

Department for Employment and Learning

Resource Accounts

For the year ended 31 March 2005

*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*

15 November 2005

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**DEPARTMENT FOR EMPLOYMENT AND LEARNING
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 March 2005**

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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:

- Promoting economic, social and personal development through high quality learning, research and skills training.
- Helping people into employment and promoting good working practices.

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 2005, was published in September 2005.

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.

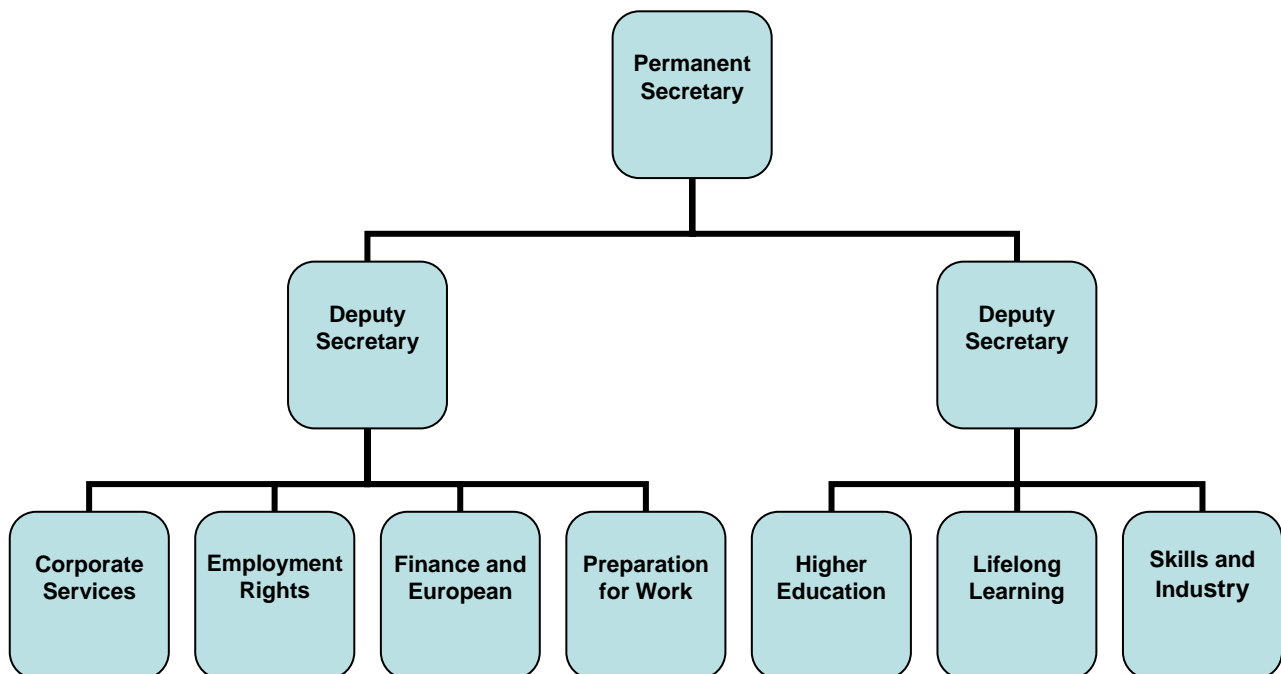
OPERATING AND FINANCIAL REVIEW

Operating review

Departmental Structure

The Department is headed by its Permanent Secretary, Will Haire, who is the Accounting Officer and who is responsible for advice and guidance to the Minister with responsibility for the Department. The co-ordination of policy, advice and governance oversight is managed through the Departmental Board. The Board is chaired by the Permanent Secretary and comprises the senior management team, an Assistant Chief Inspector of the Education and Training Inspectorate, and two non executive directors, Mr Fred Gray and Mr Bill McGinnis. The audit Committee of the Board is chaired by Mr Gray. The Department also received advice on a range of policy and operational issues from the NI Skills Task Force and from the Northern Ireland Higher Education Council (NIHEC).

The Departments activities are managed through the Senior Management Team:



HIGHLIGHTS OF OUR SERVICE IN 2004/05

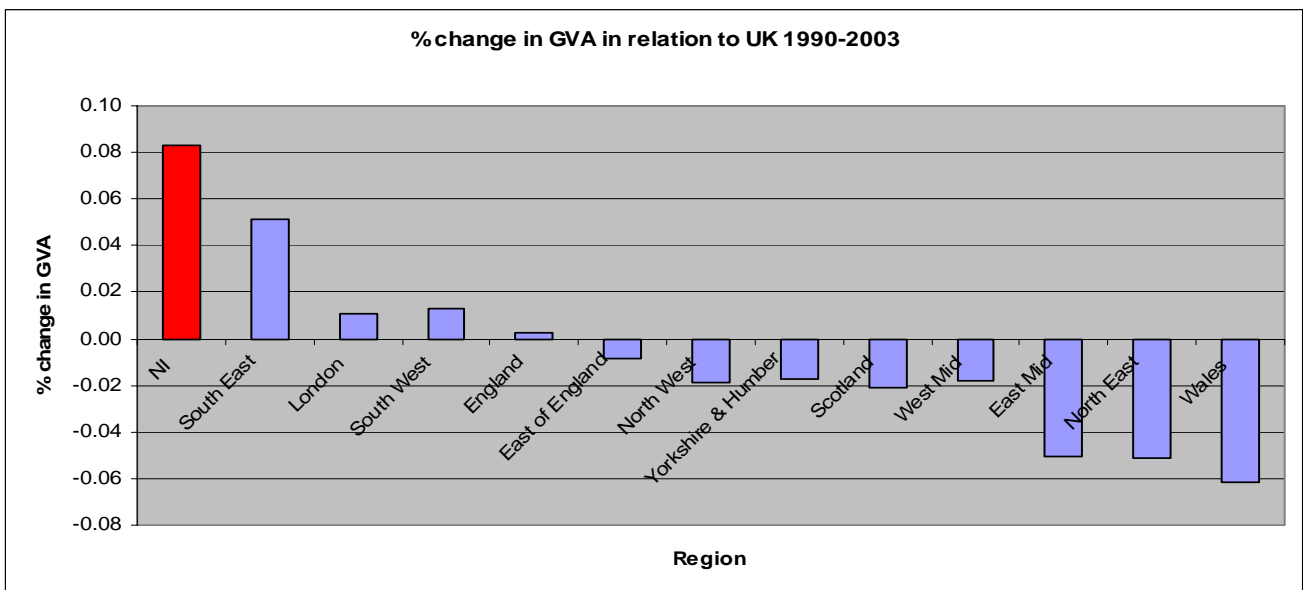
The Department has been increasingly focussing on the areas in which it works and has set this out in more details in its Departmental Corporate Plan 2005-08.

The following paragraphs highlight some of the important developments which have taken place in each of the four areas of activity identified as key in delivering the Department’s strategic objectives. The four areas are:-

- Enhancing the provision of learning and skills
- Increasing the level of research and development
- Helping individuals to acquire jobs
- Developing and maintaining the framework of employment rights and responsibilities

Learning and Skills

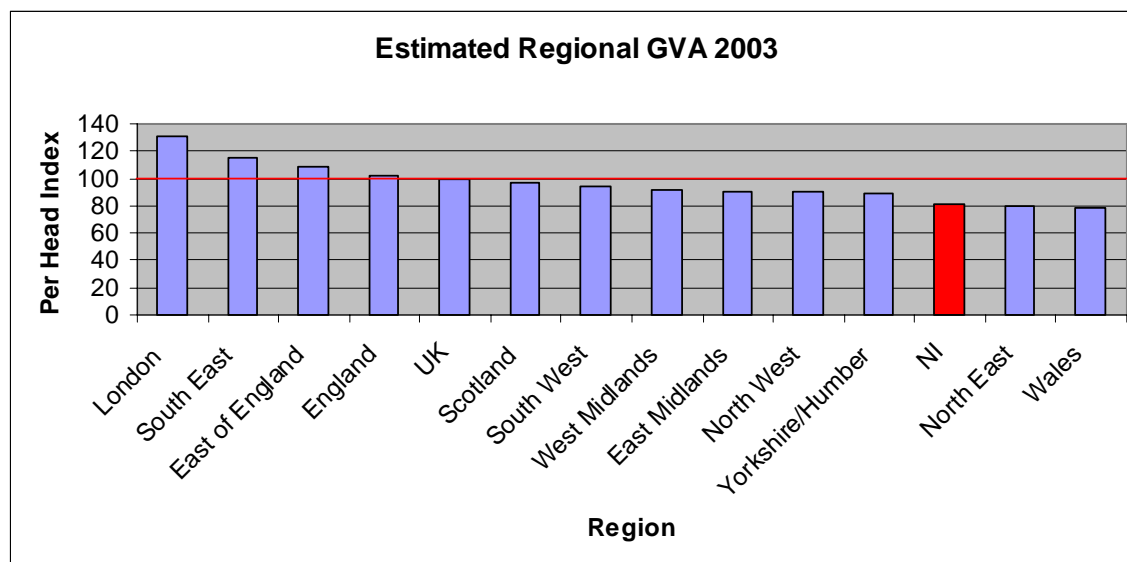
It is widely recognised that the skills levels of the workforce play a vital role in raising productivity and increasing competitiveness. GVA¹ is closely linked with the skills level of the economy because an improvement in the skills level will in turn lead to stable employment and ultimately economic growth. Over the period 1990-2003, Northern Ireland has had the largest percentage change in GVA of all regions within the UK.



¹ Gross Value Added.

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However, while substantial progress has been made, challenges still lie ahead for the economy as the GVA per head for NI is still among the lowest in the UK. The Department's role in this is to ensure the right quality and types of skills are available to facilitate progress towards a high employment rate and highly skilled workforce.



Skills are also important in promoting social inclusion, since for individuals they provide a route to stable employment, better wages and long-term prosperity, as well as to personal development and fulfilment. Out of this come wider benefits, including better health and greater social stability. The investment in skills therefore is central both to economic and social well-being, and lies at the heart of the Department's agenda.

The Department published a consultative paper - *Skills Strategy for Northern Ireland* in November 2004. The responses to the proposals contained in the paper have been positive and a revised strategy and action plan for implementation are being prepared.

Work is being taken forward by the Department under the five priorities identified in the Skills Strategy:-

- improve the assessment of skill needs and the flow of labour market information, for example, working in partnership with the UK-wide Skills for Business Network;
- improve the relevance, coherence, response and quality of current education and training provision by, for example, reconfiguring training for 16-19 year olds and extending Modern Apprenticeships;

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- promote the acquisition of skills with particular emphasis on management and leadership, those who have not yet achieved a level 2 qualification, or those who require assistance with essential skills;
- improve access to skills and sustainable employment for those furthest from the labour market;
- make the supporting infrastructure easier to navigate, especially in the field of qualifications.

Management Development

Within the skills strategy, the professional development of existing and future managers in Northern Ireland continues to be a high priority for the Department. In partnership with DEL, the Management and Leadership Network continued to play a leading role in raising awareness, promoting world-class best practice and advising on future policy for Management Development. During the year the Department directly assisted 498 managers to improve their skills levels and obtain relevant qualifications through the Management Development and Leadership Programme.

645 graduates and undergraduates participated in the Department's Entry into Management range of initiatives, including the Business Education Initiative (BEI), Premiere, Rapid Advancement (RAP) and Impact Programmes. The Department is currently exploring the future programme options that will best address the changing needs of the economy.

The Department continues to promote the benefits of implementing the Investors in People standard for improved skills development, organisational performance and direct impact on the bottom line. During the year a UK-wide survey clearly established improved business performance in Investors in People organisations, with increased profitability per employee being twice that of other companies over the last three years. Last year 105 local organisations were newly recognized as achieving Investors in People standards.

Since the standard was launched in Northern Ireland in 1994, over 850 local organisations have been awarded Investors in People recognition.

