Assembly for the policies, programmes and actions of the Department.

As Permanent Secretary I am the Minister's principal adviser, the administrative head of the Department and the Accounting Officer. As Accounting Officer, I am personally responsible and accountable to the Minister and to the Assembly for the effective management and organisation of the Department, including the use of public money and the stewardship of its assets.

The Department operates a detailed governance and accountability framework designed to help it oversee and hold to account the NDPBs which it sponsors. This is described more fully in section 9 below.

In my role as Accounting Officer, I function with the support of the Departmental Board, its committees and my Senior Management Team. This structure is outlined in the following diagram:



The Departmental Board

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

The Departmental Board is chaired by me and comprises two Deputy Secretaries; the Chief Inspector of the Education and Training Inspectorate; the Director of Finance; the Director of Equality and All Ireland; and two independent non-executive directors. The role of the independent non-executive directors is to: provide an independent and external perspective on the work of the Departmental Board; to

bring some specific expertise to its discussions; and to provide a constructive challenge across the Departmental Board's business. Other Departmental Directors have been invited to attend meetings where agenda items relevant to their business areas required their attendance to inform discussion. The Departmental Board's work is guided by a corporate governance framework which is reviewed regularly, most recently in February 2015.

During 2014-15, the Departmental Board met on 8 occasions.

Departmental Board Membership and Attendance 2014-15

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

Board Member	Meetings Attended	Out of a possible
Paul Sweeney (Chair)	8	8
Noelle Buick (Chief Inspector, ETI)	4	8
Katrina Godfrey (Deputy Secretary)	8	8
Fiona Hepper (Deputy Secretary)	7	8
Trevor Connolly (Director of Finance)	7	8
Barry Jordan (Director of Equality and All Ireland)	7	8
Fiona Keenan Independent Non-Executive Director	8	8
John Smyth Independent Non-Executive Director and Chair of ARAC	8	8

The Departmental Board's role is set out in the Department's Corporate Governance Framework.

It includes the following elements:

- providing leadership, communicating a system-wide strategy and vision;
- leading the implementation of that strategy and vision through:
 - setting the Department's standards and values;
 - ensuring delivery of the Department's Business Plan objectives;
 - the development of policy, under the direction of the Minister, and the directing of change; and
 - the allocation and management of resources.

- monitoring the implementation of that strategy by:
 - tracking delivery progress against targets and expenditure;
 - holding the Department and its delivery partners to account for this progress;
 - safeguarding against and managing risk; and
 - maintaining internal controls.
- managing, monitoring and improving the performance of the Department, leading organisational change where necessary; and
- ensuring that there are robust governance arrangements with each of the Department's NDPBs.

During 2014-15, there were five categories of routine Board business. These again reflected the areas set out in the corporate governance framework:

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

Board sub-committees

During 2014-15, the Departmental Board was supported by two sub-committees: the Audit and Risk Assurance Committee (ARAC) and the Performance Efficiency Scrutiny Committee (PESC).

Audit and Risk Assurance Committee

ARAC is an independent advisory committee with no executive functions. Its role is to support me in my role as Accounting Officer and to support the Departmental Board in discharging its respective responsibilities for issues of risk, control and governance and associated assurance with the support of a professionally qualified Internal Audit service.

ARAC comprises four independent members. Two members are serving senior civil servants and two are DE independent Board members.

During 2014-15 ARAC meetings were also attended by a number of DE staff, including me as Permanent Secretary; the Deputy Secretary with responsibility for finance and performance management; the Director of Finance; the Head of Internal Audit; and representation from the Department's external auditors, the NIAO.

Throughout the year the Committee considered the findings from Internal and External Audit activity along with outcomes of key governance processes such as

risk management, governance and accountability review meetings and quarterly assurance statements. In addition, the Committee invited various risk owners (Directors) to attend and provide assurance on their areas of responsibility.

Particular attention was focused on the programme for eliminating the pay remit issues which resulted in a prior year qualification of DE Resource Accounts.

Attendance 2014-15

Name	Meetings Attended	Out of a possible
John Smyth Chairperson	5	5
Deborah Brown	4	5
Fiona Keenan	4	5
Colin Lewis	4	5

A key role of the ARAC during 2014-15 was to provide independent advice, scrutiny and challenge on:

- the strategic processes for risk, control and governance and preparation for the 2014-15 Governance Statement;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the 2013-14 accounts prior to submission for audit, levels of error identified, and management’s letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit’s management letter; and
- assurances relating to the corporate governance requirements for the organisation.

Performance Efficiency Scrutiny Committee

Performance Efficiency Scrutiny Committee (PESC) was chaired during 2014-15 by the Deputy Secretary with responsibility for finance and performance management. Membership also comprised the Deputy Secretary with responsibility for human resources; the Director of Finance; and the Director of Planning and Performance Management. The Interim Chief Executive of the Education Authority (EA) also attended meetings in his role as Second Accounting Officer during the period when work was still ongoing to establish that body. Other senior staff attended meetings, or were co-opted to PESC to facilitate oversight and/or the carrying out of particular tasks.

Two additional Directors, the Director of Education Workforce Development and the Director of Families and Communities joined PESC during the course of the year in order to add to the expertise already available when discussing some of the principal areas of focus identified within the terms of reference.

Attendance 2014-15

Name and Position	Meetings Attended	Out of a possible
Fiona Hepper Chairperson Deputy Secretary with responsibility for finance and performance management	6	8
Gavin Boyd Interim Chief Executive of EA	4	8
Katrina Godfrey Deputy Secretary with responsibility for human resources	6	8
Trevor Connolly Director of Finance	7	8
Gary Fair Director of Planning and Performance Management	8	8
La'Verne Montgomery Director of Education Workforce Development	4	8
Linda Wilson Director of Families and Communities	5	8

The key roles for PESC during 2014-15 were:

- **Strategic financial planning and effective financial management**
 - overseeing input to the planning and preparation phase for the next Executive's Budget Process;
 - reviewing budget structures on an annual basis to ensure that financial resources are allocated in a manner that reflects and responds to the Minister's strategic priorities as set out in the Corporate Plan for Education and the Department's annual business plan;
 - on an ongoing basis, scrutinising and critically reviewing the nature of spending in all areas to ensure effective financial management and to examine the scope for improving value for money, delivery and performance within the Department and across the education sector;
 - oversight of the Department's Savings Delivery Plan 2011-15 and any other savings requirements including ensuring that any savings remain deliverable and are capable of realising the projected levels of savings within the expected timescales and can be objectively monitored; and
 - oversight of governance and accountability arrangements, and any issues arising, in relation to the Department's NDPBs.

- **Efficiency and Value for Money**

- oversight of work to continue to consider the recommendations flowing from the Performance Efficiency Delivery Unit (PEDU) Stage 2 reports on home to school transport and school meals;
- establishing a programme of scrutiny of operational expenditure and oversight of the development of appropriate, efficiency-related performance indicators for the Department's NDPBs including to ensure the Department is an 'intelligent scrutineer' when reviewing the performance of its NDPBs in delivering operational services; and
- oversight of PAC and NIAO recommendations (in Value for Money (VFM) reports, Reports to Those Charged with Governance and other audits) to ensure action is taken across the Department.

3. DEPARTMENTAL BOARD PERFORMANCE

I consider that the Departmental Board operated effectively during 2014-15, meeting regularly and considering appropriate issues at the appropriate time. The Departmental Board fulfilled its role as set out at section 2 above.

2014-15 Review of Board Effectiveness

In accordance with its Terms of Reference, the Board completed a review of its effectiveness during 2014-15. The outcome of the review was discussed at the Board meeting in February 2015. The review found that, in general terms, the Board was operating effectively. Areas for further development included an increased focus on the interface between the Board and Departmental Directors who are not Board members; the Board also agreed that the provision in its Terms of Reference for papers to be circulated at least three working days before a meeting should remain unchanged but that papers available in advance of this should be circulated to members.

The Board agreed that its 2015-16 evaluation will include an independent input.

4. HIGHLIGHTS OF BOARD COMMITTEE REPORTS

This section provides information on key areas progressed by the Departmental Board's two sub-committees.

A report on key issues discussed at ARAC meetings was provided for each Departmental Board meeting and full minutes were circulated to Departmental Board members when finalised. During 2014-15 ARAC also completed its annual report for 2013-14, summarising the work of the committee and providing its opinion on the comprehensiveness and reliability of the assurances available to support the Departmental Board and, particularly, to support the DE Accounting Officer in his accountability obligations.

ARAC also carried out an assessment of its own effectiveness during 2014-15. The outcome indicated that, in overall terms, ARAC continued to operate effectively, and will seek to further enhance its operational effectiveness during 2015-16.

During 2014-15 PESC monitored progress on the delivery of, and reporting on, the Department's Savings Delivery Plan. PESC also commissioned the Department's Internal Audit Team to carry out a review of DE Corporate Governance Framework and Management Information with a view to identifying opportunities to streamline existing arrangements.

5. CORPORATE GOVERNANCE

As noted above, the Department has in place a Corporate Governance Framework which aligns with the 2013 DFP Corporate Governance Code. This was reviewed and updated by the Departmental Board during 2014-15.

6. QUALITY OF THE DATA USED BY THE DEPARTMENTAL BOARD

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

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

All statistics produced by the Department are designated as 'Official Statistics' and some of our statistics are designated as 'National Statistics'. As such, they are produced in line with the 8 principles and 3 supporting protocols set out in the UK Statistics Authority's Code of Practice for Official Statistics. Accordingly, the Departmental Board considers that it can take assurance as regards the quality of the statistical data it uses to monitor performance and inform decision-making.

