

Department for Employment and Learning

Resource Accounts

For the year ended 31 March 2004

Laid before the Houses of Parliament by the Department of Finance and Personnel in accordance with Paragraph 36 of the Schedule to the Northern Ireland Act 2000 (Prescribed Documents) Order 2004

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**Department for Employment and Learning
Annual report and accounts
Year ended 31 March 2004**

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SCOPE

Departmental accounting boundary

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

Departmental aim

The aim of the Department, as identified in its 2004-07 Strategic Plan, is to:

'To promote learning, to prepare people for work and to support the economy'

Departmental objectives

The Department's objectives are:

- To work with others to achieve wider access to education and training and to seek the highest standards of learning, research, training and scholarship, thereby contributing to economic development;
- To promote access to, and fairness in, employment, thereby contributing to economic development and social inclusion.

Principal activities

The principal activities of the Department are:

- The funding of higher, further and adult education, student support and other matters related to tertiary education;
- The provision of a comprehensive range of training and employment programmes and of services related to the labour market.

Bodies outside the Departmental boundary

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

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

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Departmental Report

The Departmental Report, which reviews the activities of the Department for the year to 31 March 2004, was published in September 2004.

Pension liabilities

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

OPERATING AND FINANCIAL REVIEW

Operating review

The Department, in seeking to serve all of its customers, has been committed to provide high quality service during 2003/04. The following paragraphs highlight some of the important developments which have taken place.

Annex 1 appended to the Resource Accounts provides a detailed report on performance against the targets identified in the Service Delivery Agreement (SDA) and Public Service Agreement (PSA).

Europe

Working within the timetable set by the Department of Finance and Personnel and Treasury, the Department has maintained progress on Euro contingency planning. The Department has encouraged similar preparation in its non-departmental public bodies and key sponsored organisations including the Universities, University Teacher Training Colleges and the Further Education Colleges.

Equal Programme

The second call for applications under the EQUAL Community Initiative Programme was launched on the 23rd February 2004.

This was the culmination of an extensive publicity and awareness raising campaign undertaken by the Department's European Unit and the National Support structure which included six regional consultation workshops.

ESF funding available for this second call is £4m. Successful projects will receive EU grant at the rate of 65% of project costs. Where necessary the Department will contribute towards the balance of costs. The closing date for applications was the 28th May 2004 and successful projects will start on the 1st October 2004.

Building Sustainable Prosperity

The Department is responsible for the implementation of five European Social Fund Measures under Priority 2 (Employment) of the Programme for Building Sustainable Prosperity. In September 2003 the Minister announced the second call for applications for assistance under the five measures.

Funding of approximately £22m is available, under these measures, for the two year period commencing 1 April 2004. The Department received 95 applications, of which 59 were successful in being awarded an allocation.

Sectoral Development

Since the publication of the DfES paper “Meeting the Sector Skills & Productivity Challenge”, the recently established Skills for Business Network has expanded to include sixteen employer led Sector Skills Councils charged with leading the skills and productivity drive throughout UK industry and businesses. It is anticipated that a further seven SSCs will join the network in due course. The continuous work of the Sectoral Development Branch, in this area, has ensured that throughout all stages of the process of licensing SSCs, Northern Ireland’s specific interests are addressed as part of this UK wide initiative.

The work of these emergent Sector Skills Councils is dovetailing into the substantial work already undertaken by the established Sector Training Councils in Northern Ireland.

Alongside this initiative, the Sectoral Development Branch continues to support the work of the Northern Ireland Skills Task Force and other non-mainstream skills programmes through the Skills Development Budget.

Trainee Management System

The Trainee Management System (TMS) has now been extended to cover the New Deal Consortia Based Options, Worktrack and the Transitional Employment Programme (TEP).

After the successful launch of TMS in 2002 when Jobskills claims were integrated into this new electronic claims processing facility, further automation of claims processing was implemented to cover the above programmes between April and October 2003. The new system had already proved its worth in the preceding year, by streamlining data exchange between DEL and relevant programme Suppliers.

The processing of claims within Supplier Services Branch (SSB) now relies on an e-Business approach to claims handling, in that the Suppliers TMS computer systems can now interact with the Department’s own Client Management System (CMS). This has greatly streamlined administrative arrangements for Suppliers involved in delivering these DEL sponsored programmes.

Throughout the initial stages of this work, SSB staff played a key role in system development and its eventual implementation. Suppliers also contributed to system design and enhancement. A major advantage of TMS is that it has been built to handle claims from a generic viewpoint and it can therefore be adapted to handle programme changes, or indeed new programme requirements, in a flexible manner.

Jobskills

Jobskills is the Department’s primary vocational training programme for young people. It offers training opportunities to unemployed 16 and 17 year old school leavers with some provision for young people aged up to 24. The programme, which provided an average of over 13,000 places during 2003/04, focuses on the attainment of National Vocational Qualifications (NVQ). The programme has seen a number of developments during the year.

Access Strand

The Department has been concerned at low retention rates particularly within the Access strand of Jobskills. While qualification achievement rates within Access are high for those who complete training, for a significant minority of trainees the existing arrangements have failed to address their needs. This is reflected in poor rates of retention and low rates of progression to higher level training or further education for this particular group.

As a result the Department has been testing a non-NVQ based Access provision targeted at young people who had previously left Jobskills prematurely. The arrangements have concentrated on dealing with the personal and social development needs of participants and equipping them with essential skills.

An evaluation by the Education and Training Inspectorate (ETI), has reported that participation in the pilot has had a positive effect on the motivation and self-esteem of participants most of whom have worked hard to achieve accreditation. Indeed, ETI reported retention rates of around 54% and the young people involved have, or are expected to, achieve a positive outcome. These findings are particularly encouraging given the client group.

Based on the findings and experience of the pilot the Department is developing proposals for a pre-vocational option to operate alongside the vocational option within the Access strand.

Modern Apprenticeships

Modern Apprenticeships continue to grow and by March 2004, 6,400 young people were engaged in Apprenticeships. A Review of Modern Apprenticeships in Northern Ireland, commissioned by the Department, was completed in the autumn of 2003. A number of recommendations arising from the consultants report have already been implemented including a revised funding structure and enhanced arrangements to monitor performance of Training Organisations and Sector Training Councils responsible for the management of the programme. Other issues, such as removal of the 25-year old upper age limit and an extension of the Modern Apprenticeship programme into the NI public sector, are currently under consideration.

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Careers

Careers and Guidance Services transferred from Regional Operations Employment Service to Skills and Industry Division over the course of the year with the final transfer of operational management of Careers Service taking place in February 2004. The Careers Service has been significantly restructured in direct response to the growing demand for coherence and quality in careers information, advice and guidance (IAG) for young people and adults. The new branch has assumed responsibility for Guidance policy and practice, for funding adult guidance delivery, and for liaison with the Sector Skills Councils on IAG. These steps place guidance at the heart of the Department's programmes and services and place a firm emphasis on the importance of informed decision making in relation to choices in education, employment and training.

Management Development

November 2003 saw the completion of separate independent evaluations of the new delivery and funding arrangements for the 'PREMIER' and 'RAPID ADVANCEMENT' Programmes. Both of these graduate development programmes are supported by the Department's "Entry into Management" range of initiatives.

The new programme designs include a performance-related funding system to reward results and outcomes, while improvements in resource targeting ensure that support is being channelled to those in most need. The new elements also feature a more challenging qualification to reflect advances in management development practice, and to better address the needs of Northern Ireland's SMEs.

Overall, the new measures were found to have helped improve the effectiveness of delivery and performance, and produced investment efficiencies for the Department.

Employment Rights: Legislation

Following extensive consultation, the draft Employment (Northern Ireland) Order 2003 was introduced at Westminster in September 2003 and received Royal Assent in November of that year. The Order introduces a series of provisions designed to promote enhanced employment relations, including:

- Employment tribunal reform, designed to apply both to industrial tribunals and Northern Ireland's unique Fair Employment Tribunal;
- New statutory minimum dispute resolution procedures for use in the workplace; and
- Time off for trade union learning representatives.

The necessary Regulations and Labour Relations Agency Codes of Practice required to detail how the new rights and responsibilities will operate in practice will be made during 2004/05. In addition, the Department completed six public consultations during the year and brought into operation eighteen Statutory Rules, ensuring that Northern Ireland employees and employers enjoy the same rights and responsibilities as their counterparts in GB. The public consultations included proposals to update trade union recognition legislation, protection of employees rights after a transfer of undertaking and a proposal to introduce an innovative approach to how employers inform and consult with their employees in the workplace. Statutory Rules covered a range of employment rights matters such as new rules of procedure for industrial tribunals and the Fair Employment Tribunal, Time off for Public Duties, Public Interest Disclosure, Scrutineers for Elections and

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Ballots as well Orders increasing the limits applying to certain awards of industrial tribunals, and other amounts payable under employment legislation. The full range of employment rights guidance material is available in hard copy and on the Department's website.

During 2003/04, four applications were dealt with by the Industrial Court in respect of trade union recognition. In one case an Industrial Court decision to accept an application for statutory recognition became the subject of a Judicial Review. After a two day hearing the High Court handed down judgement upholding the Industrial Court decision.

Employment Rights: Redundancy Payment Service

In April 2003 the new Repay computerised payment system came into operation. This has improved the whole process of dealing with applications and has ensured a speedier service to persons entitled to a redundancy/insolvency payment.

The system was well tested as this was a very busy year with some 4000 claims, worth £4.3m being processed.

Employment Rights: Partnership Fund

Preparatory work was undertaken to have in place by April 2004 a scheme whereby partners within a workplace could seek financial assistance through the Fund to enable them to address - through a partnership approach - a particular workplace problem. Partners would generally be seen as Management and Trade Unions or other Workers representatives. At the end of the year the Partnership Fund was launched and we are now evaluating applications.

Welfare Reform: Jobs and Benefits Project

The Department is committed to driving forward improvements in the delivery of services to its customers. In conjunction with the Social Security Agency, the Department has developed a shared vision to "deliver high quality customer focused employment and welfare services in Northern Ireland". This is being taken forward through the introduction of the Jobs & Benefits service which focuses on customers' labour market needs as an integral part of the benefit claiming process.

The introduction of the Jobs & Benefits service has led to the co-location of the JobCentre with the Social Security Office. To date 19 Jobs & Benefits offices have been rolled out with a further 4 offices programmed to rollout by 31st March 2005. The new arrangements will be introduced in all offices by March 2006.

Customer feedback has been extremely positive in respect of the services provided and the new environment. The Department is committed to building on this success through the continued development of a range of services that will meet the needs of all of its customers.

The Department is supporting Welfare Reform delivery with innovative e-Business solutions that improve access to information on job vacancies. For example, by March 2004 touch screen Jobpoint Kiosks had been installed in all Job Centres and Jobs and Benefits Offices. The Jobpoints provide access to up-to-date information on jobs across Northern Ireland and in the Republic of Ireland. The JobCentreOnline internet site has also been enhanced to further assist jobseeker with their search for work.

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Taskforce on Employability and Long-term Unemployment.

The Employability Implementation Group has been pursuing the action points and recommendations laid out in the Taskforce Report on employability and long-term unemployment. At the last meeting of the group a draft report was considered for publication.

An evaluation sub-group is currently carrying out an audit of employability related research across departments in order to establish gaps and to commission research as necessary. In the interests of efficiency, the first review of the report was e-published in September. This will also allow ease of access for interested parties and for more frequent updating.

Targeted Initiatives

Targeted Initiatives (TIs) have been established in areas of lowest employment and high social deprivation to promote and to assess the integrated approach to employability as set out in the Taskforce Report's action plan.

TIs have been developed in four TI areas, West Belfast, Greater Shankill, Londonderry and Strabane.

Local Stakeholders Forums have been directly involved in the TI developments. This local infrastructure has enabled the initiative to reflect the needs of the local community.

There are 2 key new initiatives; a Transitional Employment Programme (TEP) mainly targeted at long-term unemployed people and the creation of Job Assist Centres (JACs).

At the heart of TEP is the provision of paid work, providing those marginalised from the labour market with a bridge back to the world of work by improving their employability. The JACs provide a community based outreach, mentoring and advisory services in support of the JobCentres/Jobs & Benefits Offices.

In addition to these 2 programmes the Department is piloting new strands within its existing programmes.

Additional places have been provided within TI areas on the Employment Support programme, for people with disabilities, and a selection process was initiated for providers for a new Work Preparation Programme to help people with disabilities to increase their employability.

In relation to New Deal, an Adviser Discretion Fund is being piloted through which New Deal Personal Advisers have the discretion to use small amounts of money to assist participants remove identified barriers to employment.

Also in the TI Areas, a pilot programme has been introduced to determine if incentive payments encourage New Deal participants to address their essential skills needs. An additional payment of £10 per week plus a bonus of £100 on achievement of an essential skills qualification is paid to each participant.