Careers Information, Advice and Guidance (IAG)

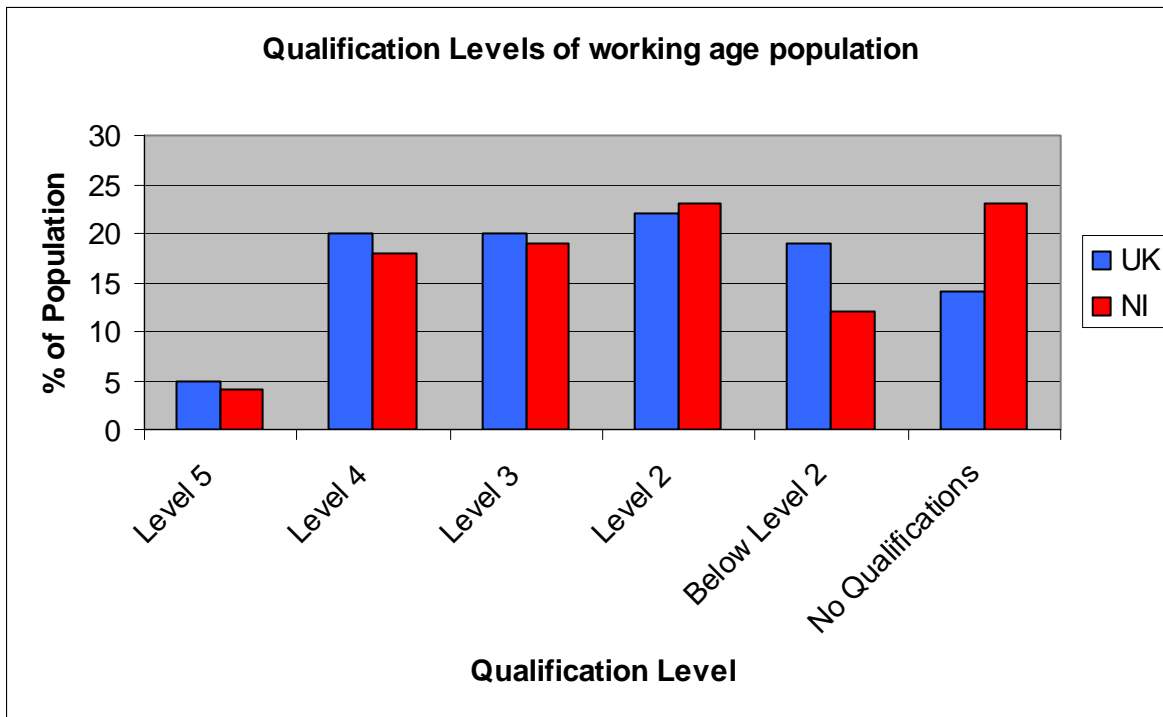
Underpinning the skills agenda is the need for high quality Careers Information, Advice and Guidance for young people and adults of all ages. The Department's Careers Service restructured in February 2004. Over the course of this year the newly structured Careers Service has brought about significant change in the way it delivers its information, advice and guidance services to young people and adults. Service levels with schools, colleges and training organisations have been redefined to provide a priority focus on those young people most vulnerable to social exclusion. At the same time the new careers website has been developed [www.careersserviceni.com] to facilitate full time access to information advice and guidance (IAG). The website has proved to be a very popular vehicle for IAG and plans are well underway to develop its interactivity and to create a stakeholder forum for those interested in all aspects of careers education and guidance. A strategy for all age information, advice and guidance will be developed over the coming year, working closely with colleagues in the Department of Education.

The Department has also made a strong commitment to supporting quality in IAG provision by piloting the matrix quality standard in Northern Ireland and by trialling careers service inspections in three units of management. Both of these measures will be developed more fully in the next three years.

The Skills for Business Network

A key contributor to the achievement of many of the priorities of the Department's Skills Strategy will be the work of the developing Skills for Business Network. Since the publication of the paper "Meeting the Sector Skills & Productivity Challenge", published by DfES and the devolved administrations in the UK, the Skills for Business Network has expanded to include 22 employer-led Sector Skills Councils (SSC's) charged with leading the skills and productivity drive throughout UK industry and businesses. Research evidence suggests that the low productivity associated with Northern Ireland's economy is connected with low skills level. The Department is faced with the key challenge of reducing the skills gap with the UK average.

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It is anticipated that a further 3 SSCs will join the network during 2005. During the UK-wide licensing process for SSCs, the Department has worked to ensure that Northern Ireland's specific interests have been addressed. Each SSC is responsible for agreeing sector priorities and targets with its employers and partners to address four key goals which correlate with those of the Skills Strategy:

- Reducing skills gaps and shortages
- Improving productivity, business and public service performance
- Increasing opportunities to boost the skills and productivity of everyone in the sector's workforce, including action on equal opportunities
- Improving learning supply, including apprenticeships, higher education and national occupational standards

The work of the Sector Skills Councils complements the work already undertaken by the established Sector Training Councils in Northern Ireland.

Jobskills

In accordance with recommendation 3.8 of the NIAO Report on Jobskills, the NVQ outcome achievement calculated on the basis of leavers is as follows:

- Of 5249 leavers from the Traineeship strand, for the cohort 2001/02, 2619 achieved a NVQ Level 2 as at end of March '05, representing 50% achievement.
- Of 1134 leavers from the Modern Apprenticeship strand, for the cohort 1999/00, 446 achieved a NVQ Level 3 as at end of March '05, representing 39% achievement.

These achievement levels are on a par with the outturn levels shown within the Department's PSA targets based on starts within each cohort. Work continues to implement the recommendations of the NIAO report and preparation has started in reviewing jobskills, as set out in the Skills Strategy.

FE Strategy

Following the Assembly Committee for Employment and Learning's inquiry into Education and Training for Industry, the Department undertook a major review of the further education sector in Northern Ireland.

The review findings formed the basis for new strategy proposals which were published for public consultation in March 2004 in the document *Further Education Means Business*. The strategy clearly identified the FE sector as the primary agent for lifelong learning in Northern Ireland in order to strengthen economic development, enhance social cohesion and advance the individual's skills and learning. The consultation period was finally closed at the beginning of August 2004, and the response to the proposals was very positive.

The focus is now very much on implementing the FE Strategy, which is a key component of the Department's wider Skills Strategy. During the year, some early progress was made. One of the fundamental enabling strands of the strategy is the future size and structure of the management units of the sector. Consultants were appointed in June 2004 to conduct an economic appraisal of this strand, and draft proposals were delivered in March 2005 for consideration by the Department and the sector. In addition, a high level programme brief for the implementation of all elements of

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the FE Strategy has been developed, a programme manager has been appointed and a project office has been established to drive the implementation process. The programme brief has identified a number of individual project strands. Detailed project planning of these individual strands is underway.

It is estimated that the implementation of the strategy will take up to three years to complete. It will require the co-operation and involvement of a wide range of people and organisations within the sector, with other Government Departments, with schools and universities, and with the community and voluntary sector. The strategy will see the strengthening of the FE sector, to ensure that colleges can play an increasingly important role in the economic and social life of Northern Ireland.

Vocational Enhancement Programme

During the 2004/05 academic year, DEL worked with the Department of Education (DE) to examine ways of providing greater choice of education opportunities – vocational as well as academic – for 14-19 year olds. ‘The Vocational Enhancement Programme’ (VEP), one of the strands of the FE Strategy, was developed to examine ways in which young people of all abilities could be given the opportunity to combine traditional modules of academic study with vocational modules.

The VEP pilot involved 6 colleges and 35 schools. An independent evaluation of the pilot is already underway.

Educational Maintenance Allowance

A significant development in encouraging young people aged 16-19 to remain in education – either at school or college – was the introduction of the Educational Maintenance Allowance (EMA). The Scheme was successfully introduced for 16 years olds from September 2004 and will be extended incrementally to the full 16-19 year old age group by 2008.

Essential Skills

Significant progress was made in advancing the Essential Skills for Living Strategy during 2004/05. The “Learning Works” promotional campaign continues to be a key component in the Department’s drive to boost demand for Essential Skills courses. High profile advertising, coupled with providers own marketing efforts, has resulted in increased enrolments across the sector. To date the campaign has generated almost 2,000 calls to the helpline and feedback from learners remains positive.

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 enable them to access free, tailor-made learning programmes for their employees. In February 2005 the Minister for Employment and Learning appointed 4 local business leaders to take on the role of “Employer Champions” to help increase the number of employers addressing Essential Skills issues in the workplace.

Since September 2002, 240 Essential Skills tutors have obtained a qualification at level 4 through the Queen’s University and City and Guilds courses.

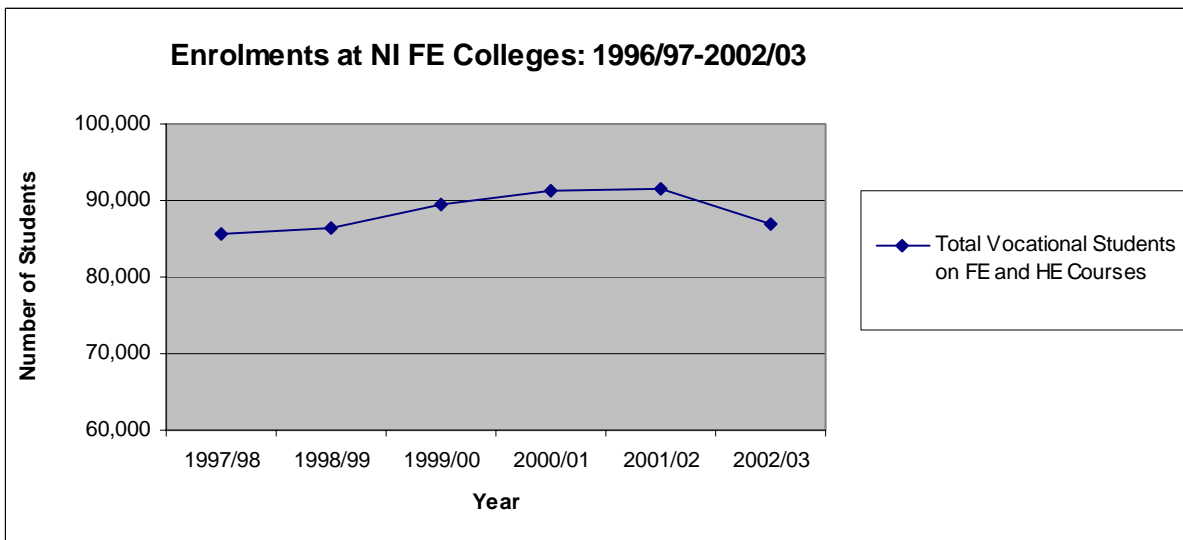
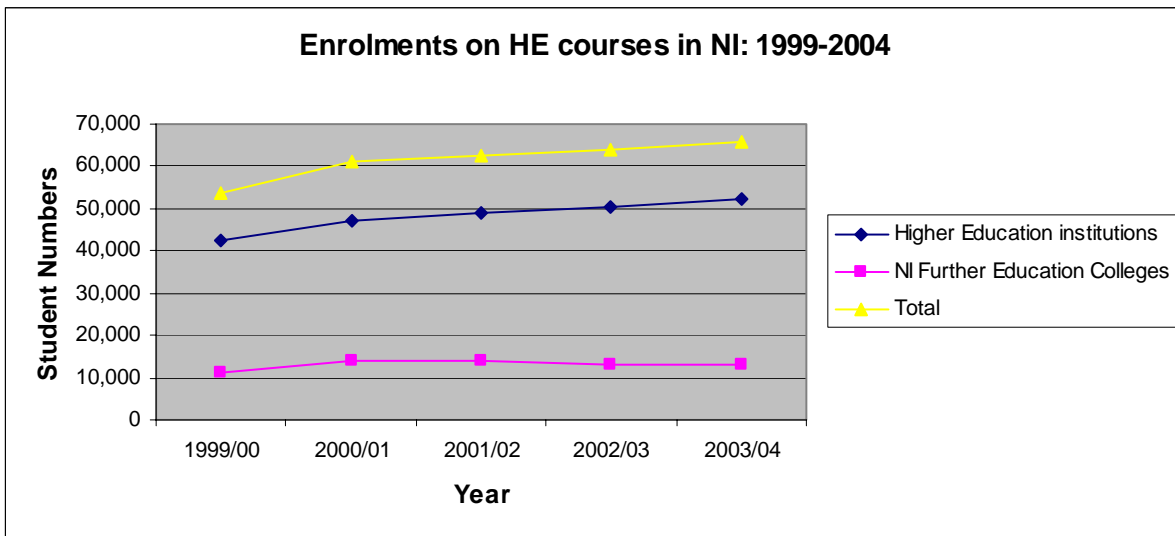
The Department has met its target of supporting 25,000 Essential Skills learners by March 2005.

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Widening Participation in Higher Education

Widening participation in higher education by students from those groups who are currently under-represented is one of the key strategic goals of the Department.

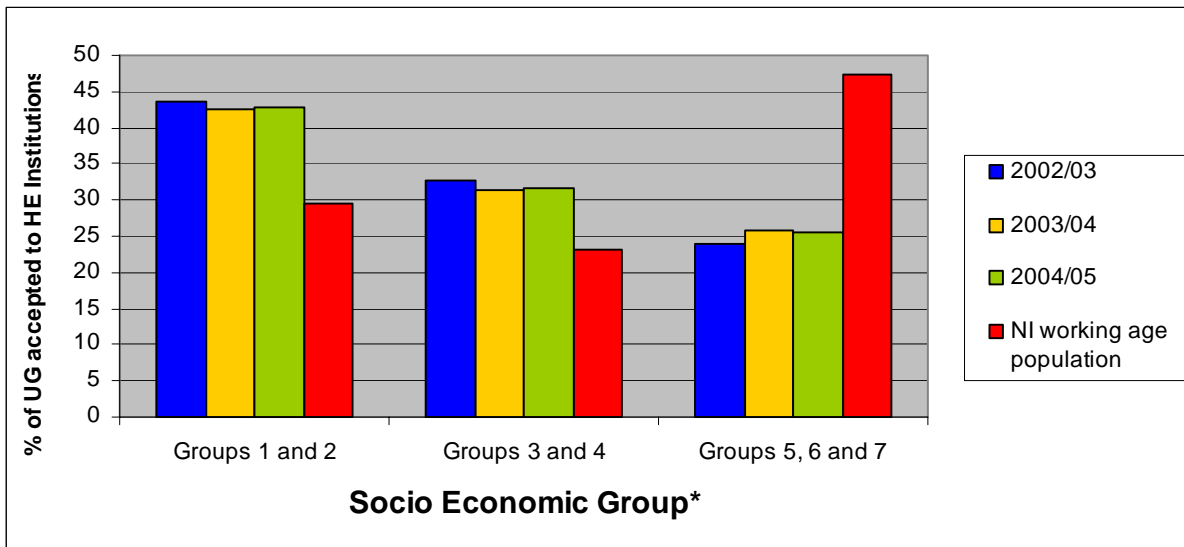
Since 2000 the Department has been addressing this issue through a number of policy directions, including an increase in domestic HE (& FE) provision between 1999/2000 and 2004/05.