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

The inspection data presented to the Departmental Board is prepared from the Education and Training Inspectorate's Management and Recording System (MARS).

A MARS record is completed for each inspection and subject to internal scrutiny and annual audit.

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

7. MINISTERIAL DIRECTIONS

Arrangements exist to respond to a situation where an Accounting Officer believes that he/she is being asked by a Minister to take a course of action that could potentially result in irregular expenditure, impropriety, or poor value for money. In such circumstances, the Accounting Officer may seek a formal Ministerial Direction to proceed. During 2014-15 no Ministerial Directions were sought or given.

8. RISK ASSESSMENT

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

The DE Risk Management Framework (RMF) sets out the Department's approach to risk and the mechanisms through which potential risks to the achievement of the Departmental objectives are identified and evaluated. The RMF was last revised in September 2014 and minor amendments were made.

The RMF requires that any Directorate residual risk that is assessed as "Red" must be reported to the Departmental Board and the Minister should also be informed. Contingency plans should also be developed and tested.

Risk management

The Departmental Board agrees the risks to be included in the Department's Corporate Risk Register (CRR) and agrees ownership of each risk. 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 with the Department's ability to fulfil its business objectives. The Department's CRR was kept under constant review throughout 2014-15.

During 2014-15 the Departmental Board identified 10 corporate risks that could, if not managed effectively, have reduced the Department's ability to deliver progress in key priority areas. The areas of risk related to educational attainment, governance, resources and business continuity. The risk associated with restructuring of education administration was continually reviewed and updated to reflect the agreement of the Executive to create a new EA. One new risk was added, in relation

to the risk of the Department failing to contain spend within Assembly voted expenditure limits. The Departmental Board reviewed its corporate risks regularly throughout the year, identifying changes that needed to be made to ensure effective categorisation and management of risk. The Departmental Board particularly ensured that risks were reviewed in the context of progress in delivering corporate and business plan commitments.

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

Significant issues faced during 2014-15

During 2014-15 the Department managed a number of significant issues in relation to the areas listed below. Further details on the issues faced and the actions taken are also provided in the paragraphs that follow under the following headings.

- Restructuring of Education Administration
- Public Accounts Committee hearing
- Outworking of Area Planning
- Outstanding Pay remits
- Pension Reform
- End of Key Stage (KS) Assessment
- School Workforce Review
- Teacher Eligibility Issues
- Staffing Structure of the General Teaching Council for Northern Ireland (GTCNI)
- GTCNI Review of Governance
- Safeguarding and child protection
- Human Resources (HR) Strategy
- Staff absence
- Early years' functions
- Issues in relation to the Council for the Curriculum, Examinations and Assessment (CCEA)
- Issues in relation to the Youth Council
- Governance issues in Comhairle na Gaelscolaíochta (CnaG)
- Use of Digital Technologies Strategy
- Pupil Services ICT system

- Increased forecast spend in respect of Special Educational Needs (SEN) Belfast Education and Library Board (BELB)
- Magherafelt High School
- Delivery of Minor Works in Non-controlled Schools in the BELB Area
- Data Security Lapses
- Fraud Prevention and Whistle-blowing
- Teachers' Superannuation Scheme
- Non Budget Expenditure – Excess Vote

Restructuring of Education Administration

The Executive's Programme for Government (PfG) for 2011-15 contained a commitment to establish an Education and Skills Authority in 2013. However, this target was not achieved and the Executive agreed on 9 September 2014 to withdraw it from the PfG and to amalgamate the 5 Education and Library Boards (ELBs) and their Staff Commission into a single Education Authority (EA). The Minister also concluded that the establishment of a single EA offered the best prospect of agreeing and implementing a new future that would be compatible with local government reform.

The new Education Bill was introduced in the Assembly on 6 October 2014 and completed its final stage on 17 November 2014. The Education Bill received Royal Assent and became the Education Act (Northern Ireland) 2014 on 11 December 2014. The EA was formally established as a body corporate the following day and an Interim Chief Executive was appointed. The Full Business Case (FBC) for the establishment of the EA was approved by DFP on 12 February 2015. The Authority became fully operational on 1 April 2015 following the transfer to it of the assets, liabilities, duties, functions and staff of the ELBs and the Staff Commission.

While the changes brought forward by the Education Act are mainly structural and technical, its implementation involved a significant change programme. The work to establish the EA was delivered through a formally constituted Programme, utilising a project management system. The Programme and its constituent projects were delivered within a single programme structure reporting to an overarching Programme Management Board (PMB) which met fortnightly to monitor progress and drive forward the delivery of all the strands of the Programme. The PMB also monitored the Programme Risk Register and a Communications Strategy and will remain in place to oversee work required to establish new organisational structures within the EA and shape regional service delivery.

A Gateway "Gate 0" Review of the EA Implementation Programme was carried out and reported excellent progress up to 31 March 2015 to deliver the legal and constitutional framework within which to establish the Education Authority. The review noted emerging plans to implement a planned transition to a function based structure once the EA Board is established and awarded a delivery confidence status of green/amber going forward.

Public Accounts Committee hearing

The Public Accounts Committee (PAC) met on 12 March 2014 to consider the NIAO's report "Improving Pupil Attendance: a follow-up report" which was published on 25 February 2014. The PAC published its report on 11 June 2014. The Department's Memorandum of Reply (MOR) on the PAC report was prepared and laid before the Assembly on 4 August 2014. The MOR sets out the 6 recommendations of the PAC and what action the Department of Education has taken and will take to address the recommendations.

Outworking of Area Planning

The Department has dealt with a significant increase in the number of Development Proposals including a number of complex cases. This has meant the time taken to process Development Proposals to final decision has been longer than the target of six weeks from the end of the statutory consultation period. Furthermore, all ELBs and the CCMS flagged up a lack of resources to effectively and efficiently implement Area Planning. Bids were submitted to the Department for consideration and partially met. New governance structures for Area Planning were approved and are being implemented. Development Proposal guidance has been revised and reissued.

Outstanding pay remits

Given the challenges facing the Department in relation to Pension Reform, the Pay Remit and Pensions Policy Team was split into two teams in April 2014, enabling the Team Leader to concentrate solely on pay remit issues. There was a continuing delay in completing pay remit business cases for the Department's NDPBs for 2012-13 and 2013-14, due to additional work and resourcing issues. However, the Pay Remit Team (PRT) made considerable progress during 2014-15 addressing the backlog of pay remit business cases requiring approval – there were 14 outstanding at 31 March 2015, compared with 31 at 31 March 2014; work in this year included the completion of new pay remit business cases as well as addressing the significant backlog.

PRT continued to address the recommendations in the Internal Audit report on Pay Remit Systems Issues published in May 2013. PRT will liaise with the Internal Audit Team in 2015-16 to ensure all outstanding recommendations are completed as soon as practicable.

Pension Reform

On 8 March 2012 the NI Executive agreed the introduction of major changes to public service pensions. As a result, the Public Service Pensions Act (NI) received Royal Assent on 11 March 2014. The core provisions for public sector pension schemes going forward were contained in the Act.

The timeframe for implementing the necessary changes to scheme regulations was extremely challenging. Any delays in implementing beyond 1 April 2015 could have had a proportionate impact on the education budget - with every month that

implementation was delayed creating a potential pressure of almost £5m on the 2015-16 education budget.

The Teachers' Pension Scheme Regulations (NI) 2014 were made and laid in the Assembly on Friday 12 December 2014. These regulations, which were subject to negative resolution procedures, established a new NI Teachers' Pension Scheme (NITPS) which came into operation on 1 April 2015. This removed the risk of a penalty being applied to the education budget.

End of Key Stage (KS) Assessment

The second year of new, statutory arrangements for assessing pupils' progress in Communication and Using Mathematics at the end of each Key Stage from KS1-3 was delivered. The Department remains satisfied that the policy approach is in line with international best practice but, during the year, worked with CCEA to make further modifications and improvements to the assessment arrangements to respond to concerns expressed by teachers' representatives. Despite these changes, and an extensive period of discussion with teaching unions, the level of engagement with the statutory process remains low. It has, however, been possible to measure system-level performance on a sampling basis.

School Workforce Review

While work on the School Workforce Review highlighted in the DE Corporate Plan was progressed in 2014-15, it was not completed by the end of the year as had originally been anticipated. Validation (to address issues of consistency and reliability) of the baseline data on the composition of the school workforce collected to date is continuing. Work has also progressed via the Strategic Forum work-stream on Future Professional Development and once completed the Terms of Reference for the Review will be revised if necessary.

Teacher Eligibility Issues

As a result of the repeal of its powers relating to teacher eligibility, the Department has amended the regulations to enable the General Teaching Council for Northern Ireland (GTCNI) to consider cases and remove a teacher from its register on grounds of misconduct. The new regulations are effective from 1st April 2015 and ensure that cases of serious misconduct involving teachers, which require further consideration in terms of remaining on the teachers' Register, can continue to be dealt with effectively.

Staffing structure of the General Teaching Council for Northern Ireland

Approval was given in August 2014 in respect of a business case for a General Teaching Council for Northern Ireland (GTCNI) staff restructure. However, due to organisational issues in GTCNI, implementation was postponed. As a result a significant programme of work relating to the review of teacher competences could not be fulfilled to the timescale planned. The work will be completed in 2015-16.