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New Deal

In line with the Department's commitment to placing greater emphasis and priority on tackling essential skills needs, a new essential skills strand was introduced within the New Deal for 18 to 24 years olds and New Deal 25+ programmes. This enables participants with Essential Skills needs to address these within a vocational context and, if appropriate, to progress to one of the New Deal options. In addition, further assistance can be provided through the subsidised employment route giving participants with essential skills needs up to eighteen months on New Deal.

Worktrack

In the run-up to the re-contracting of Worktrack, and informed by a recent evaluation and an Equality Impact Assessment of the programme, it was decided to introduce a number of enhancements to the new programme.

These enhancements were introduced to more closely focus on identifying the specific career aspirations of individual programme participants and provide them with the skills necessary to successfully compete for, and move into, paid sustainable employment at the earliest possible opportunity on completion of their time on the programme.

The new programme was launched on 1 October 2003 and, while it is yet too early to judge the effects the enhancements have had on Worktrack, the Department is closely monitoring all aspects of programme performance to ensure that, in particular, employment targets are being met and participants are moving into paid sustainable employment in greater numbers.

Education Maintenance Allowances

The Minister, Jane Kennedy announced, in January 2004, her decision to introduce Education Maintenance Allowances (EMA) in Northern Ireland, from September 2004, in line with the rest of the UK.

The EMA programme is part of the government's commitment to help young people, aged 16 to 19, have the opportunity to fulfil their educational potential. It offers regular means tested payments of up to £30 per week to young people to encourage participation, retention and achievement, in post compulsory education, either at school or in a Further Education College.

Higher Education: University Research and Knowledge Transfer

For 2003/04 a substantial additional investment of £10m *p.a.* was made into recurrent university research funding, the largest increase for over a decade. A £1.75m *p.a.* Research Capability Fund was also set up, with the twin aims of maintaining a broad research base and ensuring that university research coheres with regional priorities. This is in addition to the unique Support Programme for University Research (SPUR), which will, between 2001 and 2007, invest a total of £94m into the research infrastructure in those areas capable of competing with the very best international comparators.

A further round of the Science Research Investment Fund will begin in 2004/05, directing over £19m of capital funds towards the rejuvenation of the physical research infrastructure over the two

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years of its operation, while the needs of business and the community will be met by the inception of a £3m *p.a.* Higher Education Innovation Fund (HEIF), in association with Invest NI.

Higher Education: Student Numbers

Also indicative of the Government's commitment to expanding higher education was the allocation, in 2003/04, of some 400 additional places to the sector.

Economic Relevance of Higher Education

As part of the Department's commitment to increasing the economic relevance of Higher Education, Foundation Degree pilot programmes were introduced into the vocational areas of Information & Communications Technologies in 2001 and Construction & Built Environment and Tourism & Hospitality in 2002. Foundation Degrees are intended to increase the supply of highly skilled technicians and associated professionals in areas of the economy where they are needed and employers are at the heart of curriculum development in order to ensure that the qualification meets the skills needs of industry.

A review and evaluation of the initial Foundation Degree pilot programmes in Northern Ireland, which reported in 2003, identified many strengths in the programmes including the positive role played by the universities, in collaboration with their partner colleges, in establishing the degree programmes; in setting the emerging academic standards; in ensuring good quality learning opportunities, and in creating effective arrangements for monitoring progress. As a result the Department will work with other stakeholders to ensure that Foundation Degrees will become the main sub-degree provision for vocational education in the FE sector within the next five years.

Further Education: Corporate Governance and Accountability

During the year, a contract was signed to provide a new computer information system for all Colleges – the Northern Ireland College Information System (NICIS). The project is being managed by the Association of Northern Ireland Colleges (ANIC) on behalf of the sector as a whole. The initial phase of the project is now being rolled out to Colleges and detailed procurement arrangements for the final phase are underway. The estimated capital cost of the project is £6m.

Training and support continued to be provided to the Governing Bodies of the 16 local Further Education (FE) Colleges. Under arrangements made with the Learning Skills Development Agency (LSDA) a programme of governance health checks was launched across the sector, training in specialised areas was provided and a range of training material customised to the specific requirements of Governing Bodies in Northern Ireland developed.

With financial assistance from the Department, a Communication Unit was established within the Association of Northern Ireland Colleges (ANIC) and commenced operations in summer 2003. It will work on behalf of the FE sector as a whole and promote the message that "Further Education means Business".

Further Education: Policy and Strategic Development

In March 2003, the Department launched a review of the strategy for further education in Northern Ireland.

The review recommends that the strategic aim of the further education sector should focus on its role as the primary agent of lifelong learning. Underpinning this strategic aim, three strategic objectives were identified. These envisage the sector being:

- a key driver of local, sub-regional and regional economic development;
- an active agent of social cohesion; and
- a major promoter of lifelong learning.

The primary strategic objectives of the sector should be to support economic development. For the sector, this will mean:

- a strategic focus on providing skills for the economy;
- a curriculum more clearly related to economic requirements;
- clear progression routes to higher level skills;
- improving schools/FE collaboration;
- a focus on essential skills, including information and computer technology for all students;
- placing enterprise awareness at the centre of further education; and
- preparing people for employment.

Implementing the strategy will require strengthening of the governance arrangements for colleges; a new funding model more closely linked to the strategy; a sharper focus on performance outcomes; and consideration of the size and structure of the sector to determine its suitability to deliver what is required.

Essential Skills

Significant progress was made in advancing the Essential Skills for Living Strategy during 2003/04. The quality of tutor training has been improved through the development of a framework of qualifications by Queen's University and University of Ulster, ranging from level 2 to Post-graduate level. Over 240 tutors have enrolled on level 4 qualifications at a variety of centres across the province. This has greatly improved tutor capacity with the sector. Existing tutors have also benefited from enhanced in-service training.

Essential Skills provision has been fully integrated into the New Deal and Jobskills programmes. In addition, the Department has targeted a number of groups whose Essential Skills needs are known to be high and where resources can be allocated effectively. These include unemployed people and benefit claimants, prisoners, public sector employees and low skilled people in employment.

A major promotional campaign was launched in May 2003, with the aim of engaging a wide range of learners to improve their Essential Skills. Over 3,000 calls have been made to the dedicated helpline and feedback from learners who have received guidance and support has been extremely encouraging. The Department has met its target of engaging 14,500 learners by 31st of March 2004.

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An Essential Skills Strategy in the Workplace has been developed to encourage employers to identify and address literacy and numeracy needs within the workforce and to enable them to access free, tailor-made learning programmes for their employees.

Widening Participation in Higher Education

Widening participation in higher education by students from those groups who are currently under-represented is one of the Department's key strategic goals. In particular, students from disadvantaged backgrounds and students with learning difficulties and disabilities.

The "Aimhigher" Roadshow was launched in Northern Ireland in 2003 as part of the strategy to widen participation in HE. The Roadshow is a joint venture between the Department for Employment and Learning, the Department of Education and the Royal Bank of Scotland Group (locally branded as Ulster Bank limited).

The objective of the Roadshow is to increase awareness of, and participation in, HE amongst young people who may not have considered it as an option. The programme targets 13 year olds who are starting to consider their GCSE options and concentrates on schools selected on the basis of social disadvantage, which would have very low levels of students progressing to HE (or FE). Also targeted are post GCSE students at FE Colleges.

During the 2003/04 academic year the Roadshow visited 15 FE colleges and provided the Aimhigher experience to approximately 1,800 further education students across Northern Ireland. Evaluation following the FE college tour showed a 25% positive shift in students' attitude to HE.

The Roadshow also visited over 130 schools in Northern Ireland during the 2003/04 academic year and approximately 16,000 pupils are estimated to have benefited from the experience.

Lifelong Learning

During the year 13,074 new learners accessed 31,088 learning opportunities through the network of learndirect centres across Northern Ireland. Courses undertaken covered ICT, Business & Management and Essential Skills.

An innovative Further Education Curriculum pilot commenced during 2003/2004 to test the appropriateness of embedding learndirect materials in FE provision for Essential Skills and Business & Management courses. Seven colleges are involved in the pilot and an evaluation is expected by June 2004. Interim feedback suggests that the learning materials are proving useful to students and trainees taking part in the pilot.

A review entitled "Are Learners Learning" was carried out by consultants KPMG to test whether learners were learning within the learndirect network in Northern Ireland and to examine and assess the audit and public accounting consequences for Ufi. The review highlighted a number of good practices and recommended a number of changes to how the network operates. The Department in conjunction with Ufi/learndirect will be taking the recommendations forward.

The Department's Learning & Curriculum Policy Branch match funded a New Direction project through the Programme for Building Sustainable Prosperity supported by European Union funding.

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The purpose of the project was to meet gaps in the labour market for IT tutors. The project aimed to assist long term unemployed women, or women returning to work, to gain employment as IT tutors. Results have been encouraging with 35 women from the first group of participants having achieved certificates in a number of IT related areas, including the CIPD Core Trainers Award. In addition, 17 women progressed into employment and 12 moved onto further training.

Ufi/learndirect has been operational across the UK since 2000, and much has been achieved via this e-learning initiative to widen access for all - both individuals and businesses - to anytime, anyplace learning. The Department for Education and Skills in GB, the main driver behind the initiative, carried out a major review of its relationships with Ufi Ltd prior to engaging in a process to renew contracts. The impact of that review, that has seen major restructuring of the company into 2 separate businesses, one dealing with publicly funded learning and the other a fully commercial business, has major implications for Ufi in NI and its relationships with this Department.

It was timely, therefore, to commission a review of the impact that Ufi/learndirect has had on the NI learning landscape and advice on any changes that might be needed to ensure that Ufi/learndirect might best contribute to the strategic aims and objectives of DEL. PA Consultancy Group was appointed to the project and a report of their findings submitted for consideration by the Department at the end of March. The implications of the recommendations are unlikely to impact until April 2005.

Qualifications

During the year the Department began working in partnership with all of the devolved administrations and their respective Regulatory Authorities to deliver a full programme of work which will lead to a fundamental reform of the present system of vocational qualifications by 2007. Modern qualification structures, tailored and quality assured to meet sector needs, will be fully in place within a unit-based credit framework. Adaptable learning, assessment and funding arrangements will extend access and take-up, will improve equality of opportunity and will promote lifelong learning. This revitalised system will support employers, young people, adults and society by developing the skills of the workforce and improving international competitiveness.

Further Education: Estates

Under Government's Public Private Partnership (PPP) the contract for the Tyrone Colleges Project was signed on 9 September 2003, with a capital cost of £30m. The procurement phase of Lisburn and East Down Institutes PPP schemes was launched in March 2004 and will proceed as a joint procurement with a capital value of £40m.

Construction of major works projects have continued in 2003/04. A £6.4m investment at Limavady has provided the college with a new Technology Centre and replaced all of its mobile accommodation; a new college has been constructed for the East Antrim Institute at Larne, at a cost of £1.5m; and North Down and Ards Institute has received a new Library and Resource Centre costing £650k.

In addition, capital funds totalling £10.8m were allocated to colleges in 2003/04 to address health and safety deficiencies; improved access for people with disabilities; create an adult ambience; and upgrade and replace equipment.

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Freedom of Information

In recognition of the volume of work involved in preparing for compliance with the Freedom of Information (FOI) legislation, by January 2005, DEL created a separate Information Management Branch, to bring together all information related matters, including FOI, Data Protection, Environmental Information Regulations and the associated records management procedures. The various strands of work were incorporated into the DEL FOI Implementation Plan. A FOI Project Board was established in January 2004, to oversee delivery of the Implementation Plan and associated work programmes.

Key elements of the Plan were the establishment of a Local Information Manager (LIM) network and the completion of audits of information and of registered files. Local Information Managers (LIMs) act as business area experts in relation to records management practices, FOI and the associated information access regimes. The establishment of the LIM network has ensured that exercises, such as the information and registered file audits, were completed effectively and knowledgeably at branch level.

Furthermore, the successful completion of the audit exercises has ensured that the Department is confident of the timely retrieval of information retained in the corporate memory i.e. registered files. This is essential given that the FOI Act will require DEL to respond to all information requests within 20 working days.

Attendance Management

Efforts have continued throughout the year to address the high absence figures in the Department. The incidence of staff absence has continued to fall and is marginally lower than the previous year. During the year 3 members of staff were dismissed due to poor attendance and 6 staff retired on ill-health grounds.

Staff Changes

2003/04 was yet another extremely busy year regarding the movement of staff in the Department. The Department held general service promotion competitions for DP, SO and EO1 grades and issued supplementary lists for EO1 and DP. We managed a number of internal Trawls and Interest Circulars and continued to source additional staff to support the Jobs and Benefits Offices and expanding HQ branches.

Celebrating Success

Over 100 members of staff joined the Permanent Secretary, Will Haire and top Management Team at the annual "Celebrating Success" event this year. Mr Haire emphasised his on-going commitment to learning and development within the Department. The event recognises staff for their achievements during the year, and encompasses a wide range of academic, vocational and developmental activities. This year these included NVQs in areas including Guidance, Customer Care and Business Administration, honours degrees and Masters Qualifications in areas linked to business needs, and awards in specialist areas such as IT, sign language, counselling, training and health and safety.

