

Department for Employment and Learning

Resource Accounts

For the year ended 31 March 2008

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

4 July 2008

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ANNUAL REPORT

Scope

Departmental accounting boundary

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

Departmental aim

The aim of the Department, as identified in its 2005-08 Corporate Plan, is:

'To promote learning and skills, 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 has lead policy responsibility are:

- Enterprise Ulster (a public corporation) – closed 30 June 2007.
- 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).

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.

INTRODUCTION

Our Purpose

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

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

Our Values

The Department bases its work on a number of key values, which underpin its delivery of the commitments in the Corporate Plan. The Department seeks to provide a professional and responsive service to its customers in an equitable way. It strives to be innovative and

dynamic and to continually improve as an organisation whilst motivating, developing and valuing its staff. Underpinning the work of the Department is its commitment to develop and manage a framework of employment rights, remedies and responsibilities to ensure that those in work are adequately protected.

Our Aim

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

Our Objectives

To promote economic, social and personal development through high quality learning, research and skills training; and to help people into employment and promote good employment practices.

CORPORATE GOVERNANCE AND ACCOUNTABILITY

The Department continues to build upon best practice within its Corporate Governance framework which is described in more detail in the following paragraphs.

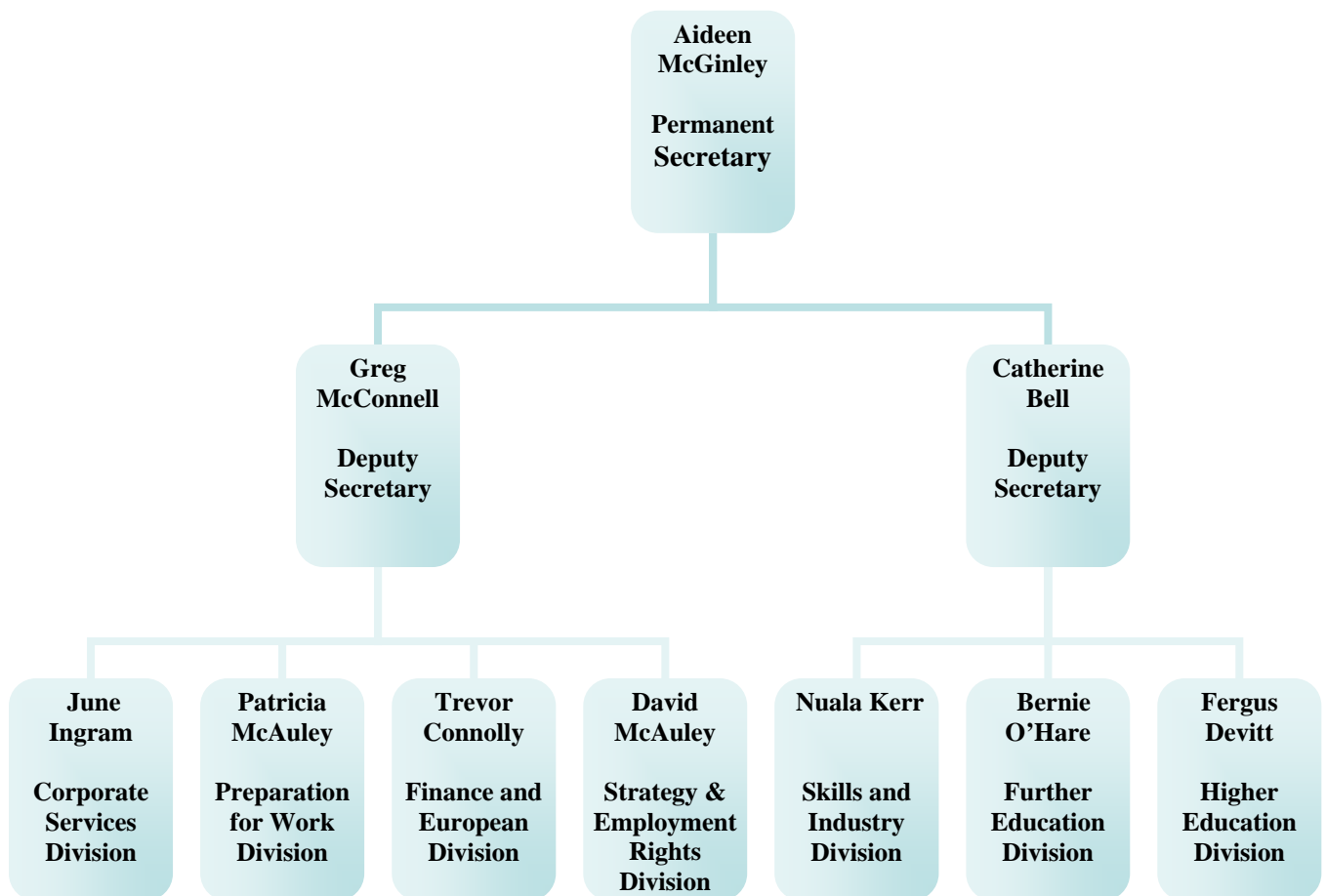
The Permanent Secretary and the Board

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

The Board is chaired by the Permanent Secretary and comprises the senior management team, an Assistant Chief Inspector of the Education and Training Inspectorate, Paul Mc Alister, and two non executive directors, Mr Fred Gray and Mr Bill McGinnis. The two independent non-executive members provide a constructive challenge function to the Board and both have considerable experience of working in the private sector, bringing with them a wide range of skills and talents.

The Department's activities are managed through the Senior Management Team:

Senior Management Team



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The Board supports the Accounting Officer and assists the Minister in developing policy, allocating resources and setting departmental targets. The Board meets each month to manage the work of the Department, considering key issues and engaging in short and long term planning. It also regularly reviews the Departmental risk register and assesses current spending levels against the overall Departmental budget.