General Teaching Council for Northern Ireland Review of Governance

A review of governance undertaken by GTCNI's Internal Auditors in 2014-15 highlighted that the General Teaching Council for Northern Ireland (GTCNI) governance arrangements might require some refinement. The Council and the Department have commissioned a board effectiveness review to identify the strengths and areas for improvement in GTCNI governance arrangements and agreed that any recommendations arising from the effectiveness review should be implemented as swiftly as possible.

Safeguarding and child protection

The Department's risk appetite when it comes to safeguarding and child protection issues is 'averse'. There are 3 components to the Department's overall strategy in relation to child protection: arrangements for ensuring an appropriate response to child protection/safeguarding concerns; pre-employment criminal record checks to ensure only suitable persons work with children; and encouraging pupils to develop strategies to keep safe through the curriculum and other support. The publication of the Marshall Report in November 2014 has brought a new focus to the child protection work of the Department and beyond. It is worth noting that ETI, which was enjoined to the inquiry, found that many schools are effectively teaching children and young people about healthy relationships and delivering keeping safe messages. The Marshall Report contained one key recommendation and a number of supporting recommendations for the Department and the Department is currently working internally along with colleagues in the EA, Safeguarding Board for Northern Ireland, DHSSPS and DOJ to address these.

Human Resources Strategy

The Department's 664 employees play an important role in the delivery of services to the Minister, the education sector and citizens. The Board has therefore given a significant time commitment at meetings throughout 2014-15 to the Department's strategic management approach in this area. At its May 2014 meeting the Board agreed a 3-year Human Resources (HR) Strategy for the period 2014-17 and a HR Action Plan for 2014-15. At its April 2015 meeting the Board considered a progress report on the HR Action Plan for 2014-15 and the progress made in relation to improved internal communication and engagement and a 360⁰ development programme for senior management.

The Board is keen to sustain momentum in this area through the agreement of a HR Action Plan for 2015-16. It recognises that people management and engagement issues will have an increasing relevance as the Department restructures in-year in response to reductions to its staffing budget.

Staff absence

Final validated staff absence figures for 2014-15 will not be available until autumn 2015, though provisional information from the Northern Ireland Statistics and Research Agency (NISRA) suggests that the target average of 7.8 days sickness absence per employee will not be met. NISRA estimates that the Department will record 10.2 days lost per full time equivalent member of staff for 2014-15.A

sustained management focus in this area has been in place throughout 2014-15 together with a Health and Well Being Programme for staff – this will continue in 2015-16. The overall sickness absence throughout the NICS in 2014/15 is estimated to be 10.8.

Early years' functions

A recent independent review of the Early Years' Fund highlighted a number of actions which need to be taken to address issues concerning the governance and focus of the Fund in its current form. Implementation of these actions was progressed during 2014-15. A decision was subsequently made to end the Fund in the 2015-16 Budget with funding allocated only to enable an orderly close down. The Minister has now indicated that he wishes to support a continuation of the Fund if funding becomes available. This will have to be progressed in line with the review's recommendations.

Issues in relation to the Council for the Curriculum, Examinations and Assessment

The Department recognises the strategic and operational importance of the Council for the Curriculum, Examinations and Assessment (CCEA) to the education system, and the role of the Council in giving direction and providing governance. Following the resignation of three CCEA Council members, the Department sought assurances from the Chair about the effectiveness of Council. As a consequence, the Chair initiated an independent Board Effectiveness Review which will report in the 2015/16 financial year.

Issues in relation to the Youth Council

With the agreement of the Commissioner for Public Appointments for NI, a recruitment process took place to make two short term emergency appointments to the Board of the Youth Council for NI to address governance concerns resulting from the Board's decreasing membership. Work was also undertaken to prepare for a full appointments process to the Council but was suspended in light of the Minister's decision to consult on the future of the Council after the establishment of the EA. Further consideration will need to be given to the membership of the Board in light of the uncertainty regarding the future of the Council and the timing of any changes.

Governance issues in Comhairle na Gaelscolaíochta

In June 2014, DE Internal Audit carried out a governance review of Comhairle na Gaelscolaíochta (CnaG). The review revealed a number of significant issues relating to the operation of the Board; strategic and operational planning and monitoring; performance management within the organisation; and the assurances available to the Board. Subsequently, DE commissioned the Deloitte Review of Organisation and Governance Structures. It concluded that governance and organisation in CnaG were no longer fit for purpose and made a series of recommendations for change. DE is working closely with CnaG to develop a fit for purpose response and Action Plan to address comprehensively both the Internal Audit and the Deloitte findings.

Use of Digital Technologies Strategy

The update to the Use of Digital Technologies Strategy was scheduled for 2014-15. As there is a current C2k contract in place until March 2017, it was decided during 2014-15 that the priority must be with the effective management and control of resources concerning the C2k contract, not with the creation of a new Use of Digital Technologies Strategy. A Gateway Review was therefore commissioned and took place in February 2015, primarily to seek assurance regarding the existing contract, but also to receive direction regarding the Use of Digital Technologies Strategy, given the creation of the EA from April 2015. The resulting report provided the necessary assurances and made specific recommendations regarding the Strategy. These recommendations are to be considered by the Department of Education and the EA to ensure that plans are put in place to create the new and updated Digital Technologies Strategy during 2015-16.

Pupil Services ICT system

A business case relating to the Pupil Services ICT system was submitted by the Department to DFP in December 2014. In March 2015 DFP granted approval to upgrade the software used in the ICT system and the extension of the contract with the existing suppliers to enable the resulting external procurement process to go ahead. However DFP also concluded that all of the contract extensions from 2009 to March 2015 should have been submitted to them for approval. As this was not done the expenditure, which has been incurred across each of the five ELBs, was not properly approved and was therefore irregular. The total cost of this expenditure over the six financial years from 2009-10 to 2014-15 and across the five ELBs has been £1.7m including £295k relating to 2014-15. The importance of ensuring that contract extensions receive all appropriate approvals has been underlined to the Education Authority.

Increased forecast spend in respect of Special Educational Needs Belfast Education and Library Board

The Department's Internal Audit Team completed a review of the adequacy of the financial management arrangements within the Belfast Education and Library Board (BELB). The review highlighted significant concerns regarding the financial management arrangements operated by Board officers and concluded that the existing arrangements did not ensure that expenditure was subject to sufficiently robust and timely monitoring, scrutiny and reporting. An action plan to address the issues identified was agreed with the Board and a follow-up review will be completed during 2015-16 with the EA to ensure these actions have been effectively implemented.

Magherafelt High School

In August 2014 the NEELB submitted the final account for the project to the Department, which the Department asked an independent review team to examine. On the basis of this examination, the Department was content that the amount identified to settle in full the final account with the contractor was rightly due for payment and informed the Board it should proceed to make this payment. The Department was not however of the view that the outstanding professional fees associated with the project should be paid in full as the independent review raised

some significant performance issues. It was the Department's view that the NEELB should agree an appropriate abatement of the outstanding professional fees and this was finalised in March 2015.

The final account for the Magherafelt High School capital build project was agreed at £13,370,892 which was in excess of the £12,906,039 budget. This over spend of £464,853 represents an irregular payment on behalf of the NEELB. The C&AG qualified his opinion on the NEELB 2013-14 Accounts regarding Magherafelt High School.

Delivery of Minor Works in Non-controlled Schools in the Belfast Education and Library Board Area

The Department holds the budget for capital minor works in non-controlled schools however the work is delivered by the ELBs on the Department's behalf. Approval to undertake works is issued by the Department prior to the responsible ELB commencing the process of delivering the works. It became apparent that in a small number of cases in the Belfast Education and Library Board (BELB) area, the instruction to the contractor to undertake the work appears to have been issued by BELB prior to an authorisation to proceed being received from the Department. The reason for this breakdown in the approval process is currently being investigated. No irregular payments have been made at this point.

Data Security Lapses

On 25 March 2015 the Department notified the Information Commissioner's Office (ICO) of a potential data security breach regarding the non-delivery of an item of mail containing sensitive data. The ICO investigated the circumstances of the incident and concluded on 30 April 2015 that the incident can be seen to be outside of the direct control of the Department as the item had been sent via a reputable method of delivery. The Department has reviewed its procedures for sending items containing sensitive data via the postal system and has further strengthened these by requiring sensitive items to be sent by Special Delivery.

Fraud Prevention and Whistleblowing

The Department's fraud and whistleblowing arrangements were reviewed and updated during the year and are fully compliant with current best practice. A fraud risk analysis was also undertaken during the year to identify areas where the risk of fraud exists and ensure that appropriate measures are in place to minimize those risks.

Fraud monitoring and reporting arrangements have been effectively maintained throughout the year and there were no frauds reported within the Department during 2014-15.

Teachers' Superannuation Scheme

The Department manages the Teachers' Superannuation Scheme (TSS). Issues relevant to the TSS are reported in the governance statement included in the 2014-15 TSS Annual Scheme Statements.

Non Budget Expenditure – Excess Vote

In 2013-14, the Department identified that within Statement of Assembly Supply 2 of the Resource Accounts, in respect of the Non Budget section of Request for Resource A, the cash drawn down by NDPBs exceeded the amounts authorised within the Spring Supplementary Estimates. This was deemed to be an Excess Vote which resulted in irregular expenditure of £6.3m. To prevent a similar occurrence in 2014-15, the Department designed and implemented an enhanced control framework to manage the cash draw down process by the NDPBs and these are operating effectively.

Subsidiary Directorate Assurance Statements

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

9. NDPB GOVERNANCE FRAMEWORK

The chief executive of each of the Department's NDPBs is designated by the Departmental Accounting Officer as the Accounting Officer for his or her organisation. In addition, during 2014-15 the Chief Executive Designate of ESA (and subsequently the Interim Chief Executive of the Education Authority) retained his responsibilities as an additional Accounting Officer appointed by the Department of Finance and Personnel. The allocation of accounting officer responsibilities is set out in the Statement of Accounting Officers' Responsibilities on page 57.