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People Strategy

The Department continues to demonstrate its commitment to the management and development of staff through implementation of the People Strategy. Key achievements include:

- Development of a Departmental Training Plan to support the Department's Business Plan
- Establishment of a Business Efficiency Unit
- Development of corporate knowledge through Lunchtime Seminars
- Launch of the "Healthworks" Programme to address health management concerns.

SUMMARY OF ACHIEVEMENT AGAINST TARGETS IN 2003/04

In 2003/04 the Department's main targets – 71 in total - were set out in its Service Delivery Agreement. Performance against these targets is summarised below.

Target Count

<i>Achieved:</i>	42
<i>Substantially achieved:</i>	5
<i>On track for achievement:</i>	10
<i>Likely to be achieved but with some delay:</i>	6
<i>Unlikely to be achieved:</i>	8
<i>Total:</i>	71

Performance against the Department's targets in the 2003/04 Programme for Government and against targets in the Department's Public Service Agreement for 2003/04 are summarised in Annex 1.

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Financial review

These accounts report the Departments financial performance for the year on a Resource basis.

The Department has restructured its finances this year to reflect some internal reorganisation that took place during 2002. The former Preparation for Work function has been redistributed between the new Lifelong Learning function in RfR A and the new Employment Programmes function in RfR B. The former Promoting Skills and Abilities of those in Work function RfR B has been subsumed within the new Lifelong Learning function RfR A.

REQUEST FOR RESOURCES A (Reference Note 9)

Overall expenditure in this area has increased by 14.4%, largely due to significant capital investments in the sector.

LIFELONG LEARNING

This consolidates a number of different facets within the Department and embeds this key theme within the operations and finances of the Department.

The line includes a number of key operational areas which include:-

Table 1 – Analysis of Lifelong Learning Expenditure	£'000
Further Education- Recurrent Grants	138,877
Further Education- Capital Grants	21,284
Further Education-Access	2,552
Management Development Programme	4,798
Job Skills	40,411
Learndirect	3,688
Other	5,338
Total	216,948

The Department made a significant investment in the Further Education sector, in particular capital. Full details of the expenditure are included in the operating review under the heading Further Education Estates.

HIGHER EDUCATION

Higher Education represents almost 30% of the Departments budget, with expenditure increasing by 9.4% in the financial year. Expenditure in this area includes grants paid to the two Universities, the teacher training colleges and numerous capital projects within the sector. During the 2003-04 financial year there was a marked increase in funding to the universities, and in particular teaching (£6m) and Research (£9m). In addition a number of significant capital projects came on stream during the course of the financial year.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
ANNUAL REPORT
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STUDENT SUPPORT

Expenditure within student support is varied in nature and represents the Department's single biggest area of expenditure. This is summarised in the table below.

Table 2 – Analysis of Student Support Expenditure	£'000
Tuition fees and supplementary grants	20,932
Cost of capital	9,683
ELB Grants	3,180
Student Loan Administration	1,279
Postgraduate Awards	6,701
Total Resource	41,775

In addition to these items the Department has also funded the advance of student loans £96.4m and interest subsidy £14.4m in the 2003/04 financial year.

EXECUTIVE PROGRAMME FUNDS (EPF)

Included within note 9 to the accounts are details of the Department's Executive Programme Funds (EPFs). The Executive established EPFs in 2000 as a means by which resources could be focused on Programme for Government priorities and as a mechanism to encourage co-operation between departments to deliver these priorities in the most effective ways. The objectives of the funds are to:-

“Assist the development of new policies and programmes, and new, improved services, as well as dealing with major infrastructure projects. EPFs will have particular regard to the Executive's priorities as set out in the Programme for Government and also its commitments to equality and new TSN (Targeting Social Needs).”

The activities involved were:-

Table 3 – Analysis of Executive Programme Funds Expenditure	£'000
ABE – Literacy Numeracy	2,028
New Directions Fund	163
Foundation Degrees	324
Student Support	2,304
University Research	4,300
Springvale Community Outreach	296
Springvale Community Outreach - Capital	142
HE Bursary Scheme	19,671
Total	29,228

EPFs have increased in expenditure by £17m from 31 March 2003 (EPFs 31 March 2003 £12m). The increase is spread across all projects, but the most significant increase was in HE Bursary Scheme which accounted for £9m of the increase. Expenditure increased significantly in 2003/04 due to the full year effect of the HE bursary scheme, and because the scheme increased the threshold from £15k to £20K for eligibility, and increased the maximum bursary to £2k.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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NON BUDGET

Non budget expenditure represents expenditure recorded in the resource outturn in the estimates, but to reflect the resource budget outturn position these figures are consolidated out and replaced within the resource outturn position of each organisation.

Education and Library Boards represents provision for discretionary student awards, including the Further Education Bursaries Scheme. During the year, there was a low uptake of the FE Bursary scheme. The main contributor to the low uptake was a relatively low income threshold, which meant that a significant proportion of the students did not meet the criteria for the bursary.

REQUEST FOR RESOURCES B (Reference Note 9)

Expenditure in this area appears to have fallen by 6.5% in comparison to the previous year. A significant proportion of this variance is due to the reclassification of the cost of capital charge from “administration” to “other current”. The effects of this have increased outturn by £9.6m in student support and £3.3m in European expenditure.

EMPLOYMENT PROGRAMMES

Expenditure in this area remains constant as the Department continues to deliver a number of key themes in this area. Expenditure in the key elements are detailed in the table below.

Table 4 – Analysis of Employment Programmes Expenditure	£'000
Worktrack	9,648
Disability Support	3,840
Preparation for Work	1,152
New Deal	20,472
Bridge to Employment	1,034
Other	1,003
Total	37,149

DEPARTMENT FOR EMPLOYMENT AND LEARNING
ANNUAL REPORT
for the year ended 31 March 2004

BALANCE SHEET – Schedule 3

Movements in the Department's fixed assets during the year are shown in note 11 to the accounts. The main increase in fixed assets was an increase of £41.6m due to the transfer of the land and buildings of Stranmillis College from the Department of Finance and Personnel. It is planned that the asset will transfer to the College on incorporation.

The Balance sheet shows a marked decrease in debtors (£35.9m) and creditors (£35.9M) from 2002-03. The reduction in both debtors and creditors reflects the reduction of accrued EU income (£26.7m) and corresponding consolidated fund liabilities.

EU income detailed in note 5 has decreased by £79.9m from 2002-03 due to the Department adjusting its treatment of EU income in order to account for income in line with the underlying activity.

Another significant element to the Department's balance sheet is the provisions associated with student loans. Further to the NIAO audit qualification in 2002-03 regarding the calculation and unwinding of the provision the Department implemented a financial model to address issues raised. In addition to this the treasury discount rate was reduced from 6% to 3.5%, which required a restatement of the opening balance. A full analysis of the movement is detailed in note 18 to the accounts.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
ANNUAL REPORT
for the year ended 31 March 2004**

Post balance sheet events

No significant events have occurred since the balance sheet date that would require adjustment to, or disclosure in, the Resource Accounts.

MANAGEMENT

Minister

The responsible Minister is Barry Gardner MP, who replaced Jane Kennedy MP on 1 April 2004.

Permanent Head of the Department and the Management Board

The Permanent Secretary of the Department is Will Haire who replaced Alan Shannon on the 15th December 2003.

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

Adrian Arbuthnot
Catherine Bell
Dr Robson Davison
Roy Gamble
David McAuley
George O'Doherty
Bernie O'Hare
Tom Scott

Appointments to these posts are made and their remuneration determined under normal arrangements for Senior Civil Service posts. Details of remuneration are included in the notes to these accounts.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
ANNUAL REPORT
for the year ended 31 March 2004**

Non-Executive Advisory Board

The members who served during the period up to the dissolution of the board in December 2003 were:-

Mr W McGinnis CBE (Chairman)

Professor R Barnett

Mr W Brown

Mr J Corey

Mr D Corr

Professor Dame G Keegan

Dr A McKeown

Mr J McKeown

Mr R Mullan OBE

Mr W B Turtle

Mrs N Whittaker

Mrs C Williamson

Ms M Wilson OBE

DEPARTMENT FOR EMPLOYMENT AND LEARNING
ANNUAL REPORT
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PUBLIC INTEREST AND OTHER

Disabled persons

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

Equal opportunities

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

Payment of suppliers

The Department is committed to the prompt payment of suppliers of goods and services in accordance with the Confederation of British Industry's prompt payers code and British Standard BS 7890.

Unless otherwise stated in the contract, payment is due within 30 days of receipt of the goods or services, on presentation of a valid invoice or similar demand, whichever is later.

In the year ended 31 March 2004, 98% of invoices from suppliers were paid within the timescale noted above. No amounts were paid to suppliers in interest under the Late Payment of Commercial Debts (Interest) Act 1988.

Consultation with employees

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

Auditor

These accounts are subject to audit by the Comptroller and Auditor General for Northern Ireland.



WILL HAIRE
Accounting Officer
27 October 2004

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES
For the year ended 31 March 2004

1. Under the Government Resources and Accounts Act (NI) 2001 the Department is required to prepare resource accounts for each financial year, in conformity with a direction from the Department of Finance and Personnel (DFP), detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.
2. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.
3. DFP has appointed the Permanent Head of Department as Accounting Officer of the Department, with responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.
4. In preparing the accounts, the Accounting Officer is required to comply with the *Northern Ireland Resource Accounting Manual* (NIRAM) prepared by DFP, and in particular to:
 - a. observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - b. make judgements and estimates on a reasonable basis;
 - c. state whether applicable accounting standards, as set out in NIRAM, have been followed, and disclose and explain any material departures in the accounts;
 - d. prepare the accounts on a going-concern basis.
5. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by DFP and published in *Government Accounting Northern Ireland*.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT ON INTERNAL CONTROL
For the year ended 31 March 2004

DEL STATEMENT OF INTERNAL CONTROL

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives, set by the Department's Minister, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland. There are a number of bodies beyond the Departmental boundary in receipt of substantial financial support from the Department. They are responsible for their own internal control arrangements and are required to provide annually to the Department assurance that their arrangements are sound and comply with requirements. These bodies are the 2 local universities; the 2 local teacher training colleges; the 16 further education colleges, the 5 Education and Library Boards, the Student Loans Company, the Labour Relations Agency, Enterprise Ulster, Ulster Supported Employment Ltd, and CITB.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of departmental policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Procedures were put in place in December 2002 and have been fully operational for the 2003/04 financial year. Processes are now fully embedded within the Department's procedures and have been subject to review twice by Internal Audit.

We have carried out appropriate procedures to ensure that we have identified the Department's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Department has set out its attitude to risk to the achievement of the Departmental Objectives.

The Departmental Board has ensured that procedures are in place for verifying that risk management and internal control are regularly reviewed and reported on. Risk management has been incorporated fully into the corporate planning and decision making processes of the Department.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. Internal control processes include the following:

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Departmental Board.
- Regular reviews by the Departmental Board of periodic and annual financial reports that indicate financial performance.
- An annual review of financial control arrangements against the financial control checklist.
- Regular reviews by the Departmental Board of periodic and annual reports of progress against business plan, PfG and PSA targets.
- Regular review and reporting (monthly) of movement in, and management of, the control of risks at Divisional and Departmental level.
- A comprehensive system of internal control rules (Finance Bulletins) which set down procedures for key processes including procurement (including policy on the use of consultants), authority to incur expenditure, entertainment and staff travel etc.
- Internal Audit arrangements which operate to standards defined in the Government Internal Audit Manual. Regular reports are submitted which include HIA's independent opinion on the

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT ON INTERNAL CONTROL
For the year ended 31 March 2004

adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement.

- The Financial Audit and Support Team (FAST) is responsible for auditing external organisations in receipt of grants from the Department. FAST provides advice on how grants were applied and on the adequacy and effectiveness of the internal control systems within those organisations, and makes recommendations for adjustment of grant and improvements to these organisations' systems.
- Internal Audit and FAST report annually to the Department's Audit Committee.
- Heads of Divisions are required to provide an annual assurance statement to the Accounting Officer giving their assessment of the operation of internal control arrangements within their Divisions during the relevant financial year. This includes a facility to identify issues giving cause for concern and the remedial action proposed or taken.
- NDPBs and other Sponsored Bodies that have Additional Accounting Officers appointed are also required to provide annual assurance statements to the Department along the same lines as those required of Heads of Divisions.

- In addition to the actions mentioned above, in the coming year the Department plans to:-
 - Improve the quality of risk assessment.
 - Provide further fraud awareness training for key staff.
 - Provide economic appraisal training for further staff.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, FAST and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

During the year the Department continued to work with FE Colleges in recovery to ensure that they are on course to achieve financial stability as quickly as possible. By May 2004, The North East Institute of Further and Higher Education had devised a recovery plan aimed at restructuring its curriculum and rebuilding the Institute's financial strength. The Department has now assessed that plan and met the Institute to formally accept it and agree appropriate progress monitoring and reporting arrangements. We have also worked with DfES and the Student Loan Company to improve the accuracy and timely delivery of student loans data required for accounting purposes.