The Department has in place a number of specific actions designed to promote widening participation. These include premiums for students from disadvantaged backgrounds and for students with disabilities, and special initiative funding to develop partnerships between the universities, and schools with traditionally low levels of participation in HE.

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Data available indicates that some progress has been made towards addressing the under-representation of groups 5, 6 and 7 in HE over recent years, however, the proportion from the lower socio-economic groups participating in HE is still under-represented in comparison to the NI working age population.



***Note: Groups 1 and 2 represent the higher SEG whilst Groups 5, 6 and 7 represent those from the lower disadvantaged groups.**

The introduction of Foundation Degrees and the introduction of a package of student support measures to assist students from low income families are further examples of the policy developments in this area.

In addition, the Higher Education (Northern Ireland) Order 2005, which recently came into operation, provides for Higher Education institutions to increase funding through the introduction of variable tuition fees.

From September 2006, Higher Education providers will be able to charge fees of up to £3,000 a year to full time undergraduate students subject to their having in place an access agreement approved by the Department for Employment and Learning.

Higher Education - Centres for Excellence in Teaching and Learning (NI)

In April 2004, the Department introduced the Excellence in Teaching and Learning initiative in Northern Ireland, which builds upon the efforts of the Higher Education Funding Council (HEFCE) to establish Centres for Excellence in Teaching and Learning.

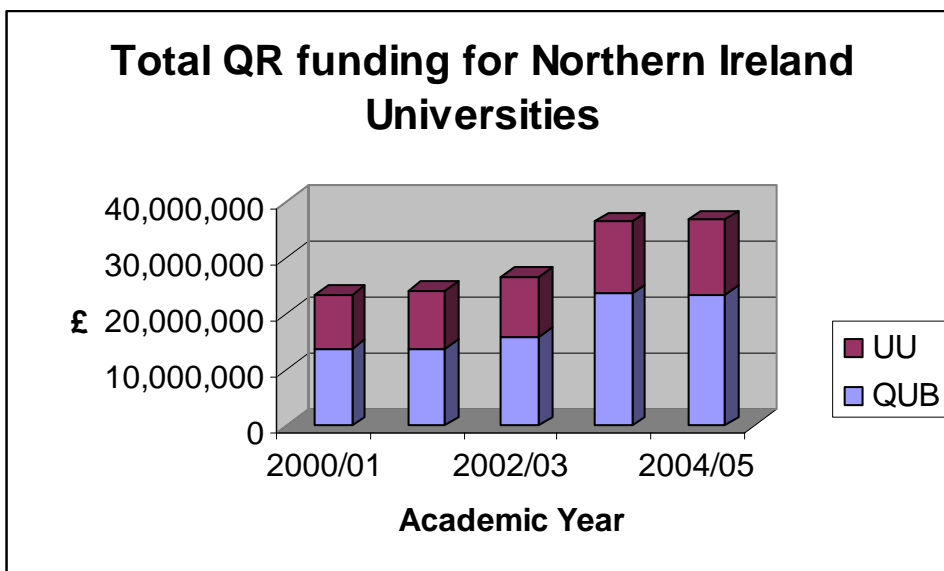
The Department introduced the initiative to Northern Ireland, with the intention of strengthening the strategic focus on teaching and learning by directing funds to institutions that value and apply high teaching standards. A funding allocation of approximately £1.1 million has been committed by the Department to the initiative in each of the five years from 2004-2005 to 2008-9. By adding such a significant investment to the local Higher Education Institutions, the Department hopes to generate additional benefits for students, teachers and the wider community.

Research and Development

It is encouraging to note that in real terms over the period 2001-2003, higher education research and development (HERD) expenditure has increased by 21.7% and that in 2003, NI's HERD as a percentage of GVA (0.58%) compares favourably with the UK (0.40%) and EU25 average (0.42%). However in relation to gross expenditure on R&D, NI continues to lag behind other regional and international competitors. In 2003, NI's total expenditure on R&D represented 1.19% of GVA which compares to 1.93% for the EU and 1.86% for the UK.

Standard Investment

During the academic year 2004/05 the Department made available almost £37 million for university research via quality related research grant (QR). This is a significant increase to the position a few years ago when Northern Ireland lagged behind the rest of the UK in its level of basic research funding. To put this into context this year Queen's University Belfast received £23.5 million, this figure is roughly equivalent to the overall funding available to both universities in 2002/03.



In order to maintain a wide research base we also targeted funds to emerging areas within the universities via the Research Capability Fund and to areas of strategic importance to the Northern Ireland economy using the Strategic Priority Fund. The combined total of these funds for 2004/05 were roughly £3.2 million.

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Significant work has taken place in relation to our funding methodologies for university research and during the reporting period we put in place procedures to streamline the way the Department funds postgraduate research degree programmes (RDPs).

From 2005-06 we will operate a support stream for RDPs as a single element within quality-related (QR) funding, and pay from it a standard contribution to the costs of supervising home and EC research students. This new arrangement is simpler and more transparent than current arrangements. The total value of the new support stream will be about £7.3 million.

Research Assessment Exercise (RAE)

RAE 2008 is the sixth in a series of exercises conducted nationally to assess the quality of UK research and to inform the selective distribution of public funds for research by the four UK higher education funding bodies. This is essentially a peer review process and throughout the annual reporting period DEL was integral to the development of the RAE by its representation at the RAE Steering Group and ensured that Northern Ireland gained appropriate representation throughout the main and sub-panel membership. Our representation is enhanced from the previous RAE held in 2001 and currently stands at 1 main panel chair; 4 sub-panel chairs and 24 panel members.

Support Programme for University Research

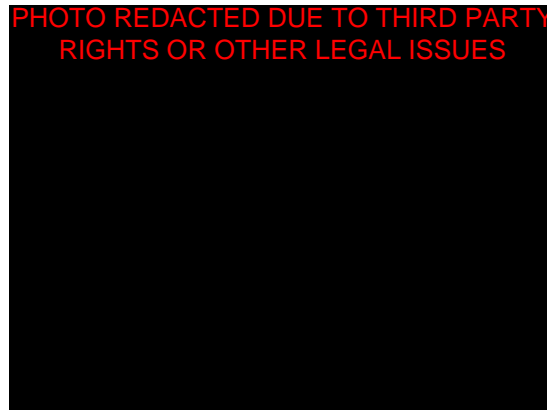
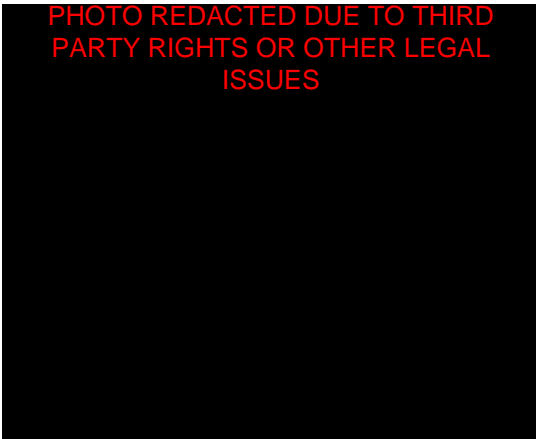
The Department continues to fund the development of the NI universities' research strategies and their research capacity, via the Support Programme for University Research (SPUR). This is a research funding initiative unique to Northern Ireland, set up as a 50/50 public-private partnership between DEL and Atlantic Philanthropies (AP). There are currently two phases of SPUR in operation and this means an investment of over £90 million over the period 2001 to 2007 supporting 13 projects.

During the reporting period we saw the "fruits of this investment" with the Official opening of the Sonic Arts Research Centre (SARC) and the completion of the Centre for Molecular Biosciences (CMB).

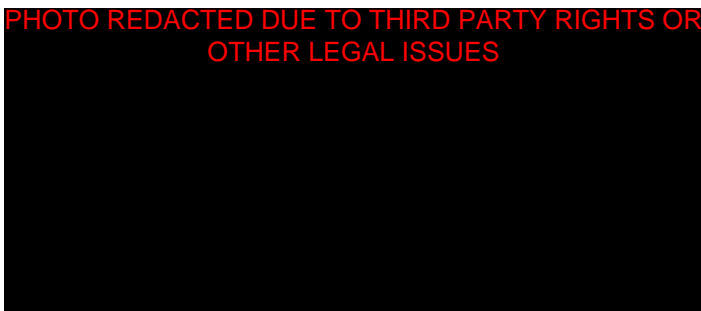
The £4.8m SARC (see pictures below) project at Queen's aim is to conduct cutting-edge research

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into music technology and its applications, ranging from loudspeaker design to haptic tools for people with disabilities. The centrepiece of the project is the Sonic Laboratory, which will provide the flexibility for experiments in sound diffusion and composition to be carried out in a purpose-built, variable acoustic space, consisting of over 60 loudspeakers.



The Centre for Molecular Biosciences is a £14.5 million facility based at Coleraine.



Home of the 5* rated Biomedical Sciences research group it comprises laboratory facilities covering 6,100m², housed in a new 4-storey building (see picture above). It will expand and diversify the existing research into nutrition and degenerative diseases performed in the Faculty for Life and Health Sciences, exploiting technological expertise and will establish Northern Ireland as a centre of excellence in molecular biosciences with potential for commercial exploitation and the establishment of spin-out companies.

Science Research Investment Fund

The Science Research Investment Fund (SRIF) is a UK-wide capital funding initiative and it is widely accepted that this will become a permanent stream of funding. There have been two rounds of the competition to date and currently £26.3 million has been made available jointly by the Office

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of Science and Technology (OST) and the Department for the period 2002 to 2006.

The latest round (SRIF3) was launched early in 2005 and aims to invest in the physical research infrastructure of the higher education sector between 2006 and 2008. Within the context of increasing the sustainability of the research sector, the focus of SRIF 3 is on the renewal and refurbishment of pre-existing facilities and equipment. For this phase £23.6m has been allocated to the Northern Ireland universities, comprising £15.2m from the Office of Science and Technology and £8.4m from DEL.

Higher Education Innovation Fund

The Higher Education Innovation Fund (HEIF) is a joint initiative between DEL and Invest NI and represents an increase in resources for the NI universities to carry out their knowledge transfer activities. The phrase refers to the processes by which knowledge, expertise and skilled people transfer between the research base and its user communities to contribute to economic competitiveness, effectiveness of public services and policy, and quality of life. This was launched to coincide with the start of the 2004/05 academic year and its aim is to improve Northern Ireland's innovation performance as a key element in raising productivity and delivering economic growth. approximately £9.5 million is available for the academic years 2004/05 to 2006/07: £3.5m provided by DEL, essentially as core funding to continue and expand the Higher Education Reach-out to Business and the Community (HEROBC) funded activity, and £6.0m by Invest NI for the more commercially-focussed elements of the universities' proposals. The funding was allocated on a competitive basis, based on the recommendations of an assessment panel.

Cross Border Research and Development Programme

Researchers in Universities North and South have long collaborated with little or no formal arrangement or funding to support them. The aim of this programme, which is the result of a bid under EU PEACE II by both our Department and the Department for Education and Science (DES), is to support such collaboration where the outcome is a contribution to peace and reconciliation, particularly in NI and the border counties.

After a competitive process five projects were granted funding totalling almost €3M.

This programme is an excellent demonstration of inter-governmental as well as cross border research collaboration and encompasses a variety of areas such as the development of point of care diagnostic devices and building a better public understanding of equality issues.

The process is overseen by a Steering Committee comprising DEL and DES representatives along with community representation from both sides of the border and meetings have taken place throughout the year.

A mid-term "Showcase Conference and Exhibition" is planned for June 2005 to allow the initial results of the research projects to be disseminated to peers, community groups, stakeholders, policy makers and other potential end-users.

Regional Innovation Strategy – Action Plan

The Regional Innovation Strategy (RIS) launched in June 2003 and produced by the Inter-Departmental Working Group (IDWG) comprising all NI Government Departments and Invest NI aim is to "create a culture and environment within which Northern Ireland will prosper by using its knowledge, skills and capacity to innovate."

The IDWG have continued to meet on a regular basis to over see its implementation and monitors progress by way of our performance against targets set out in an action plan.

This year the majority (70%) of the targets have been or will be delivered within the prescribed

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timescales, with a further 26% due to be completed with some slight slippage. A further, more focussed, RIS Action Plan, covering September 2004 to August 2006, has been published which will build on the progress made to date and focus attention on the technological areas in which NI has the capacity to be a world leader.