During 2014-15, the Department adopted a robust framework for ensuring effective governance within its existing NDPBs and to provide the Accounting Officer with assurance that designated accounting officers were fulfilling their responsibilities. Key features of this framework included:

- a requirement to ensure compliance with statute and with the body's Management Statement and Financial Memorandum;
- arrangements to ensure that NDPB business plans reflected and supported the delivery of the Education Minister's strategic priorities, particularly those related to raising standards and closing the attainment gap;
- monitoring of progress in delivering agreed business plan targets;
- regular, formal Governance and Accountability Review meetings chaired by the Permanent Secretary and attended by the respective chief executives and chairs;
- the completion of quarterly assurance statements which provided confirmation (and, where necessary evidence) that required processes were being followed;
- regular engagement between DE directors and senior NDPB counterparts; and

- the regular attendance of a senior DE member of staff as an observer at meetings of each NDPB's audit committee and routine and timely feedback from these meetings.

In 2014-15, following a request from PESC, Internal Audit undertook a review of Governance and Accountability Arrangements for the Oversight of Arm's Length Bodies. Draft guidance and arrangements have been developed and these will be implemented during 2015-16.

NDPB Governance Statements

The DE Governance Statement needs to reflect and be informed by the content of the Governance Statements of the NDPBs for which the Department is accountable. Accordingly, the Department requested sight of the draft Governance Statements from all of its executive NDPBs.

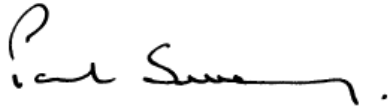
As a first step, in order to ensure good standards of governance in its NDPBs and in consideration of the guidance on compliance and content contained in Annex 3.1 of MPMNI, the related fact sheet provided by NIAO and the 2013-14 feedback provided by DE, the Department carried out an analysis of the initial draft Governance Statements submitted by each NDPB and provided feedback accordingly. Most of the initial draft statements complied with the above guidance and had taken on board the previous year's feedback. Some suggestions for improvement were provided to a small number of bodies, including reminding them of the prime purpose of a governance statement, that it should deal with fact rather than opinion, that risks/issues highlighted should also include details of mitigating actions being taken, and that references to concerns over future years budgets and funding were not appropriate for the 2014-15 statement. A small number of factual inaccuracies were also highlighted. The feedback provided was taken account of by the bodies prior to submitting their final draft Governance Statements.

The Department has also used its analysis of the NDPB Governance Statements to ensure that its own statement captures all relevant significant issues (see section 8).

CnaG did not comply with DE's timetable to enable feedback on initial draft statements to be provided by 1 May. DE did not receive the CnaG statement until 7 May and the subsequent analysis raised concerns that it did not accurately reflect the scale and range of difficulties which the body had encountered during 2014/15, particularly in the area of governance. The Department wrote to CnaG on 18 May highlighting those concerns and a revised draft statement reflecting the Department's comments was received on 20 May 2015.

10. CONCLUSION

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



Signed: _____
Accounting Officer

Date: 25 June 2015

DEPARTMENT OF EDUCATION

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 2015 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. I have also audited the Statement of Assembly Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2015 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2015 and of its net operating cost, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or

- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style with a long, sweeping horizontal stroke at the end.

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

30 June 2015

DEPARTMENT OF EDUCATION

STATEMENT OF ASSEMBLY SUPPLY

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Department of Education to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

Summary of Resource Outturn 2014-15

Request for Resources	Note	Estimate			Outturn			2014-15	2013-14
		Gross expenditure £000	Accruing Resources £000	Net total £000	Gross expenditure £000	Accruing Resources £000	Net total £000	Net total outturn compared with Estimate: saving/ (excess) £000	Outturn Net total £000
Request for Resources A	SOAS2	2,220,874	(15,899)	2,204,975	2,095,852	(15,355)	2,080,497	124,478	2,029,807
Request for Resources B	SOAS2	46,301	-	46,301	41,568	-	41,568	4,733	41,410
Total resources	SOAS3	2,267,175	(15,899)	2,251,276	2,137,420	(15,355)	2,122,065	129,211	2,071,217
Non-operating cost									
Accruing Resources		-	-	-	-	-	-	-	-

Net Cash Requirement 2014-15

Net cash requirement	Note	Estimate £000	Outturn £000	2014-15	2013-14
				Net total outturn compared with Estimate: saving/ (excess) £000	Outturn £000
Net cash requirement	SOAS4	2,287,638	2,106,429	181,209	2,063,276

Summary of income payable to the Consolidated Fund

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

	Note	Forecast 2014-15 Income £000	Receipts £000	Outturn 2014-15 Income £000	Receipts £000
Total	SOAS5.1	2,935	<i>2,935</i>	3,287	<i>3,037</i>

Explanations of variances between Estimate and outturn are given in note SOAS2 and in the Management Commentary.

The notes on pages 97 to 127 form part of these accounts.

DEPARTMENT OF EDUCATION

Notes to the Departmental Resource Accounts (Statement of Assembly Supply)

SOAS1. Statement of accounting policies

The Statement of Assembly Supply and supporting notes have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The Statement of Assembly Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2014-15 Consolidated Budgeting Guidance and Supply Estimates in Northern Ireland Guidance Manual.

SOAS1.1 Accounting convention

The Statement of Assembly Supply and related notes are presented consistently with Treasury budget control and Supply Estimates in Northern Ireland. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework “European System of Accounts” (ESA10). ESA10 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the Statement of Assembly Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Assembly authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government’s objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

SOAS1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts but there are a number of differences.

In the Department’s 2014-15 accounts, the only difference is that income payable to the Consolidated Fund is excluded from the Statement of Assembly but is included in the Statement of Comprehensive Net Expenditure.

The notes on pages 97 to 127 form part of these accounts.

SOAS2. Analysis of net resource outturn by function

							2014-15			2013-14
							Outturn	Estimate		
									Net total outturn compared with Estimate, adjusted for virements	Prior-year outturn
	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	£000	£000
Request for Resources A										
Departmental Expenditure in DEL:										
1. Education and Library Boards – Departmental overheads	9,842	16,942	-	26,784	(268)	26,516	26,870	354	354	24,008
2. Non-Departmental Public Bodies – Departmental overheads	757	20	-	777	-	777	799	22	22	815
3. Voluntary and Grant Maintained Integrated Schools – Departmental overheads	5,478	159	-	5,637	-	5,637	5,807	170	170	5,910
4. Centrally Financed Services	915	2,403	8,872	12,190	(38)	12,152	12,968	816	816	11,554
5. Early Years Services	149	55	29,276	29,480	-	29,480	29,888	408	408	28,152
6. Further Education and Student Support (from Department for Employment and Learning)	-	-	-	-	(15,049)	(15,049)	(15,489)	(440)	(440)	(15,279)
Annually Managed Expenditure										
7. Provisions	139	6	-	145	-	145	1,180	1,035	1,035	257
8. Impairments	-	(600)	-	(600)	-	(600)	1,800	2,400	2,400	(1,845)
Non-Budget:										
9. Education and Library Boards	-	-	1,600,321	1,600,321	-	1,600,321	1,703,898	103,577	103,577	1,596,821
10. Voluntary and Grant Maintained Integrated Schools	-	-	390,844	390,844	-	390,844	402,756	11,912	11,912	349,125
11. Council for the Curriculum, Examinations and Assessment (CCEA)	-	-	20,197	20,197	-	20,197	23,000	2,803	2,803	21,108
12. Council for Catholic Maintained Schools (CCMS)	-	-	3,753	3,753	-	3,753	3,770	17	17	3,320
13. Staff Commission for Education and Library Boards	-	-	243	243	-	243	350	107	107	243
14. General Teaching Council for Northern Ireland	-	-	55	55	-	55	60	5	5	52

	2014-15						2013-14			
	Outturn			Estimate			Net total outturn compared with Estimate, adjusted for virements			Prior-year outturn
	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	Net total outturn compared with Estimate, adjusted for virements £000	Prior- year outturn £000
15. Comhairle na Gaelscolaíochta	-	-	756	756	-	756	776	20	20	617
16. Northern Ireland Council for Integrated Education	-	-	683	683	-	683	700	17	17	646
17. Middletown Centre for Autism Ltd	-	-	1,078	1,078	-	1,078	1,566	488	488	852
18. Notional Charges	3,509	-	-	3,509	-	3,509	4,276	767	767	3,451
Total	20,789	18,985	2,056,078	2,095,852	(15,355)	2,080,497	2,204,975	124,478	124,478	2,029,807
Request for Resources B										
Departmental Expenditure in DEL:										
1. Education and Library Boards – Departmental overheads	500	-	-	500	-	500	566	66	66	521
2. Youth Council – Departmental overheads	113	-	-	113	-	113	128	15	15	118
3. Youth Services	278	-	1,329	1,607	-	1,607	2,183	576	576	391
4. Voluntary Bodies and Other Services supporting Community Relations	-	-	-	-	-	-	-	-	-	-
Non-Budget:										
5. Education and Library Boards	-	-	34,048	34,048	-	34,048	38,000	3,952	3,952	35,223
6. Youth Council for Northern Ireland	-	-	5,116	5,116	-	5,116	5,200	84	84	4,976
7. Notional Charges	184	-	-	184	-	184	224	40	40	181
Total	1,075	-	40,493	41,568	-	41,568	46,301	4,733	4,733	41,410
Resource Outturn	21,864	18,985	2,096,571	2,137,420	(15,355)	2,122,065	2,251,276	129,211	129,211	2,071,217

The notes on pages 97 to 127 form part of these accounts.