The Chief Executives of 4 out of 5 education and library boards have provided free standing assurance statements for 2003/04. However, audit assurance certificates for eligibility and entitlement to student loans and student awards (mandatory, discretionary and disabled students' awards) are outstanding for 3 boards. These are expected within a few weeks. Over spend by the Belfast and South-Eastern Education and Library Boards in 2003/04 did not relate to funding provided by this Department, but it is appropriate that I note such incidents in bodies which receive funding from the Department.



WILL HAIRE
Accounting Officer
27 October 2004

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO
THE HOUSE OF COMMONS
For the year ended 31 March 2004**

Department for Employment and Learning

**The Certificate and Report of the Comptroller and Auditor General to the House of Commons
and the Northern Ireland Assembly**

I certify that I have audited the financial statements on pages 29 to 78 under the Government Resources and Accounts Act (Northern Ireland) 2001. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 39 to 44.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 24 the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Annual Report is not consistent with the financial statements, if the Department has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Accounts, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 25 to 26 reflects the Department's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO
THE HOUSE OF COMMONS
For the year ended 31 March 2004**

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Department in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Department of Employment and Learning at 31 March 2004 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Details of my observations on the issues arising on the Individual Learning Accounts scheme, the Learndirect scheme and Stranmillis College can be found in my report on these financial statements on pages 79 to 87.



J M Dowdall CB
Comptroller and Auditor General

29 October 2004

**Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU**

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 1 – SUMMARY OF RESOURCE OUTTURN 2003-04

	2003-04						2002-03	
	Estimate			Outturn			Net total outturn compared with Estimate saving/ (excess)	Prior-year outturn
	Gross expenditure 1 £000	Accruing resources 2 £000	NET TOTAL 3 £000	Gross expenditure 4 £000	Accruing resources 5 £000	NET TOTAL 6 £000		
Request for Resources A (note 9)	536,933	4,706	532,227	510,195	2,924	507,271	24,956	443,070
Request for Resources B (note 9)	123,115	460	122,655	114,717	460	114,257	8,398	122,210
Total resources	660,048	5,166	654,882	624,912	3,384	621,528	33,354	565,280
Non-operating cost AR (note 5)		12,000	12,000		12,000	12,000	-	9,008
Net cash requirement			752,922			689,847	63,075	650,653

Requests for Resources are detailed on Schedule 5.

Analysis of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	Note	Forecast 2003-04		Outturn 2003-04	
		Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Operating income and receipts – excess AR	5	-	-	72	72
Non-operating income and receipts – excess AR	5	-	-	3,943	2,765
Subtotal		-	-		
Other operating income and receipts not classified as AR	5	24,883	24,883	30,855	57,534
Other non-operating income and receipts not classified as AR		-	-		
Other amounts collectable on behalf of the Consolidated Fund	5	-	-	523	523
Total		24,883	24,883	35,393	60,894

The actual receipts surrenderable to the Consolidated Fund were £60,894,005

Actual outturn – resources

Request for Resources A: Actual amount of net resource outturn £507,271,215.70. Actual amount of savings in resources over Estimate £ 24,956,728.45.

Request for Resources B: Actual amount of net resource outturn £ 114,257,781.50 . Actual amount of savings in resources over Estimate £8,398,710.56.

Actual outturn – cash

Net cash requirement: Outturn net requirement £689,847,872.59 which is £63,075,204.21 less than Estimate.

DEPARTMENT FOR EMPLOYMENT AND LEARNING

SCHEDULE 1 – SUMMARY OF RESOURCE OUTTURN 2003-04

Explanation of the variation between Estimate and outturn (net total resources):

Request for Resources A

Expenditure in Request for Resources A was 4.9% less than Estimates provision for the year. The main reasons for this are as follows.

Lifelong Learning – The majority of under spend within Lifelong Learning fell within Further Education. £3.2m of the under spend relates to capital expenditure which was slow to progress. The Department will avail of end year flexibility in respect of these monies, and funding will be carried forward into the 04-05 financial year.

Higher Education - The under-spend within Higher Education is mainly due to slippage on capital schemes. (Unspent capital budget can be rolled forward under the End-year Flexibility scheme.) Higher Education includes the Universities and teacher training colleges.

Student Support – The under spend was a result of a reduced cost of capital charge and a lower than anticipated uptake of tuition fees. The lower uptake rate is due to rising incomes and greater parental contributions towards costs. Budgets for 2004/05 and future years have been adjusted to take account of this.

Executive Programme Funds – this represents provision for expenditure on a range of projects, notably the HE bursary scheme, Essential Skills and the Springvale Outreach Project. Expenditure increased significantly in 03-04 due to the full year effect of the HE bursary scheme. In addition the scheme increase the threshold from £15k to £20k, and increased the maximum bursary to £2k.

Annually Managed Expenditure (AME)

Lifelong learning and Student Support – The under spend is due to slippage on the Fermanagh College capital development project and slower than anticipated expenditure for the Education Maintenance Allowance Scheme.

Education and Library Boards – this represents provision for discretionary student awards, including the Further Education Bursaries Scheme. During the year, there was a low uptake of the FE Bursary scheme. The main contributor to the low uptake was a relatively low income threshold, which meant that a significant proportion of students did not meet the criteria for the bursary.

Request for Resources B

Expenditure in Request for Resources B was 7.3% less than Estimates provision for the year. The main reasons are as follows.

Employment Programmes – the under spend is due to a combination of savings on administration costs, less than expected demand for the new deal schemes and some slippage on the implementation of targeted initiatives.

Labour Market Services – The under spend was largely due to savings in administration costs.

EU Peace and Reconciliation – the under spend was caused by projects being slow to incur expenditure. The Peace budget is ring fenced and will be carried forward into the 04-05 financial year.

Executive Programme Funds – slippage on all EPF funded projects – Jobcentre Online, Employers for Childcare and social inclusion – account for this under spend.

New Deal 50+ - expenditure declined during the course of the year as this scheme was replaced by the Working Tax Credit.

Enterprise Ulster- recruitment to the training for work programme was lower than projected.

USEL- grants to USEL for the employment support programme were higher than expected.

Explanation of the variation between Estimate net cash and requirement and outturn (net cash requirement):

Driven by variations between resource Estimate and outturn as outlined above

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 1 – SUMMARY OF RESOURCE OUTTURN 2003-04

Reconciliation of resources to net cash requirement

		Estimate	Outturn	Net total outturn compared with Estimate Saving/(Excess)
	<i>Note</i>	£000	£000	£000
Net total resources		654,882	621,528	33,354
Capital				
Student loan funding	<i>13</i>	100,133	102,904	(2,771)
Acquisition of fixed assets	<i>11</i>	-	7	(7)
Other loans	<i>12</i>	-	35	(35)
Non-operating cost AR				
Student loan repayments applied	<i>5</i>	(12,000)	(12,000)	-
Admin and programme income				
Book value of fixed asset disposals	<i>5</i>	-	-	-
Accruals adjustments				
Non-cash items	<i>3</i>	(20,251)	(21,572)	1,321
Changes in working capital other than cash	<i>14</i>	-	(3,090)	3,090
Changes in creditors falling due after more than one year	<i>14</i>	-	13	(13)
Use of provisions	<i>18</i>	-	2,022	(2,022)
Net cash requirement per Spring Supplementary Estimate		722,764	689,847	32,917
Supplementary Estimate amendment to net cash requirement not enacted		30,158	-	30,158
Net cash requirement (Schedule 4)		752,922	689,847	63,075

In the 2003-04 Spring Supplementary Estimates, the Net Cash Requirement (NCR) for DEL was reduced by £30,158,000. By convention, only increases in NCR appear in the Budget Act and hence the reduction in DEL's NCR was not reflected. The NCR Estimate in Schedule 1 shows the statutory limit set by the Budget Act, and a reconciling item has been added to reflect the difference between this figure and that shown in the Spring Supplementary Estimates.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 2 – OPERATING COST STATEMENT
for the year ended 31 March 2004

	Note	2003-04		2002-03	
		£000	£000	£000	£000
Administration costs:					
Staff costs	2	33,862		31,911	
Other administration costs	3	<u>18,481</u>		<u>30,436</u>	
Gross administration costs			52,343		62,347
Operating income	5		<u>(523)</u>		<u>(1,032)</u>
Net administration costs			<u>51,820</u>		<u>61,315</u>
Programme costs:					
Request for Resources A					
Expenditure	4	500,450		380,581	
Less: Income	5	<u>(2,924)</u>		<u>-</u>	
			497,526		380,581
Request for Resources B					
Expenditure	4	72,119		123,284	
Less: EU income					
Received as payment agent	5	(21,555)		(52,609)	
DEL programmes	5	(9,300)		(58,178)	
Less: Income – non-EU	5	<u>(532)</u>		<u>(1,112)</u>	
			40,732		11,385
Non-voted expenditure					
Student loans subsidy	4		14,445		26,059
Redundancy fund payments	4		4,350		2,759
			<u>18,795</u>		<u>28,818</u>
Net programme costs			<u>557,053</u>		<u>420,784</u>
Net operating cost	7, 8, 9		<u>608,873</u>		<u>482,099</u>
Net resource outturn	7, 9		<u>621,528</u>		<u>565,280</u>

All income and expenditure are derived from continuing operations.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 2 – OPERATING COST STATEMENT
for the year ended 31 March 2004

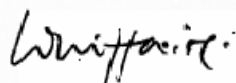
STATEMENT OF RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2004

	2003-04	2002-03
	£000	£000
Net (loss)/gain on revaluation of tangible fixed assets	<u>42</u>	<u>-</u>
Recognised gains and losses for the financial year	<u>42</u>	<u>-</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 3 – BALANCE SHEET
as at 31 March 2004

	<i>Note</i>	31 March 2004		31 March 2003 As Restated	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	11	43,773		1,462	
Investments	12	2,125		2,090	
Student loans	13	<u>514,869</u>		<u>424,223</u>	
			560,767		427,775
Current assets					
Debtors	15	109,347		145,290	
Cash at bank and in hand	16	<u>10</u>		<u>9</u>	
		109,357		145,299	
Creditors (amounts falling due within one year)	17	<u>(129,072)</u>		<u>(164,987)</u>	
Net current liabilities			(19,715)		(19,688)
Total assets less current liabilities			541,052		408,087
Creditors (amounts falling due after more than one year)	17	(466)		(479)	
Provisions for liabilities and charges	18	<u>(180,193)</u>	(180,659)	<u>(167,771)</u>	(168,250)
			<u>360,393</u>		<u>239,837</u>
Taxpayers' equity					
General fund	19	360,143		239,629	
Revaluation reserve	20	<u>250</u>		<u>208</u>	
			<u>360,393</u>		<u>239,837</u>

Signed



WILL HAIRE
Accounting Officer
27 October 2004

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 4 – CASH FLOW STATEMENT
for the year ended 31 March 2004

	2003-04 £000	2002-03 £000
Net cash outflow from operating activities (note a)	(591,978)	(540,359)
Capital expenditure and financial investment (note b)	(88,181)	(89,706)
Receipts from EU	57,534	-
Payments of amounts due to the Consolidated Fund	(67,138)	(182)
Financing (note c)	<u>689,764</u>	<u>630,249</u>
Increase in cash in the period	<u><u>1</u></u>	<u><u>2</u></u>

Note a – Reconciliation of net operating cost to net operating cash flows

	2003-04 £000	2002-03 £000
Net operating cost	(608,873)	(482,099)
Adjustments for non-cash transactions (note a(i))	36,017	46,659
Adjustments for movements in working capital other than cash (note 14)	14	(52,207)
Adjustment for movements in working capital not related to operating cost	(17,114)	(48,748)
Use of provisions	<u>(2,022)</u>	<u>(3,964)</u>
Net cash outflow from operating activities	<u>(591,978)</u>	<u>(540,359)</u>

Note a(i) – Non-cash transactions

	2003-04 £000	2002-03 £000
Non-cash items and notional costs (note 3)	8,353	20,600
Cost of capital (Other Current)	13,045	-
Movement on provisions	14,512	36,050
Student loans inflation adjustment	9,743	5,443
Transfer value of loans	16	-
Interest added to student loans	(9,533)	(6,034)
Student loans – adjustment to opening estimate	-	(9,285)
Student loans administration income	<u>(119)</u>	<u>(115)</u>
Non-cash transactions	<u>36,017</u>	<u>46,659</u>

The notes on pages 39 to 78 form part of these financial statements

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 4 – CASH FLOW STATEMENT
for the year ended 31 March 2004

Note b – Analysis of capital expenditure and financial investment

	2003-04	2002-03
	£000	£000
Student loan funding (Request for Resources A)	(102,904)	(100,715)
Student loan repayments (Request for Resources A)	14,765	11,114
Tangible fixed asset additions (Request for Resources B)	(7)	(61)
Loans to other bodies (Request for Resources B)	<u>(35)</u>	<u>(44)</u>
Net cash outflow from investing activities	<u>(88,181)</u>	<u>(89,706)</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 4 – CASH FLOW STATEMENT
for the year ended 31 March 2004

Note c – Analysis of financing and reconciliation to net cash requirement

	2003-04 £000	2002-03 £000
From the Consolidated Fund (Supply) – current year	684,548	628,434
From the National Insurance Fund	<u>5,216</u>	<u>1,815</u>
Net financing	689,764	630,249
(Increase)/Decrease in cash	<u>(1)</u>	<u>(2)</u>
Net cash flows other than financing	<u>689,763</u>	<u>630,247</u>
Adjustment for payments and receipts not related to Supply:		
Amounts due to the Consolidated Fund – received in a prior year and paid over	-	(2)
Amounts due to the Consolidated Fund – received and not paid over	2,494	2,114
National Insurance Fund financed activities	(5,216)	(1,815)
Adjustment to reflect treatment of inter-Departmental balance	2,808	19,414
Adjustments in respect of 2001-02 Supply	-	695
Other	<u>(2)</u>	<u></u>
Net cash requirement (Schedule 1)	<u>689,847</u>	<u>650,653</u>

Amount of grant actually issued to support the net cash requirement = £684,548,100.00

Amount of grant actually issued to support the prior year net cash requirement = £Nil

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 5 – RESOURCES BY DEPARTMENTAL AIM AND OBJECTIVES
for the year ended 31 March 2004

	2003-04			2002-03		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Objective 1	510,195	(2,924)	507,271	443,070	-	443,070
Objective 2	114,717	(460)	114,257	123,142	(932)	122,210
Non-voted items	18,795	(31,450)	(12,655)	28,818	(111,999)	(83,181)
Net operating cost	643,707	(34,834)	608,873	595,030	(112,931)	482,099

Objective 1 is equivalent to Request for Resources A (RfR A), which is: working with others to achieve the highest quality of education and training and seek the highest standards of learning, research, training and scholarship thereby contributing to economic development and social inclusion.