Board meetings provide the opportunity for all the Senior Management Team to contribute to quality assurance of policy development across the Department, and add coherence to the Department's strategies by:

- setting the Department's agreed strategic aims and objectives standards and values;
- advising on the allocation of its financial and human resources to achieve those aims;
- reviewing and managing the use of Departmental resources and monitoring the achievement of performance objectives;
- assessing and managing risk using the Departmental Risk Register;
- leading and overseeing the process of change, encouraging creativity, innovation and quality.

Departmental Audit Committee

The Departmental Audit Committee operates as an advisory body to the Accounting Officer. Fred Gray chairs the Audit Committee which meets at least

three times a year to review audit work programmes and related assurance reports.

Representatives from the Northern Ireland Audit Office also attend meetings. The structure and membership of the Audit Committee has been reviewed to consider what changes are required in line with best practice as set out in DAO (DFP) 15/06. As a result of this review the Department has asked Mr McGinnis to join the Audit Committee.

Management of Arms Length Bodies

The Department provides funding to a number of Arms Length Bodies (ALBs) such as the Further Education Colleges, the Higher Education Institutions, the Education and Library Boards and its Non Departmental Public Bodies (NDPBs). These are the Construction Industry Training Board (CITB), the Labour Relations Agency (LRA) and Ulster Sheltered Employment Ltd. (USEL). A fourth NDPB, Enterprise Ulster (EU) ceased operations on the 30 June 2007.

In order to ensure appropriate governance arrangements are in place, dedicated sponsor branches monitor and provide guidance to the ALBs. The Department has written agreements in place with its ALBs which set out the respective roles and responsibilities of both parties. The Department receives annual assurance statements from each of its ALB's to confirm that the appropriate systems and controls are in place and are operating effectively within each organisation.

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Freedom of Information

The Freedom of Information Act came into effect in January 2005. During the period covered by this report the Department received 94 requests covering all aspects of its remit.

The requests can be categorised as 14% from staff, 17% from the media, 5% from

political representatives and 64% from the general public.

The policies and procedures regarding Freedom of Information have been modified continually in the light of experience to ensure that the Department meets its obligations under the Act.