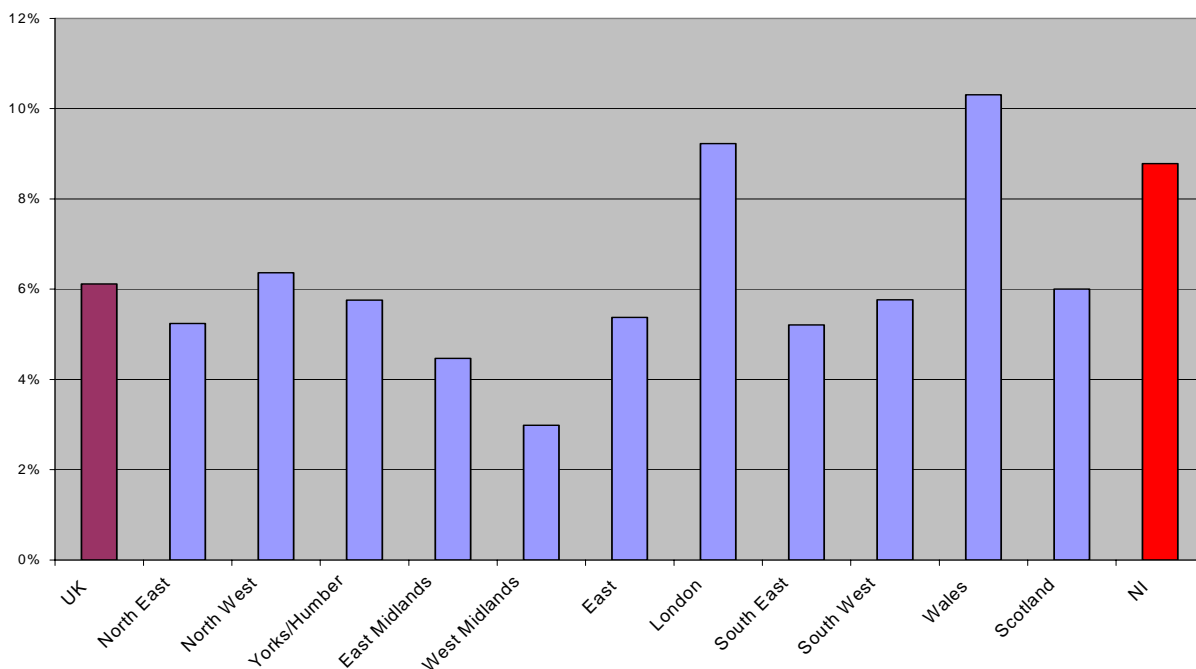
This Action Plan will build on the significant achievements already brought about by the RIS and will take us further towards the goal of creating a culture and environment within which Northern Ireland will prosper by using its knowledge, skills and capacity to innovate.

Helping People into Work

Northern Ireland has had considerable success in employment growth over the past decade, with over 100,000 jobs added to the workforce since the mid-1990s. Most of these jobs have been in the private services sector.

At the same time, DEL has been assisting people into jobs through programmes such as New Deal. Since the introduction of New Deal in 1998, more than 30,000 people have helped into employment by the programme, and 85% of these jobs were “sustained” (ie they are considered to have lasted for at least three months – many will have lasted much longer than that). Since 1998, employment in Northern Ireland has risen by nearly 9% - much faster than the UK as a whole (6% growth) and also faster than all UK regions with the exception of London and Wales (see figure below).

Growth in Employment by UK Region 1998-2005

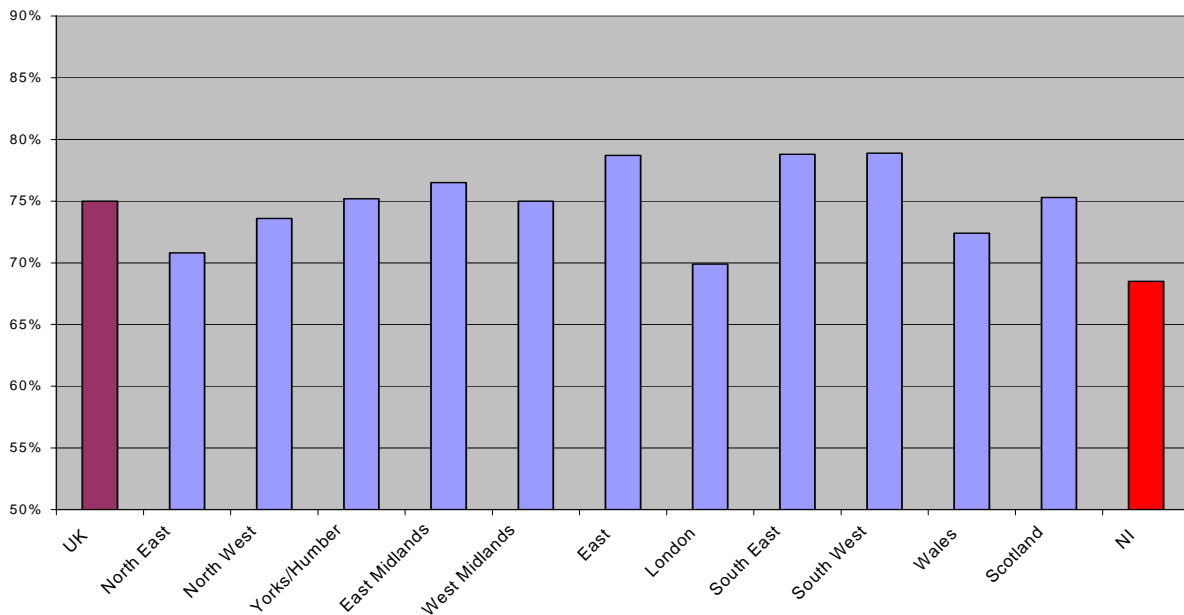


Source: based on data from Labour Market Trends, June 1998 and May 2005

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This growth has been impressive. But much remains to be done. Despite the healthy growth in employment over the past decade, Northern Ireland still remains heavily dependent on the public sector (which makes up around 30% of all employees, compared to around 20% in the UK as a whole), and Northern Ireland’s working age employment rate at around 68/69% is not only lower than the UK average (75%) but also lower than any other UK region (see below). The UK government has set an aspiration of attaining an 80% employment rate as this is considered

Employment Rates by UK Region, Winter 2004/5



indicative of a healthy economy – as the graph shows, we in Northern Ireland are well short of this.

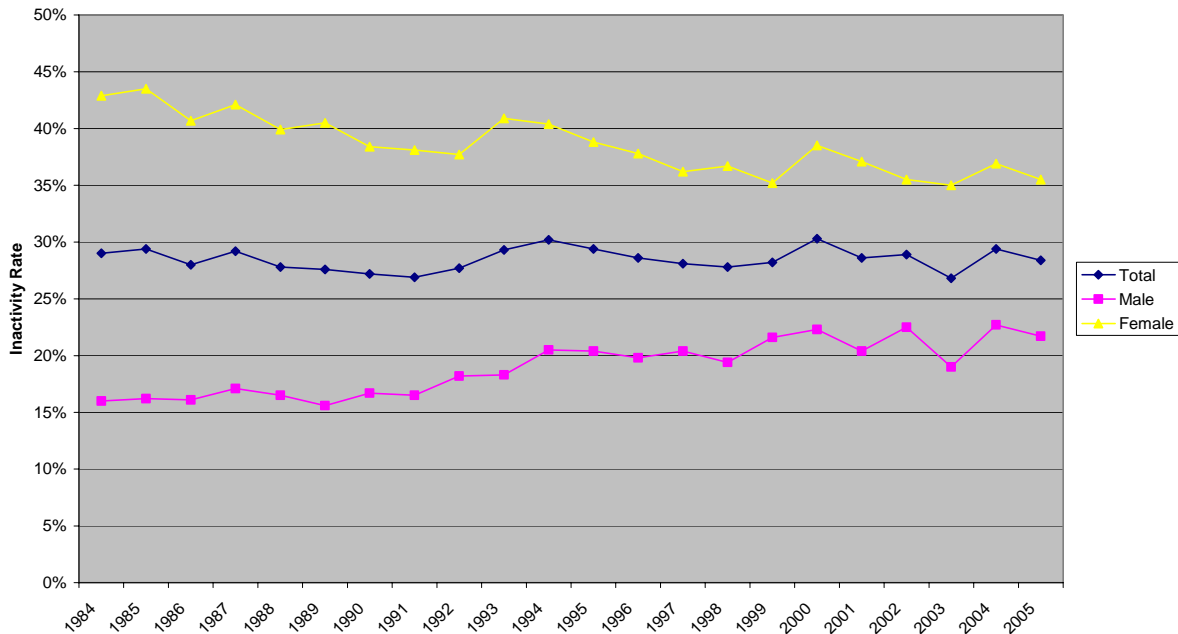
Source: Labour Market Trends, May 2005

A key area for DEL over coming years will be working with those people who are economically inactive. If we want to increase the employment rate, then the scope to do this will not come from further significant reductions in unemployment – NI’s unemployment rate currently stands at around 5%, very low by historical standards – but from reductions in economic inactivity. Not all economic inactivity is bad, as many are inactive through following course of study or through the exercise of personal choice, but high levels of economic inactivity are not consistent with a healthy economy, and a key role for DEL will be to reduce economic inactivity through further Welfare to Work initiatives. NI’s economic inactivity rate currently stands at 28%, and is the highest of any region in the UK: the national average is 22%. Futhermore, as the chart below shows, despite the significant improvements in the NI labour market over the past decade or so, the level of economic

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inactivity has remained stubbornly high at around 28%-29% for much of the past two decades.

Economic Inactivity Rates; Northern Ireland 1984-2005



Source: DETI

In order to deliver on the Welfare to Work Agenda the Department, in partnership with the SSA, has introduced 'one stop shop', Jobs & Benefits Offices. These deliver job broking and benefits services with the emphasis on, 'work for those who can and security for those who cannot'. A work-focused interview is included as part of the fresh claims process for the six Working Age benefits. So far 24 target offices have been co-located and are operating the work-focused service. Another office will become operational in June 2005. Entirely new buildings will be needed for the remaining 10 offices because of accommodation limitations on the current sites. A major procurement exercise for this work got underway recently. The new deadline for completion of all 35 offices has been set at March 2007.

The Department, in partnership with the Social Security Agency, set a target of a 15% reduction in the Jobseekers Allowance register within 3 months of each new Jobs and Benefit Office going live. Queen's University was commissioned to provide independent validation of the benefit savings and an interim report indicates a sustained reduction of between 14% & 20% for offices within the target time. Based on this research it is anticipated that the next offices will realise a similar reduction in the register.

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Preparation for Work Division set challenging targets for JobCentre and Jobs and Benefits Office staff (including New Deal and the Disablement Advisory Service) to meet in assisting customers to move from welfare to work. The target of helping 17500 customers has been achieved and in so doing over 2500 New Deal customers and over 600 customers with a disability have been helped to gain employment. Based on an estimate of expected benefit customers, the Division set a further target to conduct 82,000 work focused interviews for people who are economically inactive. Due to lower than expected fresh claims for benefit this target was not met, however all of the required interviews (over 68,000) were carried out.

Since its introduction in July 2003 use of a telephony based interpreter service - which is available in all Jobs & Benefits offices and JobCentres to customers whose first language is not English - has increased significantly. Enlargement of the European Union in May 2004 has further increased demand from a diverse range of customers. To facilitate this, complementary face to face interpreting and translation services were introduced on a pilot basis in January 2005. These services will be reviewed in January 2006.

The Department's e-Business Strategy, in committing itself to delivering employer services electronically, launched its Employersonline website in June 2004 to improve the current processes for notifying and managing vacancies and client job applications. Employers can now avail of online self service functions such as; managing their own vacancies, receiving and managing vacancy applications and providing follow-up information on the outcome of applications. As a direct consequence, the Department now benefits from being able to more effectively manage its responsibilities whilst employers have a more efficient mechanism for submitting and managing vacancies, ultimately improving services to customers. During the period June 2004 to March 2005, 2,100 vacancies had been notified electronically to the Department's Employment Service. An increasing percentage (12% by March 2005) of the total number of vacancies notified are now done so electronically, allowing employers to receive job applications immediately the vacancy has been approved by the Department.

Targeted Initiatives

One of the most immediate outcomes of the inter-departmental Taskforce on Employability and Long-Term Unemployment Report was the development in 2003 of a small number of Targeted Initiatives in areas of lowest employment and high social deprivation. Located in West Belfast, Greater Shankill, Derry and Strabane the Targeted Initiatives concept aims to provide a co-ordinated service which builds on partnerships between statutory agencies, local voluntary and community organisations and employers, and is tailored to individual needs through increased flexibility of existing programmes, and an innovative and imaginative approach to addressing barriers to employment. The new components introduced in Targeted Initiatives are:

- Job Assist Centres;
- Transitional Employment Programme;
- A local stakeholders' forum;
- An employers' forum ;
- A range of flexible and innovative approaches within existing programmes.

The Initiatives are currently undergoing an Interim Evaluation. An extension of 6 months to the initial 3 year operating period was recently granted to take account of a slower than expected start in some of the provision and to facilitate a Final Evaluation in 2006. The Initiatives will now run until September 2006.

Job Assist Centres offer a community based mentoring and support service to those furthest from the labour market. They complement the work of the Jobs and Benefit Offices but deal with a different target group, especially non-JSA customers. All 13 JAC offices are now fully operational with an additional extensive network of outreach facilities.

A review of New Deal Core Gateway provision, which included consultation with Providers, New Deal Personal Advisers and the Education and Training Inspectorate, was completed during the year. This has resulted in the introduction of a more individualised, client-centred approach to assisting jobseekers and removes the mandatory requirement to attend for those who have been on Core Gateway before. The changes introduced are the first steps in the development of a more

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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targeted approach to helping people into work.

In tandem with the transfer of responsibility for the New Deal for Partners from the Department for Social Development to the Department for Employment and Learning, an enhanced New Deal for Partners programme was introduced in April 2004. Participants are now able to access similar provision to that available to lone parents within the New Deal for Lone Parents.

European Unit

European Unit continues to provide European Social Funds (ESF) to projects under three EU programmes.