Objective 2 is equivalent to Request for Resources B (RfR B), which is: to promote access to and fairness in, employment, thereby contributing to economic development and social inclusion.

Further details of resources by Departmental aim and objectives are given in note 21.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2003-04 version of NIRAM, issued by DFP.

The accounting policies contained in NIRAM follow UK generally accepted accounting practices (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where NIRAM permits a choice of accounting policy, the policy judged most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected.

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

1.1 Accounting convention

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

1.2 Basis of consolidation

These accounts comprise the accounts of the core Department.

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

The accounts of the Student Loan Company Limited (a company limited by guarantee and controlled jointly by the Department for Education and Skills, the Scottish Executive and DEL) are also not included by way of consolidation.

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

1.3 Tangible fixed assets

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount.

All tangible fixed assets are restated to current value each year. Published indices appropriate to the category of asset are normally used to estimate value.

Land and buildings are restated to current value using professional valuations in accordance with FRS 15 every five years, and, in the intervening years, by the use of published indices appropriate to the type of land or building. The last professional valuation of land and buildings was provided by the Valuation and Lands Agency at 31 March 2003.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

The minimum level of capitalisation for inclusion in the Financial Statements as a tangible fixed asset is £1,000. On initial recognition they are measured at cost, including any costs directly attributable to bringing them into working condition.

1.4 Depreciation

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

Specialised buildings	50 years
Furniture and fittings	10 years
Motor vehicles	5 years
Computer equipment and software	4 years

Valuation of tangible fixed assets are based on a review of values as at the balance sheet date. Previously, for tangible fixed assets the review of values was carried out prior to the 30 September during the year valuations are now based on indices at 31 March.

No depreciation is provided on freehold land.

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

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

1.5 Investments

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

Loans issued by the Department to Ulster Supported Employment Limited are shown at historical cost.

1.6 Operating income

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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

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

Operating income is stated net of VAT.

1.7 Administration and programme expenditure

The Operating Cost Statement is analysed between administration and programme costs.

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

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

1.8 Capital charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the government's standard rate of 3.5% in real terms on the average carrying amount of all assets less liabilities.

1.9 Inflation adjustment

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

1.10 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme NI (PCSPSNI), which is a defined benefit scheme and is non-contributory and unfunded.

The Department recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPSNI of amounts calculated on an accruing basis.

Liability for payment of future benefits is a charge to the PCSPSNI.

The rates paid are in the range of 12-18% of pensionable pay. There is a separate scheme statement for the PCSPSNI as a whole.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

1.11 *Early departure costs*

The Department is required to account for the cost of paying the pensions of employees who retire early from the date of their retirement until they reach normal pensionable age.

The Department provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes in the year the announcement is made.

1.12 *Student loans*

The Department accounts for a share of the UK totals of student loan assets administered by the Student Loan Company Limited and related provisions using information on the domicile of student debtors supplied by the Student Loan Company Limited on the Northern Ireland share of the relevant balances and transactions.

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

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

An inflation adjustment is made in these accounts to reflect the impact of inflation on student loans (see note 1.9).

1.13 *European Union income*

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

1.14 *Notional costs*

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

1.15 Value Added Tax

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

1.16 Private Finance Initiative (PFI) transactions

PFI transactions have been accounted for in accordance with Technical Note No 1 (Revised), entitled *How to Account for PFI Transactions*, as required by NIRAM.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating cost.

Where the Department has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract. Where, at the end of the PFI contract, a property reverts to the Department, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Department, it is recognised as a fixed asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.17 Grants payable

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

1.18 Provisions

In addition to early departure costs (1.11) the Department provides for legal or constructive obligations for student support cost related to student loans which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant the estimated risk adjusted cash flows are discounted using the Treasury discount rate of 3.5%.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

1.19 *Contingent liabilities*

In addition to contingent liabilities disclosed in accordance with FRS 12, the Department discloses for Parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

- Items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business, and which are reported to Parliament by Departmental minute prior to the Department entering into the arrangement
- All items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of the resource accounts) which are required by NIRAM to be noted in the resource accounts.

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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

2. Staff numbers and costs

A. Staff costs consist of:

	2003-04				2002-03
	Total	Officials	Ministers (note 2C)	Special advisers	Total
	£000	£000	£000	£000	£000
Wages and salaries	28,614	28,614	-	-	27,135
Social security costs	1,943	1,943	-	-	1,610
Other pension costs	3,602	3,602	-	-	3,501
Subtotal	34,159	34,159	-	-	32,246
Inward secondments	-	-	-	-	-
Total	34,159	34,159	-	-	32,246
<i>Less Recoveries in respect of outward secondments</i>	(297)	(297)	-	-	(335)
Total net costs	33,862	33,862	-	-	31,911

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

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but the Department is unable to identify its share of the underlying assets and liabilities. The most up-to-date actuarial valuation was carried out as at 31 March 1999 and an interim estimate of the scheme liability is available at 31 March 2003. A full actuarial valuation of the scheme liability is currently underway.

For 2003-04, employer's contributions of £3,602,000 were payable to the PCSPS(NI) (2002-03: £3,501,000), at one of four rates in the range 12 to 18% of pensionable pay, based on salary bands. It is anticipated that the rates will remain the same next year, subject to revalorisation of salary bands but may change from 2005-06 depending on the result of the current actuarial valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a Partnership Pension Account, a stakeholder pension with an employer contribution. Employer's contributions of £2,798 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of 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.

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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

Average number of persons employed

B. The average number of whole-time equivalent persons employed during the year is shown in the table below. These figures include those working in the department as well as in agencies and other bodies included within the consolidated departmental resource account.

Objective	2003-04						2002-03	
	Ministers	Special Advisers	Senior Management	Officials	Staff on Inward secondment	Total	Total	
1	-	-	3.5	276	-	279.5	93	
2	-	-	5.5	1,174	-	1,179.5	1,342	
Staff engaged on Capital projects	-	-	-	-	-	-	-	
TOTAL	-	-	9	1,450	-	1,459	1,435	

C. The salary and pension entitlements of the ministers and senior management of the Department were as follows:

Ministers

Between 1 April 2003 and 31 March 2004 the Department for Employment and Learning was under the control of Jane Kennedy MP. Her salary and allowances were paid by the NIO or the Cabinet Office rather than the NI Assembly. These costs have not been included as notional costs in the Operating Cost Schedule. Details of Jane Kennedy MP's salary and allowances will be provided in the 2003/04 NIO Resource Accounts.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

2003-04

Name and dates of service	Age	Salary	Real increase in pension at age 60	Total accrued pension at age 60 at year end	Benefits in kind
	Yrs	£000	£000	£000	To nearest £100
Jane Kennedy MP (1 April 2003-31 March 2004)		See NIO accounts for details			

2002-03

Name and dates of service	Age	Salary	Real increase in pension at age 60	Total accrued pension at age 60 at year end	Benefits in kind
	Yrs	£000	£000	£000	To nearest £100
Jane Kennedy MP (October 2002 – March 2003)		See NIO accounts for details			

Pension benefits to Ministers are provided by the Ministerial Pension Scheme (MPS) which is part of the Parliamentary Contributory Pension Fund (PCPF) for Members of Parliament. The MPS provides benefits on a “final salary” basis with a 1/50th accrual rate taking account to all service as a Minister. Benefits are payable on retirement from Ministerial office on or after age 65, or on the payment of benefits under the main PCPF scheme. Members pay contributions of 6 per cent of their Ministerial salary. There is also an employer contribution of 7.5 per cent of the Ministerial salary, paid by the Exchequer. In the event of retirement because of serious ill health, the MPS pension is brought into payment immediately. On death pensions are payable to the surviving spouse at a rate of five-eighths of the Ministers pension. On death in service the MPS provides for a lump sum gratuity of three times the Minister’s pension. Pensions increase in payment in line with changes in the Retail Prices Index. On retirement, it is possible to commute part of the pension for a lump sum.

This presentation is based on payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£55,118, 2002-03 £51,822) and various allowances to which they are entitled are borne centrally.

Pension arrangements for senior management

Pension benefits are provided through the Northern Ireland Civil Service arrangements. From 1 October 2002, civil servants may be in one of three statutory-based 'final salary' defined benefit schemes (Classic, Premium and Classic Plus). New entrants after 1 October 2002 may choose between membership of Premium or joining a good-quality 'money purchase' stakeholder-based arrangement with a significant employer contribution (Partnership Pension Account).

Classic scheme

Benefits accrue at the rate of 1/80 of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

Premium scheme

Benefits accrue at the rate of 1/60 of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80 of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8 of the member's pension (before any commutation). On death in service, the scheme pays a lump sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

Classic Plus scheme

This is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

All staff in service at 1 October 2002 will be given the option to join the Premium or Classic Plus arrangements.

Payments under Classic, Premium and Classic Plus are increased in line with the Retail Price Index.

Partnership Pension Account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up 25% of the fund as a lump sum.

Pension benefits for NIO Ministers are provided through the Principal Civil Service Pension Scheme.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

Senior management
2003-04

Name and title	Age	Salary	Benefits In Kind	Lump sum Increase	Real increase 31/03/04	Accrued pension at 31/03/04	Accrued Lump Sum	CETV at 31/03/03	CETV at 31/03/04	Real increase in CETV
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Will Haire <i>Permanent Secretary (December-March)</i>	47	90-95	-	5-7	0-2.5	25-30	80-85	343	389	26
Alan Shannon <i>Permanent Secretary (April-December)</i>										Consent for disclosure withheld
Adrian Arbuthnot <i>Director of Regional Operations</i>										Consent for disclosure withheld
Catherine Bell <i>Director of Further Education and Learning Division</i>										Consent for disclosure withheld
Dr Robson Davison <i>Head of Further and Higher Education Section</i>										Consent for disclosure withheld
Roy Gamble <i>Director of Employment Rights and New Deal Division</i>										Consent for disclosure withheld
David McAuley <i>Assistant Secretary Higher Education and Student Support Division</i>										Consent for disclosure withheld

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004**

George O'Doherty Assistant Secretary European and Finance Division											Consent for disclosure withheld
Bernie O'Hare Assistant Secretary Corporate Services Division	51	50-55	-	2.5-5	0-2.5	15-20	55-60	263	296	19	
Tom Scott Director of Skills and Industry Division											Consent for disclosure withheld

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

Senior managers' pension benefits are provided through the PCSPSNI.

The estimated monetary value of benefits in kind covers any benefits provided and treated by the Inland Revenue as taxable income.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

2002-03									
Name and title	Salary	Benefits In Kind	Lump sum Increase	Real increase 31/03/04	Accrued pension at 31/03/04	Accrued Lump Sum	CETV at 31/03/03	CETV at 31/03/04	Real increase in CETV
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Alan Shannon <i>Permanent Secretary</i>									Consent for disclosure withheld
Adrian Arbuthnot <i>Director of Regional Operations</i>									Consent for disclosure withheld
Catherine Bell <i>Director of Further Education and Learning Division</i>									Consent for disclosure withheld
Dr Robson Davison <i>Head of Further and Higher Education Section</i>									Consent for disclosure withheld
Roy Gamble <i>Director of Employment Rights and New Deal Division</i>									Consent for disclosure withheld
David McAuley <i>Assistant Secretary Higher Education and Student Support Division</i>									Consent for disclosure withheld
George O'Doherty <i>Assistant Secretary European and Finance Division</i>									Consent for disclosure withheld
Bernie O'Hare <i>Assistant Secretary Corporate Services Division</i>									Consent for disclosure withheld
Tom Scott <i>Director of Skills and Industry Division</i>									Consent for disclosure withheld

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

Advisory Board

The Chairman of the Advisory Board was paid within the range of £20,000-25,000 (2002-03: £20,000-25,000).