**HIGHLIGHTS OF OUR SERVICE
IN 2007/08**

The Department's 4 key areas of activity are:-

- **enhancing the provision of learning and skills;**
- **increasing the level of research and development;**
- **helping people to acquire jobs;**
- **developing and maintaining the framework of employment rights and responsibilities.**

More details are in the Departmental Corporate Plan 2005-08.
(www.delni.gov.uk)

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

Enhancing the provision of learning and skill

Success through Skills

The people of Northern Ireland, and the skills they possess, are at the heart of delivering the dynamic and innovative economy envisaged by the Executive. Recognising this, the Department devised *Success through Skills* - the first overarching framework for the development of skills. It aims to increase productivity and prosperity by equipping people with the skills they need in an increasingly knowledge based economy.

In the past year, there have been a number of notable achievements arising out of the Strategy.

Workforce Development Forums

The Department has established a Skills Expert Group and six sub-regional Workforce Development Forums (WDF) to promote more effective employer engagement in the employment and skills systems. Considerable progress has been made over the last year and the Workforce Development Forum groups are now fully operational.

As the Skills Expert Group has the responsibility of advising the Department on the skills needs for all of Northern Ireland, so too the Workforce Development Forums have the added responsibility of ensuring that not only are local needs fully understood, but that local employment and skills solutions are available to match local conditions.

For example, the Northern Region Workforce Development Forum has identified significant shortages of Maintenance Engineers in its area. The need for additional engineers was immediate but it takes four years to train a

traditional apprentice. Together with Science, Engineering, Manufacturing Technologies Alliance (SEMTA), the Workforce Development Forum developed a two-year conversion course that will offer a Level 3 qualification. The programme will be delivered by the Northern Regional College.

Most of the groups have been up and running for a little over a year now and, in addition to their own local initiatives, they have made major contributions to a number of key policy documents including:

- the draft Programme for Government;
- the Further and Higher Education reviews;
- the Careers Strategy; and
- the Department's Corporate Plan.

The Department is committed to further developing this system of employer engagement across Northern Ireland to ensure a better understanding of the needs of employers, directly from employers themselves.

Future Skills Action Groups

Two priority sectors, Information and Communication Technology (ICT) and Financial Services, have been identified by the Skills Expert Group. In order to maximise the opportunities in these sectors, two action focused groups have been initiated, known as Future Skills Action Groups. These groups comprise all the relevant players in the sector and are charged with the identification of interventions which will provide the skills needs for the sector and maximise economic opportunities.

Information and Communication Technology Action Plan

Arising out of the Future Skills Action Group on Information and Communication Technology, a small team was set up in December 2007 to focus on the skills needs of the ICT sector. This team, working closely with colleagues in Invest NI, E-skills UK (the Sector Skills Council for IT and Telecoms) and Momentum (the Northern Ireland ICT Trade Federation) was tasked with developing and delivering a short term plan of action to support growth in this area.

It is anticipated that this work will complement other longer term, strategic initiatives being taken forward as part of the implementation of the Sector Skills Agreement for IT in Northern Ireland, published by E-Skills UK in February 2007.

Bridge to Employment

In the last year, the Bridge to Employment programme has continued to provide customised training courses to equip unemployed, in particular long term unemployed people, as well as those returning to the labour market, with the skills necessary to compete for new employment opportunities on an equal basis with others. In the last year, the programme has assisted 452 unemployed people to gain employment, representing a placement rate of 81% of all those who successfully complete the Bridge to Employment courses.

Sector Skills Agreements

Of the Sector Skills Councils (SSCs), seventeen out of twenty-five had completed Sector Skills Agreements by March 2008, with most of the remaining ones due to be completed by June of this year. The aim of each of the agreements is

to set out priorities and projects on a sectoral basis for skills in Northern Ireland. Projects are already in place for some sectors, such as a Skills Passport in the tourism and hospitality sector, a link to the National Skills Academy for Manufacturing and a new office in Belfast for Construction Skills.

Leading...to Success

In June 2007 the Department launched its new comprehensive management and leadership Strategy, Leading...to Success. The Strategy outlines the challenge facing Management and Leadership including, lack of engagement among local companies in management development activities, low skills expectations among employers and a lack of investment in training. The strategy develops these issues into a vision for the future and maps the actions required to deliver it.

A Project Board was formed in autumn 2007 which co-ordinates progress against the 16 Key Actions contained in the strategy.