- The Programme for Building Sustainable Prosperity,
- PEACE II and
- EQUAL.

With ESF assistance from these programmes, organisations offer training to people disadvantaged from entering the labour market and to those seeking further skills when in employment. These programmes run from 2000 to 2006 and to date the unit has awarded ESF funding amounting to almost £130m. Almost 104,000 annual participants have received training at various levels achieving over 31,000 qualifications. Some 10,000 unemployed people, who have been trained under the programmes, have entered employment.

Employment Rights and Responsibilities

Legislation

Several important pieces of employment legislation and employment related European Directives either came into operation or were implemented during the year.

New minimum procedures for resolving disputes in the workplace, and new rules governing the way in which employment-related tribunals operate were introduced. The new legislation had very significant implications for the work of OITFET and the Labour Relations Agency in particular.

The Employment Relations (Northern Ireland) Order 2004 received Royal Assent on 17 November 2004. The Order improves arrangements for recognition of trade unions, and gives greater protection to trade union members.

The Information and Consultation of Employees Regulations (Northern Ireland) 2005 came into operation on 6 April 2005. The Regulations transposed a European Directive which establishes a right to new minimum standards for workforce communication and involvement in undertakings within individual EU Member States. Employees now have the right to be informed about the business's economic situation, employment prospects and about decisions likely to lead to changes in work organisation or contractual relations, eg redundancies, business transfers, etc. The Regulations will be phased in between 2005 and 2008, applying first to firms with 150 or more employees (April 2005), then to those with 100 or more (April 2007) and finally to those with 50 or more (April 2008).

The Department also undertook 5 public consultations during the year and brought into operation 13 Statutory Rules, ensuring that Northern Ireland employees and employers enjoy largely the same rights and responsibilities as their counterparts in GB.

The Industrial Court

During 2004/05 the Industrial Court received five applications for statutory recognition, two of which were 'repeat applications'. The Industrial Court spent the later half of the year preparing for the changes which the Employment Relations Order 2004 made to the trade union recognition and derecognition legislation, and preparing for its new role under the Information and Consultation of Employees Regulations.

Redundancy Payment Service

The redundancy payment service computerised payments system continues to ensure a speedier service to persons entitled to a redundancy/insolvency payment, with some 2,400 claims having been processed during 04/05 at a cost of £2.6M.

Partnership Fund

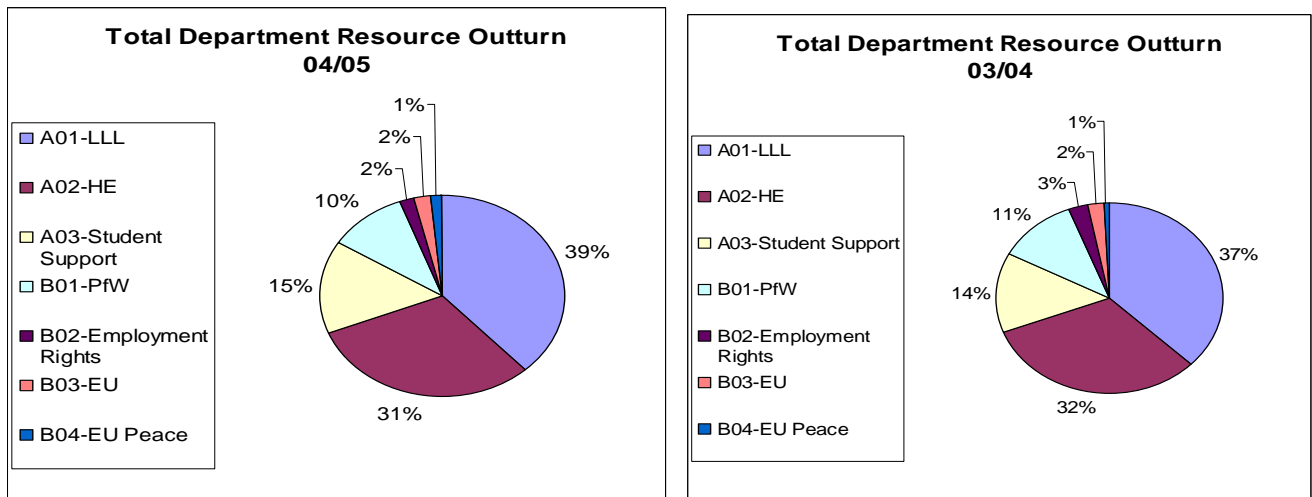
Since April 04, a Partnership Fund has been in place whereby management and trade unions (or other workers' representatives) within a workplace can seek financial assistance to enable them to address a particular workplace problem through a partnership approach.

Through the Partnership Fund, 4 schemes are currently being funded over a 2 year period at a total cost of £162,500.

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Financial Review

Departmental expenditure for the year increased by almost £60m compared to the 2003-04 financial year. The pattern of spending remains consistent with that in the previous year, as shown in the charts below.



Areas contributing to the increase in expenditure were as follows:

- Lifelong Learning £22m;
- Higher Education £10m;
- Student Support £20m and
- Education Maintenance Allowances (EMA) £9m.

Lifelong Learning (LLL)

Grant aid to the Further Education (FE) sector increased by £5.6m in comparison to the 03/04 financial year. The focus of this increase was the revalorisation of Lecturers pay and increased funding for the Essential Skills Programme. Capital funding within the FE sector continues at around £23m per annum.

Also included within LLL is the Jobskills Programme which experienced an increase in expenditure of £3m. The main contributing factors were a higher retention rate, an increase in the rate funded and higher than anticipated Output related funding.

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Higher Education (HE)

Funding to Universities has increased by £4.9m during the course of the financial year. This represents an increase of 2.8% and is considered to be in line with inflation. Capital expenditure within Higher Education was substantially less than anticipated (£14.5m).

Funding to the Colleges of Education saw a modest increase of 5.8% in funding compared to last year. This increase was required to meet inflationary rises and to implement a human resource strategy within the Colleges.

Student Support

Expenditure within Student Support shows an increase of 68.5%. The main factor giving rise to the increase has been the reclassification of the student loan subsidy from non-voted expenditure. In addition expenditure on tuition fees has shown an increase of 26.5% compared to the 03-04 financial year (£5.6m). The variance was caused by a one off adjustment (£5m) to the tuition fees line in the last financial year. The adjustment was necessary to bring the Departments accounts in line with SLC and DFES.

REQUEST FOR RESOURCES B

RfR B shows a marginal under spend of 3.2% against the estimate. This represents an improvement on last year's position and an increase in spending of £2m.

The over spend of £1m within Employment Programmes relates to the Worktrack scheme. An announcement was made during the course of the year to close the scheme and uptake of it increased in anticipation of that closure.

Under spend in Labour Market services relates to administration costs and is attributable to the Department receiving more credits from its IT supplier than anticipated, thus reducing the annual cost of the service.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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Expenditure on European grants to projects outside the department was in line with expectations; however capital charges in respect of income due from the EU decreased.

BALANCE SHEET

Overall the assets of the Department have increased by £75m from the previous year. This movement is attributable mainly to the increase in student loan debt. Although expenditure remains similar to the previous year, the level of repayments received increased from £15.9m to £20.9m. A full analysis of the movements can be found at note 14 to the accounts.

The Tangible Fixed Asset base in the Department increased during the year with an increase in the value of property at Stranmillis College (£5m) and the transfer of property from the Department for Social Development (DSD). It is anticipated that the value of assets held will reduce significantly in future years as the assets of Stranmillis college transfer to that body on incorporation.

Other items on the balance sheet remain unchanged.

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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 was Barry Gardiner MP who replaced Jane Kennedy MP on 5 April 2004.

Permanent Head of the Department and the Management Board

The Permanent Secretary of the Department is Will Haire.

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

Dr Robson Davison	
Mrs Catherine Bell	
Mrs Bernie O'Hare	
Mr David McAuley	
Mr George O'Doherty	
Mr Tom Scott	
Mr Vivian McIver	Appointed April 2004
Mr Daragh Shields	Appointed April 2004
Adrian Arbuthnot	Transferred April 2004
Mrs Patricia McAuley	Appointed April 2004
Mr Roy Gamble	Retired Dec 2004
Mrs Heather Stevens	Appointed Jan 2005
Mr Richard Kenny	April 2004 – May 2004
Mr Tom Redmond	May 2004 – Sept 2004
Mr Daryl Young	Oct 2004 – Dec 2004
Mr Tim Devine	Dec 2004 – March 2005

Non-executive Board Members

Mr Bill McGinnis	Appointed Sept 2004
Mr Fred Gray	Appointed Sept 2004

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.

Expenses for Non-executive Board Members

Total fees and expenses of £4,900 were paid in respect of the Departments Non-Executive Directors.

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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 2005, 99% 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

10 August 2005

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES
For the year ended 31 March 2005

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 2005

DEL STATEMENT OF INTERNAL CONTROL

1. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in 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 two local universities; the two local teacher training colleges; the 16 further education colleges, the 5 Education and Library Boards, the Student Loan Company, the Labour Relations Agency, Enterprise Ulster, Ulster Supported Employment Ltd, and the Construction Industry Training Board.

2. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. Procedures were put in place in December 2002 and have been fully operational since that time. The system of internal control has been in place in the Department for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

3. The Department has carried out appropriate procedures to identify its objectives and risks and determine a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Department has set out its attitude to risk to the achievement of the Departmental Objectives.

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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT ON INTERNAL CONTROL
For the year ended 31 March 2005

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

- i. Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Departmental Board;
- ii. Regular reviews by the Departmental Board of periodic and annual financial reports that indicate financial performance;
- iii. An annual review of financial control arrangements against the financial control checklist;
- iv. Regular reviews by the Departmental Board of periodic and annual reports of progress against business plan, PfG and PSA targets;
- v. Regular review and reporting (monthly) of movement in, and management of, the control of risks at Divisional and Departmental level;
- vi. 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;
- vii. Internal Audit arrangements which operate to standards defined in the Government Internal Audit Manual. Regular reports are submitted which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement;
- viii. 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 are applied and on the adequacy and effectiveness of the internal control systems within those organisations, and makes recommendations for adjustment of grant and improvements to these organisations' systems;
- ix. Internal Audit and FAST report annually to the Department's Audit Committee;
- x. 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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT ON INTERNAL CONTROL
For the year ended 31 March 2005

Divisions during the relevant financial year; this includes a facility to identify issues giving cause for concern and the remedial action proposed or taken;

- xi. 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.
6. In addition to the actions mentioned above, in the coming year the Department intends to:
- improve the quality of risk assessment;
 - introduce a Departmental Finance Manual;
 - provide training for key staff in financial management.
7. During the year the Department appointed two non-executive directors, one of whom now chairs the Departmental Audit Committee. 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. In summer 2004, the North East Institute of Further and Higher Education submitted a recovery plan aimed at restructuring the College curriculum and rebuilding the Institute's financial strength. The Department has accepted the plan and has put in place arrangements to monitor progress against it. We have also worked with the Department for Education and Skills in England and the Student Loan Company to improve the accuracy and timely delivery of student loans data required for accounting purposes.
8. With the exception of one, the Chief Executives of Education and Library Boards (ELBs) have provided assurance statements to me in respect of 2004/05. All five Boards have provided audit assurance certificates in respect of their determination of eligibility and entitlement to student loans and student awards. I consider there remains scope to improve the timeliness of these assurances and the audit work on which the assurances about this work are given. The Department met with heads of ELB Internal Auditors during the year to take that forward and will be seeking further progress for the 05/06 year.
9. The Department has also taken steps during the year to improve monitoring arrangements in relation to those funds which the Boards both administer and pay on its behalf.
10. During the year, two instances of consultancy purchased by the University of Ulster outside its procurement procedures, costing £342,000, were brought to my attention. On these, I received

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT ON INTERNAL CONTROL
For the year ended 31 March 2005**

assurance from the University that there had been neither impropriety nor risk to public funds. Nevertheless, in so far as the amounts concerned related to funding by the Department, I have asked the University to confirm that value for money was obtained and, further, to ensure there should be no repetition.



WILL HAIRE
Accounting Officer

10 August 2005

**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 2005**

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 41 to 93 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 52 to 57.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 34 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 35 to 38 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.

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

**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 2005**

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 2005 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.

I have no observations to make on these financial statements.



J M Dowdall CB
Comptroller and Auditor General

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

12 August 2005

The maintenance and integrity of the Department for Employment and Learning's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 1 – SUMMARY OF RESOURCE OUTTURN 2004-05

	2004-05						2003-04	
	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 10)	600,278	16,119	584,159	568,419	3,915	564,504	19,655	507,271
Request for Resources B (note 10)	121,095	499	120,596	117,193	499	116,694	3,902	114,257
Total resources	721,373	16,618	704,755	685,612	4,414	681,198	23,557	621,528
Non-operating cost AR (note 6)		20,000	20,000		20,000	20,000	-	12,000
Net cash requirement			766,710			715,369	51,341	689,847

Requests for Resources are detailed on Schedule 5.

Summary 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

	Note	Forecast 2004-05		Outturn 2004-05	
		Income £000	Receipts £000	Income £000	Receipts £000
Total	5	19,146	19,146	35,230	31,572

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 1 – SUMMARY OF RESOURCE OUTTURN 2004-05

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

Request for Resources A

Expenditure in Request for Resources A was 3.4% less than the estimate.