The remaining members were paid within the range £0-5,000 (2002-03: £0-5,000).

Total fees for the year amounted to £44,000 (2002-03: £59,000) and are included under 'Other administration expenditure'.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

3. Other administration costs

	2003-04		2002-03	
	£000	£000	£000	£000
PFI service charges				
Off-balance sheet contracts		<u>5,222</u>		<u>5,927</u>
Non-cash items:				
<i>Depreciation</i>				
Tangible fixed assets	420		85	
Permanent diminution in value of fixed assets	(322)		11	
Loss on disposal of fixed assets	<u>1</u>	99	<u>8</u>	104
<i>Cost of capital charge</i>				
Other items (see note below)		-		12,084
<i>Notional costs</i>				
Auditor's remuneration and expenses	114		114	
Accommodation costs (DFP)	5,207		5,645	
Services provided and costs incurred by the Social Security Agency	938		614	
Services provided and costs incurred by the Department of Enterprise, Trade and Investment (DETI)	1,332		1,252	
Other notional costs	<u>663</u>		<u>762</u>	
		<u>8,254</u>		<u>8,387</u>
Total non-cash items		<u>8,353</u>		<u>20,575</u>
Other expenditure		<u>4,906</u>		<u>3,934</u>
Total		<u>18,481</u>		<u>30,436</u>

Note:

Due to a reclassification Cost of Capital is now treated as Programme expenditure and applied to the areas to which it relates. The amount charged to administration in 02-03 was £12.1m as set out in note 3 above.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

The total of non-cash items included in the Reconciliation of Resources to Net Cash Requirement on Schedule 1 comprises:

	2003 -04
	£000
Total non-cash transactions as per note 3	8,353
Cost of capital	13,045
Early retirement provision	158
Transfer value of loans	16
Non-cash items per Reconciliation of Resources to Net Cash Requirement	21,572

The total of non-cash transactions included in the Reconciliation of Operating Costs to Operating Cash Flows on Schedule 4 comprises:

	2003 -04
	£000
Total non-cash transactions as per note 3	8,353
Cost of Capital	13,045
Use of Provisions	24,113
Early retirement provision	158
Student Loan Interest	(9,533)
Student Loan admin Fee	(119)
Total non-cash transactions	36,017

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

4. Net programme costs

	2003-04		2002-03	
	£000	£000	£000	£000
Current grants and other current expenditure	572,569		503,865	
Non-voted expenditure: Student loan subsidy	14,445		26,059	
Non-voted expenditure: Redundancy Fund payments	4,350		2,759	
		<u>591,364</u>		<u>532,683</u>
<i>Less: Programme income (note 5)</i>		<u>(34,311)</u>		<u>(111,899)</u>
		<u>557,053</u>		<u>420,784</u>

EU grants and subsidies in programme expenditure

	2003-04	2002-03
	£000	£000
ESF	15,606	9,056
ERDF	-	-
Community Initiatives	782	601
Peace and Reconciliation	<u>14,467</u>	<u>14,364</u>
	<u>30,855</u>	<u>24,021</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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5. Income and appropriations in aid

Operating income

Operating income not classed as accruing resources (i.e. transferred to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see note 7).

Non-EU income

	2003-04		
	Resource Outturn AR £000	Payable to Consolidated Fund £000	Operating Cost Statement £000
Administration income	-	523	523
Programme income			
Lifelong Learning	355	-	355
Higher Education	2,569	-	2,569
Labour market services	460	72	532
	3,384	72	3,456
Receipts of other classes	-	-	-
Total	3,384	595	3,979
	2002-03		
	Resource Outturn AR £000	Payable to Consolidated Fund £000	Operating Cost Statement £000
Administration income	-	1,032	1,032
Programme income			
Promoting skills and abilities of those in work	159	-	159
Labour market services	530	-	530
Preparation for work	243	-	243
Receipts of other classes	-	180	180
Total	932	1,212	2,144

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EU income

	2003-04	2002-03
	£000	£000
Receipts where Department acts as agent for EU in making payments to third parties	21,555	52,609
Receipts for Department's own programmes	9,300	58,178
	<u>30,855</u>	<u>110,787</u>

Non-operating cost AR

	2003-04	2002-03
	£000	£000
Student loan repayments	15,987	11,564
Less Amount classified as excess AR	<u>(3,987)</u>	<u>(2,564)</u>
Student loan repayments classified as AR	12,000	9,000
Book value of fixed asset disposals	<u>-</u>	<u>8</u>
	<u>12,000</u>	<u>9,008</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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for the year ended 31 March 2004

6. Administration cost limits

The outturn within the administration costs control regime shown against individual administration cost limits is as follows:

	2003-04		2002-03	
	Outturn £000	Limits £000	Outturn £000	Limits £000
Request for Resources A	8,413	11,139	3,116	2,975
Request for Resources B	35,577	46,663	38,631	40,313
Total within Administration cost control	43,990		41,747	43,288
Administration expenditure excluded from Administration cost limit	8,353		20,600	
Administration income allowable within Administration cost limit	-		-	
Total administration outturn	<u>52,343</u>		<u>62,347</u>	

7. Reconciliation of net operating cost to control total and net resource outturn

	2003-04 £000	2002-03 £000
Net operating cost (Schedule 2)	608,873	482,099
Remove non-supply expenditure and income, including income scored as Consolidated Fund extra receipts (CFERs):		
Non-supply expenditure	(4,350)	(2,759)
Non-supply income	595	180
EU CFER income	30,855	110,787
Admin CFER income – PFI credits	-	1,032
Student loans subsidy	(14,445)	(26,059)
Net resource outturn (Schedule 1)	<u>621,528</u>	<u>565,280</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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for the year ended 31 March 2004

8. Analysis of net operating cost by spending body

	2003-04		2002-03
	Budget	Outturn	Outturn
	£000	£000	£000
Spending body:			
USEL Ltd	3,518	3,575	4,974
Enterprise Ulster	5,100	4,880	4,105
Labour Relations Agency	2,475	2,515	2,312
	11,093	10,970	11,391

The net operating cost of the Department includes £10,970,000 (2002-03: £11,391,000) of payments to non-Departmental public bodies for which it has lead policy responsibility but which are not within the Departmental accounting boundary. The Department's programmes are generally delivered in association with a wide range of public and private sector bodies and the expenditure on these programmes is regarded as part of the Department's spending in this analysis.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2004

9. Analysis of net resource outturn by function and reconciliation to Operating Cost Statement

	2003-04							2002-03	
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	AR £000	Net total £000	Estimate £000	Net total outturn compared with Estimate £000	Prior year outturn £000
Request for Resources A									
Lifelong Learning	6,738	741	216,948	224,427	(355)	224,072	230,048	5,976	204,840
Higher Education	1,376	197	188,389	189,962	(2,569)	187,393	194,319	6,926	171,441
Student Support	299	9,683	30,556	40,538	-	40,538	45,359	4,821	32,547
Executive Programme Funds	-	-	29,228	29,228	-	29,228	30,969	1,741	12,192
EU Programme for Peace and Reconciliation	-	-	9,300	9,300	-	9,300	9,300	-	-
Repayment of Loans	-	-	-	-	-	-	37	37	-
Annually Managed Expenditure									
Lifelong Learning	-	-	-	-	-	-	70	70	-
Student Support	-	-	80	80	-	80	800	720	-
Non Budget									
Teachers pre-retirement – ongoing	-	1,042	-	1,042	-	1,042	1,098	56	883
Teachers pre-retirement – new	-	509	-	509	-	509	460	(49)	514
Notional charges	1,332	-	-	1,332	-	1,332	2,249	917	8,516
Education and library boards	-	-	13,777	13,777	-	13,777	17,518	3,741	12,137
Total for RfR A	9,745	12,172	488,278	510,195	(2,924)	507,271	532,227	24,956	443,070
Request for Resources B									
Employment Programmes	21,359	-	37,149	58,508	-	58,508	59,699	1,191	55,564
Labour Market Services	12,529	620	1,326	14,475	(460)	14,015	16,130	2,115	15,597
ESF Payments-Public and Private sector	1,689	3,695	10,222	15,606	-	15,606	14,850	(756)	10,837
ERDF Payments	-	-	-	-	-	-	-	-	-
EU Community initiatives	-	-	782	782	-	782	900	118	601
EU programme for peace and Reconciliation	-	-	5,167	5,167	-	5,167	8,900	3,733	14,364
Executive Programme Funds	-	1,057	614	1,671	-	1,671	2,335	664	560
Annually managed expenditure									
New Deal 50+	-	517	-	517	-	517	1,000	483	1,212
Non Budget									
Notional charges	7,021	-	-	7,021	-	7,021	7,748	727	12,084
Enterprise Ulster	-	-	4,880	4,880	-	4,880	5,100	220	4,105
USEL	-	-	3,575	3,575	-	3,575	3,518	(57)	4,974
LRA	-	-	2,515	2,515	-	2,515	2,475	(40)	2,312
Total for RfR B	42,598	5,889	66,230	114,717	(460)	114,257	122,655	8,398	122,210
Resource outturn	52,343	18,061	554,508	624,912	(3,384)	621,528	654,882	33,354	565,280
Reconciliation to Operating Cost Statement									
Non-supply expenditure			4,350	4,350	-	4,350			2,759
Non-voted expenditure (note 13)			14,445	14,445	-	14,445			26,059
Non-supply income					(595)	(595)			(1,212)
Gross operating expenditure	52,343	18,061	573,303	643,707	(3,979)	639,728			592,886
Non-voted income					(30,855)	(30,855)			(110,787)
Net operating cost				643,707	(34,834)	608,873			482,099

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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10. Analysis of capital expenditure, financial investment and associated AR

	2003-04			
	Capital expenditure	Financial investment	AR	Net total
	£000	£000	£000	£000
Request for Resources A	-	92,944	(12,000)	80,944
Request for Resources B	7	35	-	42
Total	7	92,979	(12,000)	80,986

	2002-03			
	Capital expenditure	Financial investment	AR	Net total
	£000	£000	£000	£000
Request for Resources A	136	98,746	(9,008)	89,874
Request for Resources B	59	44	-	103
Total	195	98,790	(9,008)	89,977

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11. Tangible fixed assets

	Land and buildings	Furniture and fittings	Vehicles	Computer equipment and software	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2003	1,100	272	26	397	1,795
Additions	750	5	-	2	757
Transfer	41,611	-	-	-	41,611
Disposals	-	(4)	-	-	(4)
Revaluations	-	49	2	(32)	19
At 31 March 2004	<u>43,461</u>	<u>322</u>	<u>28</u>	<u>367</u>	<u>44,178</u>
Depreciation					
At 1 April 2003	-	53	-	280	333
Charged in year	332	32	6	50	420
Disposals	-	(2)	-	-	(2)
Revaluations	(332)	9	-	(23)	(346)
At 31 March 2004	<u>-</u>	<u>92</u>	<u>6</u>	<u>307</u>	<u>405</u>
Net book value at 31 March 2004	<u>43,461</u>	<u>230</u>	<u>22</u>	<u>60</u>	<u>43,773</u>
Net book value at 31 March 2003	<u>1,100</u>	<u>219</u>	<u>26</u>	<u>117</u>	<u>1,462</u>
Asset financing					
Owned	43,461	230	22	60	43,773
On-balance sheet PFI contracts	-	-	-	-	-
Net book value at 31 March 2004	<u>43,461</u>	<u>230</u>	<u>22</u>	<u>60</u>	<u>43,773</u>

As outlined in Schedule 4, cash payments in respect of fixed asset additions for the year were £7,000.

During the year the assets of Stanmillis College were transferred from the Department of Finance and Personnel (DFP) as per FRS 5 (substance over form). The asset will transfer to the College on incorporation.

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The net book value of land and buildings comprises:

	31 March 2004	31 March 2003
	£000	£000
Land	26,850	850
Freehold	<u>16,611</u>	<u>250</u>
	<u>43,461</u>	<u>1,100</u>

12. Investments

Ulster Supported Employment Limited loan

	2003-04	2002-03
	£000	£000
Balance at 1 April 2003	2,090	2,046
Additions	<u>35</u>	<u>44</u>
Balance at 31 March 2004	<u><u>2,125</u></u>	<u><u>2,090</u></u>

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

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13. Student loans

	2003-04 £000	2002-03 £000
Balance at 1 April 2003	424,223	321,647
Adjustment to opening accounting estimate	653	9,285
Adjustment to align CGA balances	3,452	
Additional loan funding	92,944	98,746
Repayments	(15,943)	(11,564)
Repayment of teachers loans (RTL)	(44)	-
Administration	119	115
Written off	(84)	(40)
Transfer value	16	-
Interest added	9,533	6,034
Increase in student loans outstanding	90,646	102,576
Balance at 31 March 2004	514,869	424,223

The Student Loans Company Limited issues loans on behalf of the Department for Education and Skills (in England and Wales), the Scottish Executive and DEL.