Explanation of variance between Estimate and outturn

Request for Resources A

Request for Resources A shows a total underspend of £124.5m (5.6%) against the Estimate for the year. The underspend was due to lower than anticipated drawdown of grant-in-aid by the Education and Library Boards in respect of schools, largely as a result of lower than anticipated payments to creditors.

Request for Resources B

Request for Resources B shows a total underspend of £4.7m (10.2%) against the Estimate for the year. The underspend was due to lower than anticipated expenditure in Youth Services and in drawdown of grant-in-aid by the Education and Library Boards in respect of youth.

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

Key to Request for Resources

Request for Resources 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 Resources 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 recognition of and respect for cultural diversity.

The notes on pages 97 to 127 form part of these accounts.

SOAS3. Reconciliation of outturn to net operating cost and against administration budget

SOAS3.1 Reconciliation of net resource outturn to net operating cost

		2014-15			2013-14
	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net resource outturn	SOAS2	2,122,065	2,251,276	129,211	2,071,217
Non-supply income (CFERs)	SOAS5.1	(3,287)	(2,935)	352	(3,988)
Net operating cost in the Statement of Comprehensive Net Expenditure		2,118,778	2,248,341	129,563	2,067,229

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

SOAS3.2 Outturn against final administration budget

	2014-15		2013-14
	Budget £000	Outturn £000	Outturn £000
Gross administration budget	18,512	18,104	18,931
Income allowable against the administration budget	(107)	(110)	(328)
Net outturn against final administration budget	18,405	17,994	18,603

The notes on pages 97 to 127 form part of these accounts.

SOAS4. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	2014-15 Net total outturn compared with Estimate: saving/ (excess) £000
Resource Outturn	SOAS2	2,251,276	2,122,065	129,211
Capital:				
Acquisition of property, plant and equipment	7, 8	2,730	2,033	697
Non-operating Accruing Resources				
Proceeds of asset disposals	SOAS7	-	-	-
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items:</i>				
Depreciation, amortisation and revaluation credit to SOCNE	4.1	(2,046)	411	(2,457)
New provisions, and adjustments to previous provisions	4.1	(1,180)	(145)	(1,035)
Other non-cash items	4.1	(4,500)	(3,693)	(807)
Changes in working capital other than cash	14, 15	40,000	(15,421)	55,421
Use of provision	16	1,358	1,179	179
Net cash requirement		2,287,638	2,106,429	181,209

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

The notes on pages 97 to 127 form part of these accounts.

SOAS5. Income payable to the Consolidated Fund

SOAS5.1 Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2014-15		Outturn 2014-15	
		Income £000	Receipts £000	Income £000	Receipts £000
Other operating income and receipts not classified as Accruing Resources		2,935	2,935	3,287	<i>3,037</i>
	SOAS6	2,935	2,935	3,287	<i>3,037</i>
Non-operating income and receipts – excess Accruing Resources	SOAS7	-	-	-	-
Total income payable to the Consolidated Fund		2,935	2,935	3,287	<i>3,037</i>

SOAS5.2 Consolidated Fund Income

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

The notes on pages 97 to 127 form part of these accounts.

SOAS6. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2014-15 £000	2013-14 £000
Operating income	6	18,642	19,636
Gross income		18,642	19,636
Income authorised to be Accruing Resources	SOAS2	(15,355)	(15,750)
CFER exchange gains		-	102
Operating income payable to the Consolidated Fund	SOAS5.1	3,287	3,988

SOAS7. Non-operating income – Excess Accruing Resources

	2014-15 £000	2013-14 £000
Proceeds on disposal of assets	-	-
Non-operating income – excess Accruing Resources	-	-

The notes on pages 97 to 127 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

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

				2014-15	2013-14
	Note	Staff costs £000	Other costs £000	Income £000	£000
Administration costs:					
Staff costs	3	16,412	-	-	17,069
Other administration costs	4	-	5,452	-	5,624
Operating income	6	-	-	(110)	(328)
Programme costs:					
Request for Resources A					
Staff costs	3	13,155	-	-	11,876
Programme costs	5	-	2,061,908	-	2,011,998
Less: Income	6	-	-	(18,117)	(19,131)
Request for Resources B					
Programme costs	5	-	40,493	-	40,298
Less: Income	6	-	-	(415)	(177)
Totals		29,567	2,107,853	(18,642)	2,067,229
Net operating cost for the year ended 31 March 2015	SOAS3			2,118,778	2,067,229
Other Comprehensive Expenditure					
Items that will not be reclassified to net operating costs:					
Net gain on revaluation of property, plant and equipment	7			(1,500)	(1)
Net gain on revaluation of intangible assets	8			(3)	(9)
Total comprehensive net expenditure for the year ended 31 March 2015				2,117,275	2,067,219

All income and expenditure are derived from continuing operations.

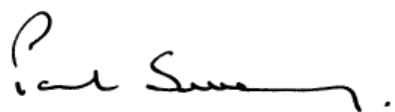
The notes on pages 97 to 127 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Financial Position as at 31 March 2015

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

	Note	£000	2015 £000	£000	2014 £000
Non-current assets:					
Property, plant and equipment	7	12,795		8,698	
Intangible assets	8	205		355	
Financial assets	12	565		565	
Total non-current assets			13,565		9,618
Current assets:					
Trade and other receivables	14	4,867		1,539	
Cash and cash equivalents	13	-		2,323	
Total current assets			4,867		3,862
Total assets			18,432		13,480
Current liabilities:					
Trade and other payables	15	(79,001)		(62,575)	
Provisions	16	(197)		(1,232)	
Total current liabilities			(79,198)		(63,807)
Non-current assets less net current liabilities			(60,766)		(50,327)
Non-current liabilities:					
Provisions	16	(319)		(318)	
Total non-current liabilities			(319)		(318)
Total assets less liabilities			(61,085)		(50,645)
Taxpayers' equity and other reserves:					
General fund			(62,616)		(50,694)
Revaluation reserve			1,531		49
Total equity			(61,085)		(50,645)



Signed: _____
Accounting Officer

Date: 25 June 2015

The notes on pages 97 to 127 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Cash Flows for the year ended 31 March 2015

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

	Note	2014-15 £000	2013-14 £000
Cash flows from operating activities			
Net operating cost	SOAS3	(2,118,778)	(2,067,229)
Adjustments for non-cash transactions	4.1	3,405	2,187
(Increase)/decrease in trade and other receivables	14	(3,328)	9,128
<i>less movements in receivables relating to items not passing through the statement of comprehensive net expenditure</i>	14	2,760	(4,802)
Increase in trade and other payables excluding bank overdraft	15	16,024	3,141
<i>less movements in payables relating to items not passing through the statement of comprehensive net expenditure</i>	15	(474)	1,740
Use of provisions	16	(1,179)	(127)
Net cash outflow from operating activities		(2,101,570)	(2,055,962)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(1,816)	(808)
Purchase of intangible assets	8	(6)	(1)
Net cash outflow from investing activities		(1,822)	(809)
Cash flows from financing activities			
From the Consolidated Fund (supply) – current year		2,103,155	2,062,778
From the Consolidated Fund (supply) – prior year	14	498	5,301
Net financing		2,103,653	2,068,079
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		261	11,308
Payments of amounts due to the Consolidated Fund		(2,986)	(5,690)
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	13	(2,725)	5,618
Cash and cash equivalents at the beginning of the period	13	2,323	(3,295)
Cash and cash equivalents at the end of the period	13	(402)	2,323

The notes on pages 97 to 127 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

This statement shows the movement in the year on the different reserves held by the Department of Education, analysed into “general fund reserves” (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure.

	Note	General Fund £000	Revaluation reserve (property, plant & equipment) £000	Revaluation reserve (intangible assets) £000	Taxpayers' equity and total reserves £000
Balance at 31 March 2013		(46,405)	3	56	(46,346)
Net Assembly funding – drawn down		2,062,778	-	-	2,062,778
Supply receivable adjustment	14	498	-	-	498
CFERs payable to the Consolidated Fund		(3,988)	-	-	(3,988)
Comprehensive expenditure for the year	SOAS3	(2,067,229)	1	9	(2,067,219)
Non-cash charges – accommodation and other charges	4, 4.1	3,550	-	-	3,550
Non-cash charges – auditor’s remuneration and expenses	4, 4.1	82	-	-	82
Transfers between reserves		20	(1)	(19)	-
Balance at 31 March 2014		(50,694)	3	46	(50,645)
Net Assembly funding – drawn down		2,103,155	-	-	2,103,155
Supply receivable adjustment	14	3,274	-	-	3,274
CFERs payable to the Consolidated Fund	SOAS5.1	(3,287)	-	-	(3,287)
Comprehensive expenditure for the year	SOAS3	(2,118,778)	1,500	3	(2,117,275)
Non-cash charges – accommodation and other charges	4, 4.1	3,608	-	-	3,608
Non-cash charges – auditor’s remuneration and expenses	4, 4.1	85	-	-	85
Transfers between reserves		21	(1)	(20)	-
Balance at 31 March 2015		(62,616)	1,502	29	(61,085)

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,

£14,746,000 (2013-14: £5,760,000.00) is deemed paid to Departments from the Northern Ireland Consolidated Fund through the normal supply process.

The notes on pages 97 to 127 form part of these accounts.