Lifelong Learning- The variance of £3.8m arose in a number of different areas including administration costs, capital projects and a number of smaller programmes contained within Lifelong Learning.

Higher Education- The majority of the under spend is attributable to Capital Expenditure within Higher Education. The outturn is 6.4% less than the estimate cover provided. The main reason for the under spend was the long lead in time for projects to commence building work.

Student Support- The under spend in this area was a result of uncertainties in respect of the student loan subsidy charge.

Student Support- Accruing resources estimate includes £9m in respect of student loan interest. In line with previous years this has been recorded against the gross expenditure column (4).

Annually Managed Expenditure (AME)

Initial uptake of the EMA scheme was less than anticipated, resulting in an underspend of 9%.

Non Budget

Education and library boards- The variance in this area was largely due to the revalorisation of administrative pay structure within the organisation.

Request for Resources B

Expenditure in Request for Resources B was 3.2% less than the estimate.

Employment Programmes- The closure of the Worktrack scheme was announced during the financial year, leading to a significant increase in uptake and operation at full capacity for the final quarter of the year.

ESF- 17.7% less than estimated as a result of lower than anticipated capital charges

Labour Market Services- 19.1% less than estimated. This arose as the Department realised savings on the PFI contract which had not been anticipated.

Notional costs were 21% higher than anticipated. The additional costs were in respect of capital charges incurred on accommodation costs.

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 2004-05**

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		704,755	681,198	23,557
Capital				
Student loan funding	<i>14</i>	102,120	92,500	9,620
Acquisition of fixed assets	<i>12</i>	-	63	(63)
Other loans	<i>13</i>	-	70	(70)
Non-operating cost AR				
Student loan repayments applied	<i>6</i>	(20,000)	(20,000)	-
Admin and programme income		-	-	-
Book value of fixed asset disposals		-	-	-
Accruals adjustments				
Non-cash items	<i>3</i>	(45,988)	(41,441)	(4,547)
Changes in working capital other than cash	<i>15</i>	-	901	(901)
Changes in creditors falling due after more than one year	<i>15</i>	-	(46)	46
Use of provisions	<i>19</i>	-	2,124	(2,124)
Net cash requirement per Spring Supplementary Estimate		740,887	715,369	25,518
Supplementary Estimate amendment to net cash requirement not enacted		25,823	-	25,823
Net cash requirement (Schedule 4)		766,710	715,369	51,341

In the 2004-05 Spring Supplementary Estimates, the Net Cash Requirement (NCR) for DEL was reduced by £25,823,000. 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 2005

	Note	2004-05		2003-04	
		£000	£000	£000	£000
Administration costs:					
Staff costs	2	35,109		33,862	
Other administration costs	3	<u>18,991</u>		<u>18,481</u>	
Gross administration costs			54,100		52,343
Operating income	6		<u>(85)</u>		<u>(523)</u>
Net administration costs			<u>54,015</u>		<u>51,820</u>
Programme costs:					
Request for Resources A					
Expenditure	4	555,779		500,450	
Less: Income	6	<u>(4,063)</u>		<u>(2,924)</u>	
			551,716		497,526
Request for Resources B					
Expenditure	4	75,733		72,119	
Less: EU income					
Received as payment agent	6	(13,222)		(21,555)	
DEL programmes	6	(20,871)		(9,300)	
Less: Income – non-EU	6	<u>(499)</u>		<u>(532)</u>	
			41,141		40,732
Non-voted expenditure					
Student loans subsidy	4		-		14,445
Redundancy fund payments	4		2,844		4,350
			<u> </u>		<u> </u>
Net programme costs			<u>595,701</u>		<u>557,053</u>
Net operating cost	8,9,10		<u>649,716</u>		<u>608,873</u>
Net resource outturn	8,10		<u>681,198</u>		<u>621,528</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 2005

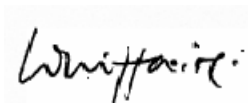
STATEMENT OF RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2005

	2004-05	2003-04
	£000	£000
Net (loss)/gain on revaluation of tangible fixed assets	<u>5,825</u>	<u>42</u>
Recognised gains and losses for the financial year	<u><u>5,825</u></u>	<u><u>42</u></u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 3 – BALANCE SHEET
as at 31 March 2005

	Note	31 March 2005		31 March 2004	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	12	51,410		43,773	
Investments	13	2,195		2,125	
Student loans	14	<u>601,072</u>		<u>514,869</u>	
			654,677		560,767
Debtors falling due after more than one year	16		2,035		-
Current assets					
Debtors	16	121,038		109,347	
Cash at bank and in hand	17	<u>9</u>		<u>10</u>	
		121,047		109,357	
Creditors (amounts falling due within one year)	18	<u>(142,626)</u>		<u>(129,072)</u>	
Net current liabilities			<u>(21,579)</u>		<u>(19,715)</u>
Total assets less current liabilities			635,133		541,052
Creditors (amounts falling due after more than one year)	18	(512)		(466)	
Provisions for liabilities and charges	19	<u>(196,292)</u>	<u>(196,804)</u>	<u>(180,193)</u>	<u>(180,659)</u>
			<u>438,329</u>		<u>360,393</u>
Taxpayers' equity					
General fund	20	432,254		360,143	
Revaluation reserve	21	<u>6,075</u>		<u>250</u>	
			<u>438,329</u>		<u>360,393</u>

Signed



WILL HAIRE
Accounting Officer

10 August 2005

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 4 – CASH FLOW STATEMENT
for the year ended 31 March 2005

	2004-05 £000	2003-04 £000
Net cash outflow from operating activities (note a)	(646,534)	(591,978)
Capital expenditure and financial investment (note b)	(72,221)	(88,181)
Receipts from EU	30,927	57,534
Payments of amounts due to the Consolidated Fund	(32,460)	(67,138)
Financing (note c)	<u>716,331</u>	<u>689,764</u>
Decrease in cash in the period	<u>(3,957)</u>	<u>1</u>

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

	2004-05 £000	2003-04 £000
Net operating cost	(649,716)	(608,873)
Adjustments for non-cash transactions (note a(i))	41,441	36,017
Adjustments for movements in working capital other than cash (note 15)	(4,082)	14
Adjustment for movements in working capital not related to operating cost	(32,053)	(17,114)
Use of provisions	<u>(2,124)</u>	<u>(2,022)</u>
Net cash outflow from operating activities	<u>(646,534)</u>	<u>(591,978)</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 4 – CASH FLOW STATEMENT
for the year ended 31 March 2005

Note a(i) – Non-cash transactions

	2004-05	2003-04
	£000	£000
Non-cash items and notional costs (note 3)	10,003	8,353
RRI interest (other current)	40	-
Cost of capital (Other Current)	16,911	13,045
Movement on provisions	18,306	14,512
Student loans inflation adjustment	8,123	9,743
Transfer value of loans	-	16
Interest added to student loans	(12,276)	(9,533)
Student loans – administration income	346	(119)
Student loans adjustment	(2)	-
Student loan transfer value	(10)	-
	<hr/>	<hr/>
Non-cash transactions	<u>41,441</u>	<u>36,017</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 4 – CASH FLOW STATEMENT
for the year ended 31 March 2005

Note b – Analysis of capital expenditure and financial investment

	2004-05	2003-04
	£000	£000
Student loan funding (Request for Resources A)	(92,500)	(102,904)
Student loan repayments (Request for Resources A)	20,412	14,765
Tangible fixed asset additions (Request for Resources B)	(63)	(7)
Loans to other bodies (Request for Resources B)	<u>(70)</u>	<u>(35)</u>
Net cash outflow from investing activities	<u>(72,221)</u>	<u>(88,181)</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 4 – CASH FLOW STATEMENT
for the year ended 31 March 2005

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

	2004-05 £000	2003-04 £000
From the Consolidated Fund (Supply) – current year	708,501	684,548
From the Consolidated Fund (Supply) – prior year	5,299	
From the National Insurance Fund	2,531	5,216
Net financing	<u>716,331</u>	<u>689,764</u>
(Increase)/Decrease in cash	<u>3,957</u>	<u>(1)</u>
Net cash flows other than financing	<u>720,288</u>	<u>689,763</u>
Adjustment for payments and receipts not related to Supply:		
Amounts due to the Consolidated Fund – received in a prior year and paid over	(1,419)	-
Amounts due to the Consolidated Fund – received and not paid over	560	2,494
National Insurance Fund financed activities	(2,531)	(5,216)
Adjustment to reflect treatment of inter-Departmental balance	(2,808)	2,808
Adjustment to reflect prior year	1,300	-
Other	(20)	(2)
Net cash requirement (Schedule 1)	<u>715,370</u>	<u>689,847</u>

Amount of grant actually issued to support the net cash requirement = £708,501,000.00

Amount of grant actually issued to support the prior year net cash requirement = £5,299,000.00

DEPARTMENT FOR EMPLOYMENT AND LEARNING
SCHEDULE 5 – RESOURCES BY DEPARTMENTAL AIM AND OBJECTIVES
for the year ended 31 March 2005

	2004-05			2003-04		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Objective 1	568,419	(3,915)	564,504	510,195	(2,924)	507,271
Objective 2	117,193	(499)	116,694	114,717	(460)	114,257
Non-voted items	2,844	(34,326)	(31,482)	18,795	(31,450)	(12,655)
Net operating cost	688,456	(38,740)	649,716	643,707	(34,834)	608,873

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

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

Further details of resources by Departmental aim and objectives are given in note 22.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2004-05 *Northern Ireland Resource Accounting Manual (NIRAM)* issued by DFP.

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

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

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets, and stocks where material, 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 SLC (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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

valuation of land and buildings was provided by the Valuation and Lands Agency at 31 March 2005.

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.

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 2005

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 excluding balance due to Consolidated Fund.

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 2005

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.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

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 2005

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 2005

2. Staff numbers and related costs

2.1. Staff costs consist of:

	2004-05					2003-04
	Total	Permanently Employed Staff	Others	Ministers (note 2.3)	Special advisers	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	29,715	29,438	277	-	-	28,614
Social security costs	1,998	1,977	21	-	-	1,943
Other pension costs	3,717	3,716	1	-	-	3,602
Subtotal	35,430	35,131	299	-	-	34,159
Inward secondments	-	-	-	-	-	-
Total	35,430	35,131	299	-	-	34,159
<i>Less Recoveries in respect of outward secondments</i>	(321)	(321)	-	-	-	(297)
Total net costs	35,109	34,810	299	-	-	33,862

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 2003 and details of this valuation are available in the PCSPS (NI) resource accounts.

For 2004-05, employer's contributions of £3,717,000 were payable to the PCSPS(NI) (2003-04: £3,602,000), at one of four rates in the range 12 to 18.% of pensionable pay, based on salary bands. From 1 April 2005 these rates have increased as a result of the latest actuarial valuation to between 16.5% and 23.5%. 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 £1,197 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 £76 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 2005**

Average number of persons employed

2.2 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.

	2004-05					2003-04
	Number					
Objective	Total	Permanently Employed Staff	Others	Ministers	Special Advisers	Total
1	389	383	6	-	-	276
2	1,154	1,129	25	-	-	1,174
Staff engaged on Capital projects	-	-	-	-	-	-
TOTAL	1,543	1,512	31	-	-	1,450

Salary and pension entitlements

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

Ministers

Between 1 April 2004 and 4 April 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 2004/05 NIO Resource Accounts.

Between 5 April 2004 and 31 March 2005 the Department for Employment and Learning was under the control of Barry Gardiner MP. His 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 Barry Gardiner MP's salary and allowances will be provided in the 2004/05 NIO Resource Accounts.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005**

(a) Remuneration:

Ministers

Name and dates of service	2004-05		2003-04	
	Salary £000	Benefits in kind To nearest £100	Salary £000	Benefits in kind To nearest £100
Jane Kennedy MP (1 April 2004 – 4 April 2004)		See NIO accounts for details		See NIO accounts for details
Barry Gardiner MP (5 April 2004- 31 March 2005)		See NIO accounts for details		See NIO accounts for details

Senior Management

Name and dates of service	2004-05		2003-04	
	Salary £000	Benefits in kind To nearest £100	Salary £000	Benefits in kind To nearest £100
Will Haire <i>Permanent Secretary</i>	90 - 95	-	90 – 95	-
Dr Robson Davison <i>Deputy Secretary</i>				Consent for disclosure withheld
Catherine Bell <i>Deputy Secretary</i>				Consent for disclosure withheld
Adrian Arbuthnot <i>Director of Regional Operations</i> 1/4/04-18/4/04				Consent for disclosure withheld
Roy Gamble <i>Assistant Secretary Employment Rights</i> 1/4/04-23/12/04				Consent for disclosure withheld
Patricia McAuley <i>Assistant Secretary Preparation for Work</i> 26/4/04-31/3/05				Consent for disclosure withheld
David McAuley <i>Assistant Secretary Higher Education and Student Support</i>				Consent for disclosure withheld
George O'Doherty <i>Assistant Secretary European and Finance</i>				Consent for disclosure withheld

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

Bernie O'Hare <i>Assistant Secretary Corporate Services 1/4/04-31/10/04 Lifelong Learning 1/11/04-31/3/05</i>	60 - 65	-	50 - 55	-
Tom Scott <i>Assistant Secretary Skills and Industry 1/4/04-9/1/05 Corporate Services 10/1/05-31/3/05</i>			Consent for disclosure withheld	
Heather Stevens <i>Assistant Secretary Skills and Industry 7/1/05-31/3/05</i>	15 - 20	-	N/A	N/A
Tim Devine <i>Acting Assistant Secretary Employment Rights 23/12/04-31/3/05</i>	10 - 15	-	N/A	N/A
Richard Kenny <i>Acting Assistant Secretary Lifelong Learning 23/2/04-30/4/04</i>	0 - 5	-	N/A	N/A
Tom Redmond <i>Acting Assistant Secretary Lifelong Learning 1/5/04-30/9/04</i>	20 - 25	-	N/A	N/A
Daryl Young <i>Acting Assistant Secretary Corporate Services 1/10/04-9/1/05</i>	10 - 15	-	N/A	N/A

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.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

(b) Pension Benefits:

Ministers

Name and title	Real increase in pension at age 65 £000	Total Accrued pension at age 65 at 31/03/05 £000	CETV at 31/03/0 5 £000	CETV at 31/03/0 4 £000	Real increase in CETV £000
Jane Kennedy MP (1 April 2004 – 4 April 2004)		See NIO accounts for details			
Barry Gardiner MP (5 April 2004- 31 March 2005)		See NIO accounts for details			

Ministerial Pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is statutory based (made under Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament are also entitled to an MP's pension under the PCPF. The arrangements for Ministers provide benefits on an 'average salary' basis with either a 1/50th or 1/40th accrual rate, taking account of all service as a Minister. (The accrual rate has been 1/40th since 15 July 2002 but Ministers, in common with all other members of the PCPF, can opt to increase their accrual rate from 5 July 2001, or retain the former 1/50th accrual rate and the lower rate of employee contribution.)