The split of total loans between the three Departments is provided by the Student Loans Company. The Department has made an adjustment to its estimate for student loans as at 1 April 2003 to agree with the Student Loans Company's record of total student loan balances attributable to Northern Ireland at that date.

Interest is applied to student loans receivable at rates necessary to maintain the value of the loans in real terms. The estimated share of interest attributable to Northern Ireland students added to the outstanding loan balance during the year was £9,533,000 (2002-03: £6,034,000).

As outlined in Schedule 4, student loan cash advances for the year were £102,904,000.

The figures above include repayments relating to the DFES pilot initiative called the Repayment of Teachers Loans Scheme (RTL) which was set up in 2002-03 and will run until 2005-06. Under the terms of the scheme DFES meets the cost of repaying newly qualified teachers student loans if they meet certain criteria.

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Student loans subsidy (note 9)

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

	2003-04	2002-03
	£000	£000
Change in opening accounting estimate	(10,074)	(9,285)
Unwinding of discount	9,312	-
Adjustment to provisions	5,263	36,050
Provision release	(19,093)	-
Movement on provision	28,964	-
General inflation adjustment on loans	9,741	5,443
Interest added to student loans	(9,533)	(6,034)
SLC administration	(119)	(115)
Transfer value	(16)	-
	<u>14,445</u>	<u>26,059</u>

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14. Movements in working capital other than cash

	2003-04	2002-03
	£000	£000
(Increase)/Decrease in debtors	35,942	(72,755)
Increase/(Decrease) in creditors falling due within one year	(35,915)	20,561
Increase/(Decrease) in creditors falling due after more than one year	(13)	(13)
	<hr/>	<hr/>
Movement in working capital other than cash (Schedule 4)	14	(52,207)
Movement in working capital not related to operating cost (Schedule 4)	(17,114)	(48,748)
	<hr/>	<hr/>
Total Schedule 4 movement	(17,100)	(100,955)
<i>Remove</i> Items not related to Supply:		
Movement in National Insurance Fund balance	866	(944)
EU Income	30,855	110,787
Receipts received from EU	57,535	-
Payments to the Consolidated Fund	(67,136)	-
Movement in accrued PFI credits	-	1,032
Consolidated Fund Extra receipts (Cfers)	865	-
Adjustment to reflect treatment of inter-Departmental balance	(2,808)	(19,414)
	<hr/>	<hr/>
<i>Less</i> Movement in creditors greater than one year	13	13
	<hr/>	<hr/>
Movement in working capital other than cash (Schedule 1)	3,090	(9,481)
	<hr/> <hr/>	<hr/> <hr/>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
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15. Debtors

	2003-04	2002-03 As Restated
	£000	£000
Amounts falling due within one year		
VAT	676	693
Other debtors	10,036	7,098
Accrued income – EU	80,700	107,379
Prepayments and accrued income	12,628	12,118
Less: Provision for doubtful debts	(532)	(454)
Due from the Consolidated Fund in respect of supply	5,299	17,512
Due from the National Insurance Fund	540	944
Total debtors falling due within one year	109,347	145,290
Amounts falling due after more than one year	-	-
	109,347	145,290

As the Department has adjusted its treatment of EU income in order to account for income in line with the underlying activity an adjustment of £36,794,000 has been made to the 2002-03 opening balance of accrued income.

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16. Cash at bank and in hand

	2003-04 £000	2002-03 £000
Balance at 1 April 2003	9	7
Net change in cash balances	<u>1</u>	<u>2</u>
Balance at 31 March 2004	<u>10</u>	<u>9</u>

The balances at 31 March are held at:

	2003-04 £000	2002-03 £000
Commercial banks and cash in hand	<u>10</u>	<u>9</u>
Balance at 31 March 2004	<u>10</u>	<u>9</u>

The bank balance at 31 March comprises:

	2003-04 £000	2002-03 £000
Cash balances	(10)	(9)
Consolidated Fund balances		
Supply (debtor)/creditor	(5,299)	(17,512)
CFERs creditor	72	18
Excess AR creditor	2,429	7,151
Interdepartmental balance with DETI	2,808	9,773
Amounts due to National Insurance Fund	-	579
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

DEL was established on 2 December 1999 in response to devolution. A number of functions of the former Departments of Economic Development and of Education transferred to DEL.

To facilitate the successful establishment of the new Department, some elements of the former structures, including the banking arrangements, were retained.

In 2003-04, all receipts (including Assembly and Parliamentary funding) and payments for both DEL and DETI were processed through a shared bank account.

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17. Creditors

	2003-04	2002-03 As Restated
	£000	£000
Amounts falling due within one year		
Amounts due to DETI	2,808	9,773
Other creditors	16,402	19,584
Accruals and deferred income	23,593	18,643
Sundry CFERs	72	1,050
Amounts due to the Consolidated Fund in respect of excess AR	5,410	7,600
Amounts due to the Consolidated Fund in respect of CFERs	80,698	107,378
Amounts due to National Insurance Fund	89	959
Creditors falling due within one year	129,072	164,987
Amounts falling due after more than one year		
Creditors falling due after more than one year	466	479
Total creditors	129,538	165,466

As the total of accrued income, payable by EU was adjusted a corresponding entry was made to amounts due to the Consolidated Fund in respect of CFERs.

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18. Provisions and charges

	Early retirement and pension commitments £000	Student loan debt sale costs £000	Student loan deferment and default costs £000	Student loan interest subsidy £000	Total £000
Balance at 1 April 2003	384	25,086	48,444	93,857	167,771
Restatement of opening balance		(476)	(798)	(8,800)	(10,074)
Unwinding of discount		861	3,035	5,416	9,312
Increase/(Decrease) in provision	158	5,263	2,961	26,002	34,384
Provision release				(19,093)	(19,093)
Bad debts previously provided for and written off in year			(84)		(84)
Early retirement payments	(149)				(149)
Debt subsidy payments		(1,874)			(1,874)
Balance at 31 March 2004	393	28,860	53,558	97,382	180,193

Early retirement and pension commitments

The early retirement provision has been created to meet the Department's liabilities in respect of employees who retire early until they reach normal pensionable age.

Student loan debt sale costs

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

Student loan deferment and default costs

The student loans deferment provision was created to meet the future cost of loans which could not be recovered due to the death of the student, their income not reaching the income threshold, or not being able to trace the student. Each year, the provision is adjusted in light of estimates of future write-offs made by the Student Loan Company (who administer student loans on a UK-wide basis).

Student loan interest subsidy

Student loans are effectively interest free as students are only charged interest equivalent to the rate of inflation. The Department meets the costs resulting from the difference between

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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the interest paid by students and the cost of capital, which is known as the interest subsidy. The interest subsidy provision meets the cost of the interest over the life of the loan.

Restatement of Provisions

In order to achieve a more accurate assessment of the student loan provision applicable to those students with a Northern Ireland domicile the Department introduced a RAB model in the 03-04 financial year. This gave rise to opening balance adjustments which have been identified in the note above. In addition to the adjustments required when implementing the model, additional amendments were required as a result of the reduction in the Treasury discount rate from 6% to 3.5%. This adjustment has also been included in the note above.

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19. Reconciliation of net operating cost to changes in general fund

	2003-04		2002-03	
	£000	£000	£000	£000
Net operating cost for the year (Schedule 2)	(608,873)		(482,099)	
Consolidated Fund creditor for excess AR	(3,479)		(2,564)	
Income not classed as AR payable to Consolidated Fund	(34,842)		(71,796)	
		(647,194)		(556,459)
Net parliamentary funding – current year		684,548		628,434
Net parliamentary funding – prior year		-		4,707
Notional and other non-cash charges		21,299		20,496
Funding from National Insurance Fund		4,350		2,760
Consolidated Fund debtor in respect of Supply		5,299		17,512
Transfer of assets		42,361		
Other adjustments		110		(19)
Student loan inflation adjustment		9,741		5,443
Net increase in general fund		120,514		122,874
General fund at 1 April 2003		239,629		116,755
General fund at 31 March 2004 (Schedule 3)		360,143		239,629

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20. Revaluation reserve

	2003-04	2002-03
	£000	£000
Balance at 1 April 2003	208	208
Arising on revaluation during the year (net)	42	-
Balance at 31 March 2004	250	208

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

21. Notes to Schedule 5

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

	2003-04	2002-03
	£000	£000
Objective 1	500,450	380,581
Objective 2	72,119	123,284
	572,569	503,865

The Department's capital employed has been allocated as follows:

	2003-04
	£000
Objective 1	367,078
Objective 2	(6,685)
Net assets	360,393

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

22. Capital commitments

	2003-04	2002-03
	£000	£000
Contracted capital commitments at 31 March 2004 for which no provision has been made	-	-
	<hr/>	<hr/>

23. Commitments under PFI contracts

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

Charges to the Operating Cost Statement and future commitments

The total amount charged to the Operating Cost Statement in respect of off-balance sheet PFI transactions was £5,221,753 (2002-03: £5,927,000).

Payments to which the Department is committed during 2003-04, analysed by the period during which the commitment expires, are as follows:

	2003-04	2002-03
	£000	£000
Expiry within two to five years	5,600	5,600
Expiry within six to 10 years	-	-
	<hr/>	<hr/>
	5,600	5,600
	<hr/>	<hr/>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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24. Contingent liabilities

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

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

The Department has no other material contingent liabilities, including those not required to be disclosed under FRS 12 but which would require disclosure for Parliamentary reporting and accountability purposes.

25. Losses and special payments

<i>Losses Statement</i>	No of cases	£000
Cash losses	438	134
Claims abandoned	1	-
Stores losses	24	-
Fruitless Payments	35	460
Special Payments	1	-
	<u>499</u>	<u>594</u>

In addition to the items noted above the Department is currently seeking to recover debts from ILA providers estimated to be in the region of £0.5 million.

26. Related-party transactions

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

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

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

27. Financial instruments

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

As permitted by FRS 13, debtors and creditors that mature or become payable within 12 months from the balance sheet date have been omitted from this note.

Liquidity risk

The Department's net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. It is not, therefore, exposed to significant liquidity risks.

Interest rate risk

The Department accounts for a share of the UK total of Student Loans administered by the Student Loan Company Ltd. The Department meets the difference between the interest paid by students and the real cost of loan capital and is therefore exposed to an interest rate risk. The risk is managed within voted funding provision. Apart from this, the Department is not exposed to significant interest rate risk.

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Foreign currency risk

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

Fair values

The Department accounts for a share (£514,869,000) of the UK total of student loans administered by the Student Loan Company Ltd. Because this share cannot be attributed to individual students' loans, it is not practical to estimate the fair value of the Northern Ireland share of total loans with sufficient reliability.

The Department's loan to Ulster Supported Employment Ltd (£2,125,000) neither pays interest nor has a maturity date and is secured by a charge on the company's undertaking and property. It is not regarded as tradable on an organised market in a standard form as it is an integral part of the Department's involvement in training and employment for the disabled. Accordingly, it is not practical to estimate a fair value with sufficient reliability.

28. Third party assets

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

At 31 March 2004, amounts recoverable by the Northern Ireland National Insurance Fund in respect of the activities not included in these accounts were £16,280,000 (2002-03: £14,143,000).

UPDATE ON POTENTIALLY IRREGULAR EXPENDITURE ON THE INDIVIDUAL LEARNING ACCOUNTS SCHEME AND ISSUES ARISING FROM THE LEARNDIRECT PROGRAMME

UPDATE ON INDIVIDUAL LEARNING ACCOUNTS SCHEME

- 1.1 I qualified my opinion on the Department for Employment and Learning (DEL) 2001-02 Resource Accounts because of potentially irregular expenditure on the Individual Learning Accounts (ILA) Scheme. I did not qualify my opinion on the 2002-03 Resource Account but reported on the disappointing lack of progress made by the Department towards recovering irregular expenditure from training providers.
- 1.2 My 2001-02 report referred to potentially irregular expenditure of between £1.3 million and £2 million over the lifetime of the ILA Scheme. In that report I made several recommendations on further investigations and action required by the Department to:
 - properly quantify the extent of any fraud within the scheme in Northern Ireland and quantify the total value of the irregular payments;
 - to finalise the review of the validation check, any associated outstanding payments, and implement the recovery of any irregular payments: and
 - pursue recovery from any provider where applicable.

Failure of the Department to seek prompt recovery

- 1.3 In October 2003 my staff reviewed the progress made on the recommendations and found that only limited progress had been made by the Department towards recovering irregular expenditure from training providers. Capita Business Services Limited was the firm originally appointed to manage and administer the ILA scheme. A number of steps had been taken by the Department for example to obtain data from Capita and to validate amounts which need to be pursued. Legal advice on the basis for seeking recoveries was also sought. This report sets out developments and progress made by the Department over the following 12 months.