DEPARTMENT OF EDUCATION

ANNUAL REPORT AND ACCOUNTS 2014-15

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2014-15 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Education for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department of Education are described below. They have been applied consistently in dealing with items considered material to the accounts.

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

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

1.1 Accounting convention

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

1.2 Basis of consolidation

These accounts comprise a consolidation of the non-agency parts of the Department (the core department), and the Exceptional Circumstances Body which falls within the Departmental boundary as defined in the *FReM*, interpreted for Northern Ireland. Transactions between entities included in the consolidation are eliminated.

As the results of the Core Department are not materially different from those of the Consolidated Department, the results of the Exceptional Circumstances Body have not been separately disclosed on the Statement of Comprehensive Net Expenditure, Statement of Financial Position and supporting notes.

A list of all those entities within the Departmental boundary is given at note 21.

1.3 Property, plant and equipment

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

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

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

- Land

Title to land shown in the accounts is held by the Department of Education. Land is stated at current value in the year of purchase using a professional valuation provided by Land and Property Services (LPS), an agency of the Department of Finance and Personnel, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA), and the Institute of Revenues Rating and Valuation (IRRV). Subsequently, a professional valuation is made by LPS every five years and in the intervening years these valuations are updated using appropriate indices obtained from LPS.

- Assets under construction are carried at cost.
- Other assets

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

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

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

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

1.4 Depreciation

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

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

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

1.5 Intangible assets

Software and associated licences are capitalised as intangible assets where expenditure of £1,000 or more is incurred on the purchase of an individual or grouped asset. Intangible assets are carried at fair value which is estimated by restating the value annually by reference to indices compiled by the ONS.

Software licences are amortised over the shorter of the term of the licence and their useful economic life. Other intangible assets are amortised over three years.

1.6 Assets funded by government grants

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

1.7 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 Skills in the Republic of Ireland and is funded equally by each department.

The primary object of the company is to purchase, acquire and hold the property located at Middletown, Co Armagh, 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 Skills in the Republic of Ireland each appoint two members to the committee.

Although categorised as a joint venture in line with IAS 28, *Investments in Associates and Joint Ventures*, the company falls outside the Departmental accounting boundary and has therefore been treated as an investment in the Departmental Resource Accounts. In accordance with paragraph 8 of FD (DFP) 12/14 the investment has been valued at historical cost less impairment, within the Department’s Statement of Financial Position.

1.8 Inventories

Inventories are not deemed to be material, and are expensed to the Statement of Comprehensive Net Expenditure as purchased.

1.9 Operating income

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

1.10 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure 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.

1.11 Foreign exchange

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

1.12 Employee Benefits including Pensions

Under the requirements of IAS 19, *Employee Benefits*, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been calculated using untaken annual leave balances from the payroll system and untaken flexi-leave balances from the results of a survey. It is not anticipated that the level of untaken leave will vary significantly from year to year.

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

1.13 Early departure costs

DE employees

The Department meets the additional cost of benefits beyond the normal 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 (or, in the case of Injury Awards, between early departure and estimated life expectancy). The Department provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in current or previous years or, to the estimated life expectancy in respect of Injury Awards. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the 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 fall within the remit of 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 Statement of Comprehensive Net Expenditure 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 ELBs and other NDPBs for both recurrent and capital expenditure is equal to their expenditure to the extent that the latter has been properly incurred. Expenditure in this context is when the 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 each year reflects the totality of the schools' entitlement under the Local Management of Schools' arrangements.
- Grant issued to Voluntary 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 reporting period date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently minus 1.5 per cent for general provisions and plus 1.3 per cent for early departure provisions).

1.17 Contingent liabilities

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

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

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

1.19 Financial instruments

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

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

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

In accordance with IAS 39, *Financial Instruments: Recognition and Measurement*, the investment in the Middletown Centre for Autism (Holdings) Limited is classified as “held to maturity” and trade receivables, cash and cash equivalents and trade payables are classified as “loans and receivables”. The investment held to maturity is measured at historical cost less

any impairment. Loans and receivables are recognised and carried at fair value. Financial liabilities are recognised and carried at fair value, net of transaction costs.

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

The Department measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

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

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

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

1.20 Third party assets

Third party assets are assets for which the Department acts as custodian or trustee but in which neither the Department nor government more generally has a direct beneficial interest. Third party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of the Department's third party assets are provided in note 20.

1.21 Currency and rounding

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

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

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

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

Accounting boundary IFRSs are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A review of the Northern Ireland financial process, which will bring Northern Ireland departments under the same adaptation, has been presented to the Executive, but a decision has yet to be made. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

2. Statement of Operating Costs by Operating Segment

The Department's activities are carried out to fulfil a vision for education that is designed to ensure that all young people can achieve to their full potential.

The vision is of an education system that is recognised internationally for the quality of its teaching and learning and for the achievements of its young people and of an education service that has at its centre a focus on the needs of children and young people.

The key areas are the education and youth sectors.

Operating segment criteria set out in IFRS 8, *Operating Segments*, were applied to the key areas and all criteria met.

The financial information reported to the Accounting Officer is also focused on these key areas of activity.

Education Sector attracts funding for pre-school education and schools.

Youth Sector attracts funding for the youth service, community relations measures for young people and millennium volunteers.

A further split is applied to the education sector between those that are carried out by the Education and Library Boards and Others which primarily includes Voluntary Schools and Grant Maintained Integrated Schools.

The youth sector is further split between the Education and Library Boards and Others which includes the Youth Council.

	Education ELB's £000	Education Other £000	Youth ELB's £000	Youth Other/ Community Relations £000	Total £000
2014-15					
Gross expenditure	1,600,321	455,812	34,048	6,445	2,096,626
Income	(16,818)	(951)	(415)	-	(18,184)
Net expenditure	1,583,503	454,861	33,633	6,445	2,078,442
	Education ELB's £000	Education Other £000	Youth ELB's £000	Youth Other/ Community Relations £000	Restated Total £000
2013-14					
Gross expenditure	1,596,821	412,757	35,223	5,075	2,049,876
Income	(17,033)	(1,839)	(177)	-	(19,049)
Net expenditure	1,579,788	410,918	35,046	5,075	2,030,827

The prior period figures have been restated to align them more accurately with the key financial areas reported to the Accounting Officer.

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

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

2014-15	Note	Education ELB's £000	Education Other £000	Youth ELB's £000	Youth Other/Community Relations £000	Total £000
Total net expenditure reported for operating segments	2	1,583,503	454,861	33,633	6,445	2,078,442
Reconciling items:						
Departmental Overheads						40,336
Total net expenditure per the statement of comprehensive net expenditure	SOAS3					2,118,778

2013-14	Note	Education ELB's £000	Education Other £000	Youth ELB's £000	Youth Other/Community Relations £000	Restated Total £000
Total net expenditure reported for operating segments	2	1,579,788	410,918	35,046	5,075	2,030,827
Reconciling items:						
Departmental Overheads						36,402
Total net expenditure per the statement of comprehensive net expenditure	SOAS3					2,067,229

The prior period figures have been restated to align them more accurately with the key financial areas reported to the Accounting Officer.

3. Staff numbers and related costs

Staff costs comprise:

	Permanently employed staff £000	Others £000	Ministers £000	2014-15 Total £000	2013-14 Total £000
Wages and salaries	21,240	2,746	38	24,024	23,313
Social security costs	1,705	-	4	1,709	1,626
Other pension costs	4,252	-	8	4,260	4,006
Total net costs	27,197	2,746	50	29,993	28,945

Analysed as:	2014-15 £000	2013-14 £000
Administration costs	16,362	17,019
Minister's costs (notional)	50	50
Administration costs - Statement of Comprehensive Net Expenditure	16,412	17,069
Programme costs - Statement of Comprehensive Net Expenditure	13,155	11,876
Capitalised	426	-
Total net costs	29,993	28,945

Permanently employed staff include the cost of the Department's Special Adviser, who was paid in the pay band £59,037-£91,809 (2013-14: £58,452-£91,809).

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes 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 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £4,246,733.68 were payable to the NICS pension arrangements (2013-14: £3,993,088.53) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2015-16, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 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 £5,234.63 (2013-14: £4,420.97) 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% (2013-14: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £328.09, 0.8% (2013-14: £264.90, 0.8%) of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

Three people (2013-14: three people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £4,761.87 (2013-14: £7,613.15).

Average number of persons employed

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

Activity	Permanently employed staff Number	Others Number	Ministers Number	Special advisers Number	2014-15 Total Number	2013-14 Total Number
Education ELB's	460	46	1	1	508	526
Education Other	132	13	-	-	145	124
Youth ELB's	10	1	-	-	11	11
Youth Other/Community Relations	2	-	-	-	2	2
Staff engaged on capital projects	7	-	-	-	7	-
Total	611	60	1	1	673	663

The above disclosure relates to the core department, split proportionately across the operating segments detailed in Note 2. The staff numbers are apportioned on the basis of the total net costs of each segment. The department does not have any agencies.

3.1 Reporting of compensation and exit packages for all staff

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2014-15 Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	2013-14 Total number of exit packages by cost band
Less than £10,000	-	1	1	-	-	-
£10,000 - £25,000	-	1	1	-	-	-
£25,000 - £50,000	-	4	4	-	-	-
£50,000 - £100,000	-	1	1	-	-	-
Total number of exit packages	-	7	7	-	-	-
Total resource cost	£nil	£198,265.83	£198,265.83	£nil	£nil	£nil

The above disclosure relates to the core department. The department does not have any agencies.