Management Training

In line with Leading... to Success, the Department continues to play a leading role in raising awareness, and promoting world-class best practice in Management Development. During the year 435 managers participated in the Management and Leadership Development programme to improve their skills levels and obtain relevant qualifications through a suite of Management activities each attracting bursary support from the Department.

The Intro Programme has now completed its first year with an uptake of just over 100 graduate participants. Intro provides the key entry to management skills demanded by businesses, with industry encouraged to take the lead in developing

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management skills in new graduate employees.

The Management Analysis and Planning (MAP), programme, first offered as a management diagnostic, has received further development and now offers funding support to help employers to take forward identified management development measures with their staff.

Professional advisers produce an organisation-specific training and development report linked to the achievement of business objectives, while also signposting appropriate quality learning solutions. Around 100 organisations have engaged with the enhanced programme since its launch in September 2007.

Investors in People

During 2007/08 almost 200 employers made a Commitment to work towards recognition as Investors in People, representing a significant increase on last year's number. Northern Ireland now boasts its fourth Investors in People 'Champion' organisation. The Cedar Foundation achieved champion status having demonstrated exemplar business practice from their use of the Standard.

The Northern Ireland Investors in People Centre have also launched Investors in People Interactive – a brand new on-line facility designed to enable employers achieve the benefits of working with the Standard in their own time, at their own pace and with a wide range of support and guidance in the shape of case studies, short exercises and video clips. The facility is free and can be accessed at www.investorsinpeople.co.uk/interactive

The Department itself was successful in gaining reaccreditation of the standard.

Careers Information, Advice and Guidance

The Careers Service continues to provide impartial information, advice and guidance to an all age client base. A joint, all-age Careers Education, Information, Advice and Guidance (CEIAG) Strategy is being developed with the Department of Education. Following a consultation period the final CEIAG Strategy is due to be launched in summer 2008. The overall aim of the Strategy is to develop effective career decision makers, leading to increased participation in education, training and employment.

During 2007/08 professionally qualified Careers Advisers continued to offer a range of services in the majority of post primary schools. A total of 91,000 contacts with clients were undertaken during the year with young people in schools and engaged in training, the unemployed, adults, parents and support workers.

In addition, the Careers Service has developed Partnership Agreements with all Health and Social Care (HSC) Trusts. This involves a framework to address the career planning needs of young people leaving care. This very positive work aims to define the shared responsibilities of staff in the HSC Trusts and the Careers Service working with young people with a care background to ensure that they are actively supported to access and sustain appropriate career paths.

Training for Success

The Department's Training for Success provision was launched in September 2007. The new provision, which replaced Jobskills, was widely publicised and has attracted significant interest from young people and employers. In its first six months well over 5,500 young people were

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enrolled on the programme with over 90% satisfaction rates. The provision offers a wide spectrum of training with the flexibility to meet the needs of the individuals and employers alike.

Apprenticeship training remains a 'flag ship' provision for the Department. An important change this year has been the introduction of Level 2 Apprenticeships to complement the existing Level 3 Apprenticeships. Young apprentices will be in employment from day one and in excess of 2,500 apprentices have started this year.

Underpinning Training for Success will be the focus on quality and performance and following open tendering and procurement processes the Department contracted with 54 suppliers throughout Northern Ireland to deliver the Training for Success and Apprenticeship provision.

To ensure the development and future success of the provision the Department this year has undertaken an early review of Training for Success. This has been carried out with our key stakeholders and communication will continue throughout the life of the provision.

Success through Skills

The Northern Ireland Skills Strategy recognises the importance of understanding the demand for skills and identifying the opportunities for Northern Ireland in the global market place. It announced a Review of Labour Market Information (LMI) to determine how LMI could be used to understand better the demand for skills in Northern Ireland and improve the planning of education and training provision. The review report was published during February 2008. It demonstrates how reliable and accessible information on the labour market can help

individuals make more informed choices about which careers to pursue and the education and training routes to follow. It sets out the steps required to create a world class LMI system in Northern Ireland. The Department's Statisticians and Economists are working in tandem with a range of stakeholders to implement the recommendations of the review.