What progress has been made in the past 12 months?

- 1.4 Although some limited progress has been made by the Department this has yet to result in the commencement of a recovery process from ILA providers and substantial further work is still required before the Department can actively commence the pursuit of recoveries from providers.
- 1.5 I emphasised in my 2002-03 report that the Department needed to commit sufficient resources to properly quantify the extent of any fraud and recover any overpayments it was already aware of. The Department has since set up a small team to take forward my recommendations.

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- 1.6 The Department told me that the team completed a detailed exercise on the existing consultants report in August 2004 to assess the scope to pursue monies that may have been paid out irregularly to any providers. This exercise identified extensive limitations in the data available from the validation exercise for the purposes of confirming actual amounts and pursuing recovery in individual cases.
- 1.7 In light of the concerns about the data the Department intends to commission further consultants to audit, initially, a sample of 6 ILA providers who collectively received 57% of the potentially irregular payments made to companies in Northern Ireland still trading. The Department will then seek recovery of irregular payments where due in these cases and, depending on results, consider the value of extending the audit activity to additional providers.
- 1.8 It is my view that had adequate resources been made available to this matter immediately after the closure of the scheme and the identification of widespread abuse at national level, more significant progress could have been made by the Department in pursuing recoveries.

Learner Contribution Guidance

- 1.9 A key principle of the design of the ILA scheme was that individuals were expected to provide a contribution to their learning. As stated in paragraph 1.2 irregular expenditure in the scheme in Northern Ireland was estimated in my 2001-02 report at up to £2 million. Of this estimated irregular expenditure, £794,000 related to payments made by the Department in respect of cases where learner contributions were not made.
- 1.10 In February 2004 the Department obtained legal advice on the recoverability of payment in cases where personal contributions were not paid. The legal advice confirmed that the scheme regulations did not require learners to pay personal contributions towards the cost of learning. The Department has advised that this legal view is consistent with the legal advice provided to the Department for Education and Skills in England/Wales.
- 1.11 The Department's position therefore is that payments in respect of learners who did not make personal contributions were not irregular in that contributions were not a definite requirement under the NI Regulations nor under the terms and conditions of the NI scheme.
- 1.12 However in my view if this legal advice is correct this means that the scheme regulations were defective and at odds with one of the core principles of the scheme which was that learners should make a financial contribution.

Conclusion

1.13 It is a matter of considerable concern that almost three years after the closure of the scheme providers have not been contacted and recoveries actively pursued. This sends the wrong message to those involved in fraudulent activity and represents a missed opportunity for the Department to draw out the lessons learnt from this scheme with the provider network.

LEARNDIRECT PROGRAMME

1.14 I have not qualified my opinion on the 2003-04 Resource Account in respect of Learndirect; however I have identified a number of issues of concern during my examination of this programme. There are similarities between the Learndirect and ILA programmes and some of the issues previously reported on ILAs are common to both schemes.

1.15 In the 2002-03 resource accounts the Accounting Officer included an explanation in the Statement of Internal Control relating to the Learndirect scheme and advised that his Department was seeking retrospective approval from DFP for expenditure on the scheme and acknowledged that failure to seek approval was an oversight they intended to correct.

Background

1.16 The Learndirect programme in Northern Ireland was introduced in 1999 as part of a national e-learning programme. The primary aim of the programme is to encourage lifelong learning and to increase participation of learning using the latest technologies. The University for Industry Ltd (UfI), an educational charity, was established to operate the programme and is under contract with the Department for Education and Skills (DfES) to do so for England, Wales and Northern Ireland.

1.17 Total expenditure on the programme from its commencement to 31 March 2004 is approximately £11 million. Expenditure during 2003-04 amounted to £3.7 million.

Lack of Risk Assessment, Business Case and DFP approval

1.18 When rolling out the Learndirect programme to Northern Ireland the Department did not carry out the usual appraisal and approval procedures and the expenditure was committed without the completion of a:

- risk assessment;
- business case; and
- the necessary approval from the Department of Finance and Personnel.

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- 1.19 When my staff brought this to the Department's attention the Department applied to DFP for retrospective approval. The Department submitted an abridged economic appraisal justifying the expenditure already incurred on Learndirect along with other information, including a summary of the steps taken to ensure similar breaches of authorisation controls would not happen again. Retrospective approval was received from DFP on 15 December 2003. I asked DFP why it approved the scheme in the absence of a contemporary business case and they advised me that the abridged economic appraisal, which provided evidence of the effectiveness of the scheme, was accepted by DFP on the grounds that this was the roll out of a national policy and that a full review of Learndirect had been commissioned. Account was also taken of the proactive action being taken by DEL to ensure compliance, and assurances were provided by DEL that approval would be sought with a full appraisal for any replacement Scheme.
- 1.20 DFP also expressed a view that as this was a national policy being rolled out to Northern Ireland it was not necessary for a completely new appraisal to be carried out. However, the relevant Accounting Officer in Northern Ireland is ultimately responsible for expenditure incurred by his department. It is therefore essential that if a department is replicating a scheme designed for GB it should still carry out its own full appraisal and risk analysis tailored to local circumstances.
- 1.21 The Department has assured me that all new schemes and programmes being developed or piloted by the Lifelong Learning Division will be subject to a formal risk assessment process.

Potential irregular expenditure in respect of learner contributions

- 1.22 As was the case for learners on the ILA scheme, learners registering on Learndirect were expected to make a contribution, of up to £25, towards their learning except in circumstances where a waiver had been granted. In this case the circumstances in which a waiver could be granted were clearly specified, for example where the learner was in receipt of certain benefits. The Department's Financial Audit and Support Team (FAST) reported in 2002-03 that during inspection visits to a sample of Learndirect Centres they identified a significant number of instances of Centres not collecting learner contributions in non-waiver cases during the first year of operation of the scheme. Learndirect Centres were entitled to retain the contribution paid and in waiver cases the contribution was paid by the Department.
- 1.23 The Department has told me that waivers had been granted correctly to about 38% of learners who engaged in learning in the first year of the scheme. In the remainder of cases, learners either paid contributions or Centres chose to absorb the loss of the learner contribution. FAST staff noticed that in the early stages of the scheme the Department may have absorbed some of the loss of unpaid learner contributions but the potential scale was never fully quantified. I have asked the Department to examine this issue further and advise me of the outcome.

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- 1.24 In my view the practice of Centres choosing to absorb the learner contributions was not in the interest of the most effective operation of the scheme as intended by the Department's guidelines. Recognising that a key objective of the scheme was to improve take up of, and access to learning, a modest contribution where the learner can afford it can only add to their commitment to undertake and complete the learning.
- 1.25 In April 2002 new guidance on learner contributions was put in place. This allowed for different contribution rates ranging from zero to 50% of the agreed tariff and, in particular, prevented Centres from opting not to take the learner contribution in non-waiver cases. The new guidance addressed the issues raised by FAST.

Overpayment of Materials and Learner costs

- 1.26 The Departments Financial Audit Support Team (FAST) reports identified that the Department had funded the University for Industry (UFI) and Learndirect Centres for materials and learner support costs on the basis of learner registrations rather than course starts. As a result the Department funded UFI and Learndirect Centres for learning activity that, in some cases, did not occur.
- 1.27 The Department carried out an exercise to identify the amount of funding involved. The maximum amount calculated in respect of these overpayments is £460,000 of which £229,000 relates to materials costs and £231,000 is in respect of learner costs for courses not accessed by the students. The Department advised me that this may include some valid payments but the information is not available to refine this.
- 1.28 A legal view on the issue of overpayments for materials and learner costs was sought from the Departmental Solicitors Office (DSO) to establish whether recovery action was possible on the basis of scheme guidance and regulations established by the Department. The Department has informed me that although a formal response has not yet been received the DSO has assessed the case and arrived at the conclusion that only £30,000 out of the above mentioned total is recoverable. They said that the remaining payments were all claimed in accordance with the guidelines in operation at the time and would therefore not be recoverable.
- 1.29 I see this as a major deficiency in the scheme rules that only £30,000 of the £460,000 can be recovered. These providers received £430,000 that they may not be entitled to and which cannot be recovered as the scheme guidelines had not been subject to adequate legal scrutiny at the outset.
- 1.30 The Departmental 2003-04 resource account disclosure note on losses and special payments discloses the full amount of these overpayments.
- 1.31 I asked the Department what corrective action had been taken to reduce the risk of payments being made prior to participants starting Learndirect courses. DEL advised me that, since June 2001 payments for learner support were no longer made on registration but on course starts.

Conclusions

1.32 There are similarities between Learndirect and the former ILA scheme. I have identified several weaknesses which are common to both schemes and which in my opinion may leave this type of programme open to abuse, for example poorly drafted scheme rules which have put the Department in a difficult position in relation to pursuing recovery of overpayments.

1.33 Key lessons arising from my examination of expenditure on these two schemes are:

- scheme rules should always be subject to close legal scrutiny at the outset to make absolutely sure that there is a legal basis for recovery of overpayments. The rules should also be clear on the need for an upfront payment of a learner contribution before learning commences.
- all new programmes should be subject to a rigorous risk assessment at the outset. The Department has applied its experience from the early operation of Learndirect, to improve controls but a thorough consideration of risks at the planning stage would have prevented many of the problems from occurring in the first place.
- the importance of clearly communicating the requirement for learners to make contributions and for providers to oversee this process.

DISCLOSURE OF INFORMATION ON LAND AT STRANMILLIS TEACHER TRAINING COLLEGE

- 2.1 Stranmillis College was established in 1921 under the Ministries of Northern Ireland Act 1921. It was subject to the direction and control of the Minister who remained responsible for the administration of the service. Since the 1930s it has in practice been run as an independent body under the management of a board of Governors. As a consequence of legislative changes to introduce devolution the Ministries Act 1921 was repealed by the Departments (NI) Order 1999.
- 2.2 The Order did not allow delegation of functions to Officers outside Departments. As a result, the constitutional basis of Stranmillis College was altered and with effect from 1 September 2001 the then Board of Governors ceased to have any statutory basis. A review of the options available to the college was completed in March 2003 which recommended that Stranmillis be incorporated as a legally independent entity and that appropriate governance arrangements be put in place. The next steps are to proceed to consultation with a view to preparing the necessary legislation.
- 2.3 In April 2003 the Department of Finance and Personnel (DFP) asked the Department for Employment and Learning (DEL) to account for land and building assets at Stranmillis in its 2002-03 Resource Accounts, Although DFP has legal title and had held the land as part of the Government Estate since the formation of Stranmillis College, DFP considered the asset contributed to the provision of services controlled and funded by DEL. This was based on the use of the government owned land for higher education purposes in line with DEL's departmental objectives. The option of requiring Stranmillis College to account for the assets was ruled out until the legal status of the College has been resolved. However DEL questioned the validity of the requested treatment on the basis that DFP held legal title to the asset, there was no identified precedent, and if the relevant accounting guidance (FRS 5) were to apply the most appropriate Accounts in which to record the asset would be in the College's. The issue remained unresolved during 2002-03 and as a result £41.6 million of land and buildings was unaccounted for. I was not made aware of this until after the audit of the accounts was completed.
- 2.4 This raises an important point of principle relating to the duty of a Department to disclose all information and judgements made in preparing a resource account. One way to communicate such issues is through the Letter of Representation which is completed by the Accounting Officer as a normal part of the audit each year. This letter to the C&AG should detail all judgements, estimates and the Departments decisions on the treatment of significant financial issues.

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- 2.5 Although there is an element of judgment involved in the treatment of these assets I would have expected the Department to disclose to the NIAO the fact that DEL had been asked to include this land in its accounts and was in discussions with DFP on the accounting treatment of the asset. The issue was eventually resolved during 2003-04 and the land and buildings are now included in the fixed assets of DEL pending incorporation of the college.

IRREGULAR USE OF EUROPEAN FUNDING AND RECOVERY OF OVERPAYMENTS

- 3.1 In 2000-01 I reported on five cases where the Department intended to recover substantial ineligible expenditure incurred and advised that I would keep these cases under review. I am reviewing the progress made by the Department in resolving the level of disputed amounts and recovering grant paid towards ineligible expenditure from, each of the organisations. I will report the results of this work separately.

ANNEX 1

SUMMARY OF ACHIEVEMENT AGAINST PROGRAMME FOR GOVERNMENT (PFG) AND PUBLIC SERVICE AGREEMENT (PSA) TARGETS IN 2003/04

The Department's performance against the targets in its Public Service Agreement and its targets in the 2003/04 Programme for Government are summarised below.

Programme for Government Targets:

Achieved:	9
Substantially achieved:	2
On track for achievement:	1
Likely to be achieved but with some delay:	1
Unlikely to be achieved:	1
Total:	14

Public Service Agreement Targets:

Achieved:	3
Substantially achieved:	2
On track for achievement:	2
Likely to be achieved but with some delay:	1
Unlikely to be achieved:	2
Total:	10