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

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

4 Other administration costs

	Note	£000	2014-15 £000	£000	2013-14 £000
Rentals under operating leases			9		10
Other expenditure					
Travel and subsistence			127		138
Other staff related costs			199		144
Accommodation costs			37		46
Office services			364		368
Contracted out services			539		553
Other professional fees			111		18
Managed services – information technology			19		30
Other expenses			261		295
Non-cash items (Note 4.1)					
Depreciation		2		21	
Amortisation		2		162	
			4		183
Notional charges					
- auditor's remuneration and expenses		85		82	
- accommodation		1,367		1,340	
- others		2,191		2,160	
			3,643		3,582
Provision provided for in-year	16	156		371	
Provision not required written back	16	(17)		(114)	
			139		257
Total			5,452		5,624

During the year the Department paid £7,158.00 to the Northern Ireland Audit Office for the completion of non-audit work relating to the National Fraud Initiative.

4.1 Non-cash transactions included in the reconciliation of resources to net cash requirement in note SOAS4 and the Statement of Cash Flows

	£000	2014-15 £000	£000	2013-14 £000
Depreciation and amortisation (Note 4)	4		183	
Depreciation, amortisation and revaluation credit to SOCNE (Note 5)	(415)		(1,819)	
		(411)		(1,636)
New provisions, and adjustments to previous provisions (Note 4)	139		257	
New provisions, and adjustments to previous provisions (Note 5)	6		-	
		145		257
Other non-cash items				
Notional charges (Note 4)	3,643		3,582	
Notional Minister's salary (Note 3)	50		50	
		3,693		3,632
Total non-cash transactions (Note SOAS4)		3,427		2,253
Programme income – SIB contribution		(22)		(66)
Total non-cash transactions (Statement of Cash Flows)		3,405		2,187

5 Programme costs

	Note	2014-15 £000	2013-14 £000
Grants		2,096,571	2,049,854
Rentals under operating leases		176	92
Other expenditure			
Travel and subsistence		356	341
Other staff related costs		83	105
Accommodation costs		78	103
Office services		2,903	2,063
Contracted out services		341	407
Other expenses		2,302	1,150
Non-cash items (Note 4.1)			
Depreciation		28	16
Amortisation		157	10
Revaluation credit to SOCNE		(600)	(1,845)
		(415)	(1,819)
Provision provided for in-year	16	6	-
Total		2,102,401	2,052,296

6 Income

	RfRA £000	RfRB £000	2014-15 Total £000	2013-14 Total £000
Administration income:				
Contribution from IFI	-	-	-	221
Other income	110	-	110	107
	110	-	110	328
Programme income:				
Further Education and Student Support (from Department for Employment and Learning)	15,049	-	15,049	15,279
Capital Grant – SIB Contribution	38	-	38	87
Sale of property, plant and equipment (NDPBs)	2,720	415	3,135	3,770
Other income	310	-	310	172
	18,117	415	18,532	19,308
Total operating income	18,227	415	18,642	19,636

7 Property, plant and equipment

	Land £000	Transport equipment £000	Information technology £000	Plant and machinery £000	Asset under construction £000	Total £000
Cost or valuation						
At 1 April 2014	4,900	32	195	90	3,703	8,920
Additions	-	26	53	-	1,948	2,027
Disposals	-	-	(1)	(6)	-	(7)
Revaluation credit to SOCNE	600	-	-	-	-	600
Revaluations	1,500	-	-	1	-	1,501
At 31 March 2015	7,000	58	247	85	5,651	13,041
Depreciation						
At 1 April 2014	-	32	112	78	-	222
Charged in year	-	1	27	2	-	30
Disposals	-	-	(1)	(6)	-	(7)
Revaluations	-	-	-	1	-	1
At 31 March 2015	-	33	138	75	-	246
Carrying amount at 31 March 2015	7,000	25	109	10	5,651	12,795
Carrying amount at 31 March 2014	4,900	-	83	12	3,703	8,698
Asset financing						
Owned	7,000	25	109	10	5,651	12,795
Carrying amount at 31 March 2015	7,000	25	109	10	5,651	12,795
Fair value of assets funded by government grant	7,000	-	-	-	1,577	8,577

Land comprises former military sites in Omagh (known as Lisanelly and St. Lucia floodplain), which were transferred from the Ministry of Defence to the Department of Education on 15 April 2011. This land was “gifted” under the Hillsborough Agreement 2010, made 5 February 2010.

Land is stated at current value in the year of purchase using a professional valuation provided by Land and Property Services (LPS), an agency of the Department of Finance and Personnel. Subsequently, a professional valuation is made by LPS every five years and in the intervening years these valuations are updated using appropriate indices obtained from LPS. The last full professional valuation of land was undertaken by LPS as at 31 March 2013. All other assets are re-valued using indices.

	Land £000	Transport equipment £000	Information technology £000	Plant and machinery £000	Asset under construction £000	Total £000
Cost or valuation						
At 1 April 2013	3,200	32	163	90	2,915	6,400
Additions	-	-	47	-	788	835
Disposals	-	-	(16)	(1)	-	(17)
Revaluation credit to SOCNE	1,700	-	-	-	-	1,700
Revaluations	-	-	1	1	-	2
At 31 March 2014	4,900	32	195	90	3,703	8,920
Depreciation						
At 1 April 2013	-	20	108	73	-	201
Charged in year	-	12	20	5	-	37
Disposals	-	-	(16)	(1)	-	(17)
Revaluations	-	-	-	1	-	1
At 31 March 2014	-	32	112	78	-	222
Carrying amount at 31 March 2014	4,900	-	83	12	3,703	8,698
Carrying amount at 31 March 2013	3200	12	55	17	2,915	6,199
Asset financing						
Owned	4,900	-	83	12	3,703	8,698
Carrying amount at 31 March 2014	4,900	-	83	12	3,703	8,698
Fair value of assets funded by government grant	4,900	-	-	-	1,539	6,439

8 Intangible assets

	Information technology £000	Software licences £000	Total £000
Cost or valuation			
At 1 April 2014	1,245	39	1,284
Additions	6	-	6
Revaluations	20	-	20
At 31 March 2015	1,271	39	1,310
Amortisation			
At 1 April 2014	893	36	929
Charged in year	156	3	159
Revaluations	17	-	17
At 31 March 2015	1,066	39	1,105
Carrying amount at 31 March 2015	205	-	205
Carrying amount at 31 March 2014	352	3	355
Asset financing			
Owned	205	-	205
Carrying amount at 31 March 2015	205	-	205
	Information technology £000	Software licences £000	Total £000
Cost or valuation			
At 1 April 2013	1,213	37	1,250
Additions	-	1	1
Revaluations	32	1	33
At 31 March 2014	1,245	39	1,284
Amortisation			
At 1 April 2013	707	26	733
Charged in year	163	9	172
Revaluations	23	1	24
At 31 March 2014	893	36	929
Carrying amount at 31 March 2014	352	3	355
Carrying amount at 31 March 2013	506	11	517
Asset financing			
Owned	352	3	355
Carrying amount at 31 March 2014	352	3	355

9 Impairments

	2014-15 £000	2013-14 £000
Charged to statement of comprehensive net expenditure	-	-
	-	-

These costs relate to impairment losses which arise from a clear consumption of economic benefit as opposed to losses arising from the movement in indices used for the revaluation of non-current assets.

10 Capital and other commitments

10.1 Capital commitments

	2015 £000	2014 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	8,961	834
	8,961	834

10.2 Commitments under leases

10.2.1 Operating leases

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

	2015 £000	2014 £000
Obligations under operating leases at 31 March comprise:		
Buildings		
Not later than one year	-	65
	-	65
Other		
Not later than one year	6	6
Later than one year and not later than five years	17	1
	23	7

10.2.2 Finance leases

The Department does not have any finance leases.

10.3 Other financial commitments

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

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

	2015	2014
	£000	£000
Not later than one year	5,137	2,625
Later than one year and not later than five years	5,867	1,149
Later than five years	-	99
	<hr/> 11,004	<hr/> 3,873

11 Financial Instruments

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

Classification of financial instruments

The Department's investments are measured at historical cost less any impairment, while all other financial instruments are measured at fair value. The Department's financial assets include investments which are classified as held to maturity, trade and other receivables and cash and cash equivalents which are classified as loans and receivables. The Department's financial liabilities are classified as loans and receivables and comprise payables and accruals, excluding tax liabilities. The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities.

The following table shows the net gains/losses recognised through the Statement of Comprehensive Net Expenditure by measurement category:

	From interest £000	At fair value £000	From subsequent measurement		Net (gain)/loss	
			Currency translation £000	Impairment /(reversal of impairment) £000	2014-15 £000	2013-14 £000
Held to maturity	-	-	-	-	-	(145)
Loans and receivables	-	-	-	7	7	(124)
Total	-	-	-	7	7	(269)

Risk management

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

Credit risk

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

Liquidity risk

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

Currency risk

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

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

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

Interest rate risk

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

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

12 Investments in other public sector bodies

	Middletown Centre for Autism (Holdings) Limited £000
At 1 April 2014	565
At 31 March 2015	565
At 31 March 2014	565

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 Skills in the Republic of Ireland. Both parties fund the company equally.

Although categorised as a joint venture in line with IAS 28, the company falls outside the departmental accounting boundary and therefore has been treated as an investment in the Departmental Resource Accounts. In accordance with paragraph 8 of FD (DFP) 12/14 the investment has been valued at historical cost less impairment, within the Department's Statement of Financial Position.