Success through Excellence, A Quality Improvement Strategy

The Department continues to implement its Quality Improvement Strategy, Success Through Excellence. A key aim of the Strategy is to raise further the quality and standards of provision among further education colleges and training providers by improving their capacity for continuous quality improvement through effective self-evaluation and improvement planning. To continue to drive up standards, the Department has engaged the Learning Skills Development Agency (Northern Ireland) (LSDA (NI)) to offer appropriate support to providers to improve the quality of their self-assessment processes. The grading of the annual self-evaluation reports and improvement plans by the Education and Training Inspectorate (Inspectorate) confirms a marked improvement in the ability of providers to carry out effective self-assessment. Almost all of the Jobskills and New Deal self-evaluation reports submitted for the year 2006-07 were awarded grades ranging from excellent to satisfactory with the providers who submitted reports judged less than satisfactory re-submitting improved versions. The Department continues to work with LSDA (NI) and the Inspectorate to strengthen these processes and this year will extend the requirement for the submission of self-evaluation reports and quality improvement plans to the Further Education colleges. The colleges will submit these documents as

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part of the college development planning process for the first time in 2008/09.

The Department also works closely with the LSDA (NI) to ensure that a range of relevant support and capacity building activities are provided to help improve the quality of provision. Focused post-inspection support is offered to providers to help them address identified areas of improvement. Over the last year, capacity building activities focused strongly on improving the quality of leadership and management.

All of these measures have contributed effectively to improving standards; over the last two years, the quality of provision has improved with most providers awarded inspection grades ranging from excellent to satisfactory. Provision that has been judged to be less than satisfactory is currently going through the post-inspection support process.

To further strengthen the quality of provision, the Department is currently working with the Lifelong Learning UK (LLUK) and the local universities to develop the skills of the workforce. A programme aimed at developing the teaching and training skills of part-time lecturers in further education and tutors in work-based learning providers will be piloted early next year.

C'Mon Over

In recognition of the increasingly constricting labour market, the Department launched its 'C'Mon Over' initiative aimed at encouraging people living outside Northern Ireland to consider Northern Ireland as a place to live and work. Following the Minister's visit to George Best Belfast City Airport in December 2007 to welcome people back home for Christmas, the Department took a stand at

the Edinburgh and Glasgow Graduate Recruitment Fairs in May 2008. Three private sector employers accompanied the Department on this trip to highlight the graduate employment opportunities available here.

In order to advertise these fairs and engage with our target audience, the Department launched a page on the social networking site, Facebook, in March 2008 for a 3 month trial period.

Annual Skills Conference

The 2nd Annual Northern Ireland Skills Conference took place on the 15th May 2007, in the Waterfront Hall. Over 260 people attended this conference including representatives from the further education and higher education sectors, training organisations, schools and local businesses.

Review of Success through Skills

The Department gave a commitment to review the Strategy after the first three years of its implementation. The recently published Programme for Government places achieving an innovative and dynamic economy at its heart and the Investment Strategy identifies skills as one of the six pillars needed to realise this goal. It is therefore particularly timely that we review the aims of the Strategy, its implementation and how the Strategy should contribute to the aims of the Programme for Government.

It is proposed that the Review will focus on four main themes: benefit realisation; the current and future shape of the economy; an assessment of the current *Success through Skills* projects; and an evaluation into the delivery of the programme in relation to issues like communications, employer engagement etc.

EUROPEAN PROGRAMMES

Building Sustainable Prosperity

The Department is responsible for the implementation of European Social Fund (ESF) Measures under Priority 2 (Employment) of the Programme for Building Sustainable Prosperity. ESF assistance of approximately £9.4m was provided to 72 projects, with 2,500 participants during 2007/08. These projects offer training to people disadvantaged from entering the labour market and those seeking further skills when in employment.

The Building Sustainable Prosperity Programme has run from July 2000 and ended during 2007/08. Cumulatively almost 61,500 annual participants have received training at various levels achieving 26,600 qualifications. Some 6,300 unemployed people, who have been trained under the programme, have entered employment.

Peace II

Under the Peace II programme the Department is accountable for ESF assistance of £74m which from 2000 to date supported a total of 364 projects mostly in the voluntary and community sectors. In 2007/2008 £6.5m was paid by the Department to the Special European Unit Programmes Body (SEUPB).