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office on or after age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate, and 9% if they have opted for the 1/40th accrual rate.

There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 24% of the ministerial salary.

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 (£57,485 2003-04 £55,118) and various allowances to which they are entitled are borne centrally.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in the value of the CETV

This takes account of the increase in accrued pension due to inflation and contributions paid by the Minister and is calculated using common market valuation factors for the start and end of the period.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

Senior management 2004-05

Name and title	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 at 31/3/05 and related lump sum	CETV at 31/03/05	CETV at 31/03/04	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	£000
Will Haire <i>Permanent Secretary</i>	0-2.5: lump sum 2.5-5	25-30: lump sum 85-90	429	389	20	-
Dr Robson Davison <i>Deputy Secretary</i>			Consent for disclosure withheld			
Catherine Bell <i>Deputy Secretary</i>			Consent for disclosure withheld			
Adrian Arbuthnot <i>Director of Regional Operations</i> 1/4/04-18/4/04			Consent for disclosure withheld			
Roy Gamble <i>Assistant Secretary Employment Rights</i> 1/4/04-23/12/04			Consent for disclosure withheld			
Patricia McAuley <i>Assistant Secretary Preparation for Work</i> 26/4/04-31/3/05			Consent for disclosure withheld			
David McAuley <i>Assistant Secretary Higher Education and Student Support</i>			Consent for disclosure withheld			
George O'Doherty <i>Assistant Secretary European and Finance</i>			Consent for disclosure withheld			
Bernie O'Hare <i>Assistant Secretary Corporate Services</i> 1/4/04-31/10/04 <i>Lifelong Learning</i> 1/11/04-31/3/05	0-2.5: lump sum 2.5-5	20-25: lump sum 60-65	336	297	21	

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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		Consent for disclosure withheld				
Tom Scott						
<i>Assistant Secretary Skills and Industry</i>						
<i>1/4/04-9/1/05 Corporate Services</i>						
<i>10/1/05-31/3/05</i>						
Heather Stevens	2.5-5: lump sum 7.5-10	5-10: lump sum 20-25	74	46	26	-
<i>Assistant Secretary Skills and Industry</i>						
<i>7/1/05-31/3/05</i>						
Tim Devine	5-7.5: lump sum 17.5-20	15-20: lump sum 50-55	238	142	87	-
<i>Acting Assistant Secretary Employment Rights</i>						
<i>23/12/04-31/3/05</i>						
Richard Kenny	0-2.5: lump sum 0-2.5	15-20: lump sum 55-60	318	340	0	-
<i>Acting Assistant Secretary Lifelong Learning</i>						
<i>23/2/04-30/4/04</i>						
Tom Redmond	0-2.5: lump sum 2.5-5	10-15: lump sum 35-40	225	199	16	-
<i>Acting Assistant Secretary Lifelong Learning</i>						
<i>1/5/04-30/9/04</i>						
Daryl Young	0-2.5: lump sum 0-2.5	15-20: lump sum 45-50	251	230	8	-
<i>Acting Assistant Secretary Corporate Services</i>						
<i>1/10/04-9/1/05</i>						

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.

Pension arrangements for senior management

Pension benefits are provided through the CSP 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). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

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

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

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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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3. Non staff administration costs

	2004-05		2003-04	
	£000	£000	£000	£000
PFI service charges				
Off-balance sheet contracts		<u>4,156</u>		<u>5,222</u>
Non-cash items:				
Depreciation				
Tangible fixed assets	457		420	
Permanent diminution in value of fixed assets	7		(322)	
Loss on disposal of fixed assets	<u>17</u>	481	<u>1</u>	99
Notional costs				
Auditor's remuneration and expenses	102		114	
Accommodation costs (DFP)	6,288		5,207	
Services provided and costs incurred by the Social Security Agency	1,019		938	
Services provided and costs incurred by the Department of Enterprise, Trade and Investment (DETI)	1,213		1,332	
Other notional costs	<u>900</u>		<u>663</u>	
		<u>9,522</u>		<u>8,254</u>
Total non-cash items		<u>10,003</u>		<u>8,353</u>
Other expenditure		<u>4,832</u>		<u>4,906</u>
Total		<u>18,991</u>		<u>18,481</u>

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The total of non-cash items included in the Reconciliation of Resources to Net Cash Requirement on Schedule 1 and included in the Reconciliation of Operating Costs to Operating Cash Flows on Schedule 4 comprises:

	2004-05
	£000
Total non-cash transactions as per note 3	10,003
Cost of capital	16,911
RRI Interest	40
Early retirement provision	22
Student Loan interest	(12,276)
Student Loan Admin fee	346
Student loan adjustment	(2)
Student loan balance transfer	(10)
Use of provisions	26,407
Non-cash items per Reconciliation of Resources to Net Cash Requirement	41,441

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4. Net programme costs

	2004-05		2003-04	
	£000	£000	£000	£000
Current grants and other current expenditure	631,512		572,569	
Non-voted expenditure: Student loan subsidy	-		14,445	
Non-voted expenditure: Redundancy Fund payments	2,844		4,350	
		<u>634,356</u>		<u>591,364</u>
<i>Less: Programme income (note 6)</i>		<u>(38,655)</u>		<u>(34,311)</u>
		<u>595,701</u>		<u>557,053</u>

EU grants and subsidies in programme expenditure

	2004-05	2003-04
	£000	£000
ESF	30,064	15,606
ERDF	305	-
Community Initiatives	1,131	782
Peace and Reconciliation	<u>2,593</u>	<u>14,467</u>
	<u>34,093</u>	<u>30,855</u>

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):

	<i>Note</i>	Forecast 2004-05		Outturn 2004-05	
		Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts – excess AR	6	-	-	148	<i>148</i>
Non-operating income and receipts – excess AR	6	-	-	904	<i>412</i>
Subtotal		-	-		
Other operating income and receipts not classified as AR	6	19,146	<i>19,146</i>	34,093	<i>30,927</i>
Other non-operating income and receipts not classified as AR	6	-	-	85	<i>85</i>
Other amounts collectable on behalf of the Consolidated Fund		-	-		
Total		19,146	<i>19,146</i>	35,230	<i>31,572</i>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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6. 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 8). In 2004/05 all operating income not classified as A in A was within public expenditure.

Non-EU income

	2004-05		
	Resource Outturn AR £000	Payable to Consolidated Fund £000	Operating Cost Statement £000
Administration income	-	85	85
Programme income			
Lifelong Learning	538	148	686
Higher Education	3,377	-	3,377
Labour market services	499	-	499
	4,414	148	4,562
Receipts of other classes	-	-	-
Total	4,414	233	4,647

	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

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EU income

	2004-05 £000	2003-04 £000
Receipts where Department acts as agent for EU in making payments to third parties	13,222	21,555
Receipts for Department's own programmes	20,871	9,300
	<u>34,093</u>	<u>30,855</u>

Non-operating cost AR

	2004-05 £000	2003-04 £000
Student loan repayments	20,904	15,987
Less Amount classified as excess AR	<u>(904)</u>	<u>(3,987)</u>
Student loan repayments classified as AR	20,000	12,000
Disposal of fixed assets	<u>-</u>	<u>-</u>
	<u>20,000</u>	<u>12,000</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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7. Administration cost limits

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

	2004-05		2003-04	
	Outturn £000	Limits £000	Outturn £000	Limits £000
Request for Resources A	11,427	12,720	8,413	11,139
Request for Resources B	32,670	43,044	35,577	46,663
Total within Administration cost control	44,097	55,764	43,990	57,802
Administration expenditure excluded from Administration cost limit	10,003		8,353	
Administration income allowable within Administration cost limit	-		-	
Total administration outturn	54,100		52,343	

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

	2004-05 £000	2003-04 £000
Net operating cost (Schedule 2)	649,716	608,873
Remove non-supply expenditure and income, including income scored as Consolidated Fund extra receipts (CFERs):		
Non-supply expenditure	(2,844)	(4,350)
Non-supply income	233	595
EU CFER income	34,093	30,855
Student loans subsidy	-	(14,445)
Net resource outturn (Schedule 1)	681,198	621,528

Student loan subsidy 2004/05 £14,129,000 is included as supply expenditure under the heading other current in note 10. In 2003/04 the student loans subsidy £14,445,000 was non supply expenditure and was treated as non voted expenditure £14,445,000.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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for the year ended 31 March 2005

9. Analysis of net operating cost by spending body

	2004-05		2003-04
	Budget	Outturn	Outturn
	£000	£000	£000
Spending body:			
USEL Ltd	3,657	3,567	3,575
Enterprise Ulster	5,712	5,770	4,880
Labour Relations Agency	2,655	2,658	2,515
	12,024	11,995	10,970

The net operating cost of the Department includes £11,995,000 (2003-04: £10,970,000) 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.

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10. Analysis of net resource outturn by Estimate subhead and reconciliation to Operating Cost Statement

	2004-05							2003-04	
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	AinA £000	Net total £000	Estimate £000	Net total outturn compared with Estimate £000	Prior year outturn £000
Request for Resources A									
Lifelong Learning	9,457	403	237,228	247,088	(538)	246,550	250,381	3,831	224,072
Higher Education	1,620	102	198,622	200,344	(3,377)	196,967	210,353	13,386	187,393
Student Support	350	30,258	37,701	68,309	-	68,309	69,929	1,620	40,538
Executive Programme Funds	-	-	25,380	25,380	-	25,380	25,908	528	29,228
EU Programme for Peace and Reconciliation	-	-	-	-	-	-	-	-	9,300
Repayment of Loans	-	-	-	-	-	-	193	193	-
Annually Managed Expenditure									
Lifelong Learning	-	-	-	-	-	-	-	-	-
Student Support	-	-	8,153	8,153	-	8,153	8,966	813	80
Non Budget									
Teachers pre-retirement – ongoing Liabilities	-	1,213	-	1,213	-	1,213	1,214	1	1,042
Teachers pre-retirement – new Liabilities	-	308	-	308	-	308	281	(27)	509
Notional charges	1,213	-	-	1,213	-	1,213	1,382	169	1,332
Education and library boards	-	-	16,411	16,411	-	16,411	15,551	(860)	13,777
Construction Industry Training Board	-	-	-	-	-	-	1	1	-
Total for RfR A	12,640	32,284	523,495	568,419	(3,915)	564,504	584,159	19,655	507,271
Request for Resources B									
Employment Programmes	19,566	-	39,840	59,406	-	59,406	58,424	(982)	58,508
Labour Market Services	11,183	1,872	289	13,344	(499)	12,845	15,878	3,033	14,015
ESF Payments-Public and Private sector	1,921	863	10,265	13,049	-	13,049	15,865	2,816	15,606
ERDF Payments	-	-	321	321	-	321	351	30	-
EU Community initiatives	-	-	1,144	1,144	-	1,144	1,596	452	782
EU programme for peace and Reconciliation	-	-	8,559	8,559	-	8,559	8,554	(5)	5,167
Executive Programme Funds	-	-	585	585	-	585	637	52	1,671
Annually managed expenditure									
New Deal 50+	-	-	-	-	-	-	10	10	517
Non Budget									
Notional charges	8,790	-	-	8,790	-	8,790	7,257	(1,533)	7,021
Enterprise Ulster	-	-	5,770	5,770	-	5,770	5,712	(58)	4,880
USEL	-	-	3,567	3,567	-	3,567	3,657	90	3,575
LRA	-	-	2,658	2,658	-	2,658	2,655	(3)	2,515
Total for RfR B	41,460	2,735	72,998	117,193	(499)	116,694	120,596	3,902	114,257
Resource outturn	54,100	35,019	596,493	685,612	(4,414)	681,198	704,755	23,557	621,528
Reconciliation to Operating Cost Statement									
Non-supply expenditure			2,844	2,844	-	2,844			4,350
Non-voted expenditure (note 13)			-	-	-	-			14,445
Non-supply income			-	-	(233)	(233)			(595)
Gross operating expenditure	54,100	35,019	599,337	688,456	(4,647)	683,809			639,728
Non-voted income					(34,093)	(34,093)			(30,855)
Net operating cost				688,456	(38,740)	649,716			608,873

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	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
CITB	-	-	-	-	-	-	-	-	-
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

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11. Analysis of capital expenditure, financial investment and associated AR

	2004-05			
	Capital expenditure	Financial investment	AR	Net total
	£000	£000	£000	£000
Request for Resources A	-	95,248	(20,000)	75,248
Request for Resources B	63	70	-	133
Total	63	95,318	(20,000)	75,381

	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

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12. Tangible fixed assets

	Land and buildings £000	Furniture and fittings £000	Vehicles £000	Computer equipment and software £000	Total £000
Cost or valuation					
At 1 April 2004	43,461	322	28	367	44,178
Additions	-	63	-	-	63
Transfer	2,250	-	(26)	-	2,224
Disposals	-	(33)	-	(72)	(105)
Revaluations	5,434	4	(2)	(31)	5,405
At 31 March 2005	<u>51,145</u>	<u>356</u>	<u>0</u>	<u>264</u>	<u>51,765</u>
Depreciation					
At 1 April 2004	-	92	6	307	405
Charged in year	390	34	-	33	457
Disposals	-	(18)	(6)	(71)	(95)
Revaluations	(390)	2	-	(24)	(412)
At 31 March 2005	<u>-</u>	<u>110</u>	<u>-</u>	<u>245</u>	<u>355</u>
Net book value at 31 March 2005	<u>51,145</u>	<u>246</u>	<u>-</u>	<u>19</u>	<u>51,410</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>
Asset financing					
Owned	51,145	246	-	19	51,410
On-balance sheet PFI contracts	-	-	-	-	-
Net book value at 31 March 2005	<u>51,145</u>	<u>246</u>	<u>-</u>	<u>19</u>	<u>51,410</u>

As outlined in Schedule 4, cash payments in respect of fixed asset additions for the year were £63,000.