13 Cash and cash equivalents

	2014-15 £000	2013-14 £000
At 1 April 2014	2,323	(3,295)
Net change in cash and cash equivalents	(2,725)	5,618
At 31 March 2015	(402)	2,323
The following balances at 31 March were held at:		
Commercial banks and cash in hand	(402)	2,323
At 31 March 2015	(402)	2,323
The balance comprises:		
Cash at bank	-	2,323
Bank overdraft	(402)	-
	(402)	2,323

14 Trade receivables and other current assets

	2014-15 £000	2013-14 £000
Amounts falling due within one year:		
VAT	434	137
Trade receivables	193	208
Other receivables	106	57
Prepayments and accrued income	860	639
	1,593	1,041
Amounts due from the Consolidated Fund in respect of Supply	3,274	498
	4,867	1,539

Included within trade receivables is £415,000.00 (2013–14: £164,898.25) that will be due to the Consolidated Fund once the debts are collected.

There were no amounts falling due after more than one year at 31 March 2015 or 31 March 2014.

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

	2014-15 £000	2013-14 £000
At 1 April 2014	65	54
Impairment losses recognised on trade receivables	7	27
Amounts written off as uncollectible	(31)	(16)
At 31 March 2015	41	65

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

No interest is charged on the trade receivables. The Department has provided for trade receivables over six months old where there have been no cash receipts in the six months prior to the year end because historical experience is such that trade receivables that are past due beyond six months are generally not recoverable.

The following table shows the ageing of receivables past due but not impaired; no provision has been made as there has not been a significant change in credit quality and the Department believes that the amounts are still fully recoverable:

	2014-15 £000	2013-14 £000
Neither past due nor impaired trade receivables		
Less than 1 month	60	83
1 to 3 months	28	20
3 to 6 months	23	6
Past due but not impaired trade receivables	82	99
Impaired trade receivables	41	65
Gross carrying value	234	273
Less: impairment	(41)	(65)
Net carrying value	193	208

14.1 Intra-government balances

	Amounts falling due within one year	
	2014-15 £000	2013-14 £000
Balances with other central government bodies	4,253	910
Sub-total: intra-government balances	4,253	910
Balances with bodies external to government	614	629
Total receivables at 31 March	4,867	1,539

15 Trade payables and other current liabilities

	2014-15 £000	2013-14 £000
Amounts falling due within one year:		
Bank overdraft (Note 13)	402	-
Other taxation and social security	15,699	15,651
Trade payables	48,795	37,194
Other payables	679	660
Accruals and deferred income	10,139	6,084
	75,312	59,589
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
received from EU	-	2,724
received from other sources	2,872	97
receivable from other sources	415	165
	3,287	2,986
	79,001	62,575

There were no amounts falling due after more than one year at 31 March 2015 or 31 March 2014.

15.1 Intra-government balances

	Amounts falling due within one year	
	2014-15 £000	2013-14 £000
Balances with other central government bodies	23,026	21,551
Balances with Voluntary and Grant Maintained Integrated Schools	48,057	37,502
Balances with local authorities	5	-
Sub total: intra-government balances	71,088	59,053
Balances with bodies external to government	7,913	3,522
Total payables at 31 March	79,001	62,575

16 Provisions for liabilities and charges

	Early departure costs £000	Legal Claims £000	Total £000
At 1 April 2014	375	1,175	1,550
Provided in the year	33	129	162
Provisions not required written back	(6)	(11)	(17)
Provisions utilised in the year	(53)	(1,126)	(1,179)
At 31 March 2015	349	167	516

Analysis of expected timing of cash flows

Not later than one year	30	167	197
Later than one year and not later than five years	61	-	61
Later than five years	258	-	258
At 31 March 2015	349	167	516

	Early departure costs £000	Legal Claims £000	Total £000
At 1 April 2013	128	1,292	1,420
Provided in the year	340	31	371
Provisions not required written back	-	(114)	(114)
Provisions utilised in the year	(93)	(34)	(127)
At 31 March 2014	375	1,175	1,550

Analysis of expected timing of cash flows

Not later than one year	57	1,175	1,232
Later than one year and not later than five years	74	-	74
Later than five years	244	-	244
At 31 March 2014	375	1,175	1,550

16.1 Early departure costs

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

16.2 Legal claims

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

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in note 17.

17 Contingent liabilities and contingent assets

17.1 Contingent liabilities

The Department has entered into the following contingent liabilities.

Voluntary Exit Scheme (VES)

The Northern Ireland Civil Service launched a Voluntary Exit Scheme (VES) across all departments on 2 March 2015. The closing date for applications was 27 March 2015. At the balance sheet date, there is a possible obligation on the Department which may give rise to a liability should any of the Department's employees apply and be successful. It is not possible, at the balance sheet date, to quantify what this potential liability may be.

Legal challenges

Nature	Number of cases	Value £000
Legal challenges	2	168

In addition to the above, the Department has entered into a number of guarantees, indemnities or provided letters of comfort, but the possibility of these crystallising is considered to be too remote to require disclosure.

In addition to contingent liabilities reported within the meaning of IAS37, the Department also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. The Department has no contingent liabilities to report for the purpose of Northern Ireland Assembly reporting and accountability.

17.2 Contingent assets

The following contingent assets at 31 March 2015 have not been included in the financial statements:

Nature	Number of cases	Value £000
Probable recoupment of monies from school trustees following closure	18	6,789

18 Losses and special payments

18.1 Losses statement

	2014-15	2014-15	2013-14	2013-14
	Number of	£000	Number of	£000
	cases		cases	
Write offs	9	31	5	16
Loss arising from a failure to make adequate charges	1	9	1	26
Losses of pay, allowances and superannuation benefits	1	23	-	-
	11	63	6	42

No individual cases in 2014-15 or 2013-14 exceeded £250,000.

18.2 Special Payments

	2014-15	2014-15	2013-14	2013-14
	Number of	£000	Number of	£000
	cases		cases	
Compensation	3	35	1	1
Ex-gratia	-	-	1	27
Extra statutory payments	150	48	166	49
	153	83	168	77

No individual cases in 2014-15 or 2013-14 exceeded £250,000.

18.3 Other notes

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

19 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*
Comhairle na Gaelscolaíochta
Council for Catholic Maintained Schools
General Teaching Council for Northern Ireland
Middletown Centre for Autism
Northern Ireland Council for Integrated Education
Northern Ireland Council for the Curriculum, Examinations and Assessment
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

Exceptional Circumstances Body

Other Public sector bodies

Grant Maintained Integrated Schools**
Voluntary Grammar Schools**
Health and Social Care Board in respect of the Sure Start programme

* Note: Following Royal Assent on 11 December 2014, a new public sector body, the Education Authority, was established under the Education Act (Northern Ireland) 2014. With effect from 1 April 2015, the Education Authority subsumed 6 of the Department's 13 current NDPBs (the 5 Education and Library Boards (ELBs) and the Staff Commission for Education and Library Boards). There were no transactions between the Department and the Education Authority during the year ended 31 March 2015.

** Note: Other schools, maintained and controlled, were 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. The Department of Education paid £8,468.78 in respect of the Middletown Centre for Autism (Holdings) Limited.

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

20 Third-party assets

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

	31 March 2015 £000	31 March 2014 £000
Monetary assets such as bank balances	6	8
Listed securities	688	650
Total	694	658

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

21 Entities within the departmental boundary

The entities within the boundary during 2014–15 were as follows:

Supply-financed agencies:	None
Non-executive NDPBs:	Exceptional Circumstances Body
Other entities:	None

22 Events after the reporting period

Voluntary Exit Scheme (VES)

Since 31 March 2015, applications for the Voluntary Exit Scheme have been processed and communications have issued to staff. Exits through the Scheme will be dependent on confirmation of funding. As one of its measures to live within budget, and to achieve paybill savings, the Department estimates that around 70 staff will need to be lost through the Scheme. That number may increase depending on the timing of staff exits. This is a non-adjusting event and consequently, the 2014-15 accounts have not been adjusted.

Transfer of the Education Authority Implementation Team from the Department to the Education Authority

The Education Authority is a new public sector body which was established under the Education Act (Northern Ireland) 2014, following Royal Assent on 11 December 2014. The Education Authority subsumed 6 of the Department's 13 current NDPBs (the 5 Education and Library Boards (ELBs) and the Staff Commission for Education and Library Boards).

The dissolution of the ELBs came into effect on the 1 April 2015 following the Education (2014 Act) (Commencement No.1) Order (Northern Ireland) 2015, and on this date the ELBs and the Staff Commission transferred to the Education Authority. A team within the Department of Education, the Education Authority Implementation Team (EAIT), also transferred assets and liabilities to the Education Authority on the transfer date.

In accordance with the FReM the transfer of the assets and liabilities of the EAIT to the Education Authority will be accounted for under absorption accounting.

The following assets and liabilities were transferred as a result of this machinery of government change.

	£000
Non-current assets	
Property, plant and equipment	55
Total non-current assets	55
Current Assets	
Trade and other receivables	7
Total current assets	7
Total Assets	62
Current Liabilities	
Trade and other payables	(178)
Total current liabilities	(178)
Non-current assets less net current liabilities	(116)
Total assets less liabilities	(116)
Taxpayers' equity	
General fund	(117)
Revaluation reserve	1
Total equity	(116)

The net liability position will be recognised in 'Other Comprehensive Expenditure' of the Department's 2015-16 accounts. The impact on 'Other Comprehensive Expenditure' in 2015-16 as a result of the EAIT assets and liabilities transferring is £116k.

There are no other events after the reporting period relating to the 2014-15 financial year.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 30 June 2015.

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