During the year the assets of Springvale were transferred from the Department for Social Development (DSD) as per FRS 5 (substance over form).

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The net book value of land and buildings comprises:

	31 March 2005	31 March 2004
	£000	£000
Land	31,650	26,850
Freehold	<u>19,495</u>	<u>16,611</u>
	<u>51,145</u>	<u>43,461</u>

13. Investments

Ulster Supported Employment Limited loan

	2004-05	2003-04
	£000	£000
Balance at 1 April 2004	2,125	2,090
Additions	<u>70</u>	<u>35</u>
Balance at 31 March 2005	<u><u>2,195</u></u>	<u><u>2,125</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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14. Student loans

	2004-05 £000	2003-04 £000
Balance at 1 April 2004	514,869	424,223
Adjustment to opening accounting estimate	-	653
Adjustment to align CGA balances	-	3,452
Adjustment	2	-
Additional loan funding	95,248	92,944
Repayments	(20,833)	(15,943)
Repayment of teachers loans (RTL)	(71)	(44)
Administration	(346)	119
Written off	(83)	(84)
Transfer value	-	16
Balance transfer	10	-
Interest added	12,276	9,533
Increase in student loans outstanding	86,203	90,646
Balance at 31 March 2005	601,072	514,869

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.

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 £12,276,000 (2003-04: £9,533,000).

As outlined in Schedule 4, student loan cash advances for the year were £92,500,000.

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 10)

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

	2004-05	2003-04
	£000	£000
Change in opening accounting estimate	-	(10,074)
Unwinding of discount	9,227	9,312
Adjustment to provisions	(854)	5,263
Provision release	(17,272)	(19,093)
Movement on provision	27,183	28,964
General inflation adjustment on loans	8,123	9,741
Interest added to student loans	(12,276)	(9,533)
SLC administration	-	(119)
Transfer value	-	(16)
Adjustment	(2)	-
	<u>14,129</u>	<u>14,445</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

15. Movements in working capital other than cash

The movements in working capital used in the reconciliation of resources of to cash requirement comprise:

	2004-05 £000	2003-04 £000
(Increase)/decrease in debtors	(13,726)	35,942
Increase/(Decrease) in creditors falling due within one year	9,598	(35,915)
Increase/(Decrease) in creditors falling due after more than one year	46	(13)
	<hr/>	<hr/>
	(4,082)	14
Adjustment: movement in working capital not related to net operation costs		
Amounts due to the consolidated fund	(932)	(5,539)
Amounts due from the consolidated fund	1,569	5,299
Prior year adjustment	2,035	(5,030)
Movement in working capital related to student loans	(2,256)	11,138
Movement in working capital related to non cash transactions	(14)	-
Adjustment to reflect treatment of inter-Department balance	2,808	(2,808)
Increase/(Decrease) in creditors falling due after more than one year	(46)	13
Other adjustments	17	3
	<hr/>	<hr/>
Movement in working capital other than cash (Schedule 1)	(901)	3,090
	<hr/> <hr/>	<hr/> <hr/>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
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The movements in working capital used in the cash flow statement comprise:

	2004-05	2003-04
	£000	£000
(Increase)/decrease in debtors	(13,726)	35,942
Increase/(Decrease) in creditors falling due within one year	9,598	(35,915)
Increase/(Decrease) in creditors falling due after more than one year	46	(13)
	<hr/>	<hr/>
	(4,082)	14
Adjustment: movement in working capital not related to net operation costs		
Amounts due to the consolidated fund	(2,770)	29,850
Amounts due from the consolidated fund	1,569	5,299
Prior year adjustment	2,035	(5,030)
Movement in working capital related to student loans	(2,256)	11,138
Movement in working capital related to non cash transactions	(14)	-
Other adjustments	(3)	3
Movement in working capital related to NIF	313	(839)
Movement in working capital related to EU receipts	<hr/> (30,927)	<hr/> (57,535)
Movement in working capital other than cash (Schedule 4)	(32,053)	(17,114)
	<hr/>	<hr/>
Total movement in working capital other than cash (Schedule 4)	(36,135)	(17,100)
	<hr/>	<hr/>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

16. Debtors

	2004-05	2003-04
	£000	£000
Amounts falling due within one year		
VAT	626	676
Other debtors	10,172	10,036
EU Debtor	88,519	80,700
Sundry CFER	28	-
Prepayments and accrued income	14,178	12,628
Less: Provision for doubtful debts	(422)	(532)
Due from the Consolidated Fund in respect of supply	6,868	5,299
Due from the National Insurance Fund	1,069	540
Total debtors falling due within one year	121,038	109,347
Amounts falling due after more than one year		
Other debtors	2,035	-
	123,073	109,347

Debtors payable to the consolidated fund when received are £88,519,000 and therefore this amount is included in creditors.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

17. Cash at bank and in hand

	2004-05			2003-04
	Cash & Bank Balances £000	Bank Overdraft £000	Net £000	£000
Balance at 1 April 2004	10	-	10	9
Net cash (outflow)/inflow	(1)	(3,956)	(3,957)	1
Balance at 31 March 2005	9	(3,956)	(3,947)	10

The above balances consist of balances at commercial banks or cash in hand

The balance at 31 March comprises:

	2004-05 £000	2003-04 £000
Amounts not issued by the Consolidated Fund for supply but spent at year end	(6,868)	(5,299)
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	2,921	2,501
Interdepartmental balance with DETI	-	2,808
	(3,947)	10

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 2004-05, all receipts (including Assembly and Parliamentary funding) and payments for both DEL and DETI were processed through a shared bank account up to 4 June 2004. From 7 June 2004 a separate bank account was set for DEL.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

18. Creditors

	2004-05	2003-04
	£000	£000
Amounts falling due within one year		
Amounts due to DETI	-	2,808
Other creditors	20,038	16,402
Accruals and deferred income	23,865	23,593
Sundry CFERs	-	72
Amounts due to the Consolidated Fund in respect of excess AR - Received	2,921	5,410
Amounts due to the Consolidated Fund in respect of excess AR - Receivable	2,194	-
Amounts due to the Consolidated Fund in respect of CFERs	88,519	80,698
Amounts due to National Insurance Fund	1,133	89
Bank overdraft	3,956	-
Creditors falling due within one year	<u>142,626</u>	<u>129,072</u>
Amounts falling due after more than one year		
Creditors falling due after more than one year	<u>512</u>	<u>466</u>
Total creditors	<u><u>143,138</u></u>	<u><u>129,538</u></u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

19. 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 2004	393	28,860	53,558	97,382	180,193
Unwinding of discount	-	1,010	2,914	5,303	9,227
Increase/(Decrease) in provision	22	(854)	3,714	23,469	26,351
Provision release	-	-	-	(17,272)	(17,272)
Bad debts previously provided for and written off in year	-	-	(83)	-	(83)
Early retirement payments	(127)	-	-	-	(127)
Debt subsidy payments	-	(1,997)	-	-	(1,997)
Balance at 31 March 2005	288	27,019	60,103	108,882	196,292

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 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.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

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

	2004-05		2003-04	
	£000	£000	£000	£000
Net operating cost for the year (Schedule 2)	(649,716)		(608,873)	
Consolidated Fund creditor for excess AR	(233)		(3,479)	
Income not classed as AR payable to Consolidated Fund	(34,997)		(34,842)	
		(684,946)		(647,194)
Net parliamentary funding – current year		708,501		684,548
RRI		26		-
Notional and other non-cash charges		26,433		21,299
Funding from National Insurance Fund		2,844		4,350
Consolidated Fund debtor in respect of Supply		6,868		5,299
Transfer of assets to department		2,250		42,361
Transfer of assets from department		(21)		-
Other adjustments		2,033		110
Student loan inflation adjustment		8,123		9,741
Net increase in general fund		72,111		120,514
General fund at 1 April 2004		360,143		239,629
General fund at 31 March 2005 (Schedule 3)		432,254		360,143

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

21. Revaluation reserve

	2004-05	2003-04
	£000	£000
Balance at 1 April 2004	250	208
Arising on revaluation during the year (net)	5,825	42
	<hr/>	<hr/>
Balance at 31 March 2005	6,075	250
	<hr/> <hr/>	<hr/> <hr/>

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

22. Notes to Schedule 5

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

	2004-05	2003-04
	£000	£000
Objective 1	555,779	500,450
Objective 2	75,733	72,119
	<hr/>	<hr/>
	631,512	572,569
	<hr/> <hr/>	<hr/> <hr/>

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

	2004-05
	£000
Objective 1	444,905
Objective 2	(6,576)
	<hr/>
Net assets	438,329
	<hr/> <hr/>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

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.

23. Capital commitments

	2004-05 £000	2003-04 £000
Contracted capital commitments at 31 March 2005 for which no provision has been made	-	-

24. 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 £4,155,629 (2003-04: £5,221,753).

Payments to which the Department is committed during 2004-05, analysed by the period during which the commitment expires, are as follows:

	2004-05 £000	2003-04 £000
Expiry within two to five years	5,600	5,600
Expiry within six to 10 years	-	-
	<hr/> 5,600 <hr/>	<hr/> 5,600 <hr/>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

25. 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.

26. Losses and special payments

<i>Losses Statement</i>	No of cases	£'000
Cash losses	283	61
Claims abandoned	-	-
Stores losses	-	-
Fruitless Payments	-	-
Special Payments	5	8
	<hr/>	<hr/>
	288	69

27. 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.

28. 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.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005**

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 (£601,072,000) 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 (£2,195,000) 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.

29. 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 2005, amounts recoverable by the Northern Ireland National Insurance Fund in respect of the activities not included in these accounts were £16,150,000 (2003-04: £16,280,000).

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2005

30. Intra-Government Balances

	Debtors: Amounts falling due within one year	Debtors: Amounts falling due after more than one year	Creditors: Amounts falling due within one year	Creditors: Amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other central government bodies	641	-	1,136	-
Balance due from consolidated fund	6,896	-	-	-
Balance due to consolidated fund	-	-	93,634	-
Balances with local authorities	-	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Balances with bodies external to government	113,501	2,035	47,856	512
At 31 March 2005	121,038	2,035	142,626	512
Balances with other central government bodies	690	-	3,544	-
Balance due from consolidated fund	5,299	-	-	-
Balance due to consolidated fund	-	-	86,180	-
Balances with local authorities	-	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Balances with bodies external to government	103,358	-	39,348	466
At 31 March 2004	109,347	-	129,072	466

ANNEX 1
SUMMARY OF ACHIEVEMENT AGAINST PROGRAMME FOR
GOVERNMENT (PfG) AND PUBLIC SERVICE AGREEMENT (PSA)
TARGETS IN 2004/05

The Department's performance against the targets in its Public Service Agreement and its Performance targets in the 2004/05 strategic plan are summarised below.

Performance Targets:

<i>Achieved:</i>	<i>33</i>
<i>Substantially achieved:</i>	<i>2</i>
<i>On track for achievement:</i>	<i>11</i>
<i>Likely to be achieved but with some delay:</i>	<i>-</i>
<i>Unable to report definitively:</i>	<i>26</i>
<i>Total:</i>	<i>72</i>

Public Service Agreement Targets:

<i>Achieved:</i>	<i>4</i>
<i>Substantially achieved:</i>	<i>4</i>
<i>On track for achievement:</i>	<i>-</i>
<i>Likely to be achieved but with some delay:</i>	<i>1</i>
<i>Unlikely to be achieved:</i>	<i>-</i>
<i>Total:</i>	<i>9</i>