Equal Community Initiative Programme

The Department is responsible for the management and implementation of the EQUAL Community Initiative Programme, which tests and promotes new means of combating all forms of discrimination and inequalities in the labour market. European Social Fund assistance of £8.2m is supporting 19

Development Partnerships for the period 2000 – 2008. In 2006/2007 £1.1m was paid to 13 Development Partnerships.

A key feature of the EQUAL Programme in 2007/2008 was the organisation and hosting by the European Unit of an Exchange Event and Policy Forum focussing on the empowerment of beneficiaries. The Exchange Event was attended by 120 delegates from 21 member states and the Policy Forum attracted 130 representatives from 24 member states. Further details on these events can be found on www.equalni.org.

European Social Fund Paying Authority

As the European Social Fund Paying Authority for Northern Ireland during the course of the year the Department submitted five claims across three EU Programmes to the European Commission to the value of £58m. Receipts in respect of three claims for two Northern Ireland Departments to the value of £46m were received from the European Commission during the same period, for disbursement to the relevant Departments.

Northern Ireland European Social Fund Programme 2007-2013

The Northern Ireland European Social Fund Programme 2007-2013 was formally accepted by the European Commission in autumn 2007. The first call for project applications focused on activity to help people into sustainable employment was launched by the Minister, on 9 October 2007. When the call closed on 23 November 2007 the Department had received 86 completed applications from 79 organisations. Following scoring and selection, 76 applications (from 69 organisations) were listed as potentially successful. The selection process, including the economic appraisal and appeals procedures was completed by the

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end of March 2008 with project activity commencing thereafter. These 76 projects represent both a broad geographical range and target group spread across Northern Ireland. The Programme will provide 65% funding, made up of 40% ESF and a 25% contribution from the Department. The remaining 35% 'matched funding' is to be found by the project from other public sources.

European Social Fund Certifying Authority

The Department is the certifying authority for the Northern Ireland ESF programme 2007-2013 for which the European Commission have paid the programme advance amount of £6m.

FURTHER EDUCATION

Further education is at the heart of lifelong learning in Northern Ireland. It strengthens economic and workforce development, enhances social cohesion and develops the individual's skills through learning. Further education colleges deliver key elements of the Department's wider skills strategy. They also make a significant contribution to the delivery of the Northern Ireland Economic Vision, which identifies the importance of increasing the skills and qualifications of the Northern Ireland workforce at all levels.

Key achievements in further education during 2007/2008 are outlined briefly below.

FE College Restructuring

The re-structuring of the FE sector from 16 to 6 colleges is a key project to enable the effective delivery of other aspects of "*FE Means Business*", the further education strategy for Northern Ireland. The new colleges were established, on schedule, in August 2007, and this was a substantial

achievement by management and staff throughout the sector. The new structure will enhance colleges' ability to influence local and regional economic and workforce development, and will enable them to provide high quality services to individual learners, employers and communities in their areas.

Governance Issues

Governing bodies of further education colleges represent the highest level of decision-making, and are the ultimate authority within colleges. Their role is, in essence, to provide strategic guidance and to oversee all college activities, ensuring that they are managed effectively. Governing bodies also deal with appointment procedures for senior college staff, and ensure that similar procedures are in place for other staff members. Therefore, governing bodies play a central role in contributing to the effective delivery of further education in Northern Ireland.

Appointments to the six governing bodies of the six new colleges were made by the Minister on 1 August 2007 in the business, industrial and professional category of membership, and appointments in other categories have been made subsequently. The public competitions to appoint governors, which were monitored by the office of the Commissioner for Public Appointments under its good practice kite mark scheme.

It is vital that governors receive good quality training over their tenure, and during the year the majority of governors received induction training arranged by the Department. LSDA (NI) also provided specific training tailored to each individual governing body's needs.

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Further Education Estates

To meet the challenges set out for the sector, it is essential that the standard of accommodation is appropriate to meet the demands of a modern curriculum which has been developed to meet economic needs. During 2007/08, a total of £14m was invested in capital projects, both through conventional procurement and through Public Private Partnerships (PPP) contracting arrangements.

This year saw the signing of two major PPP contracts for the South Eastern Regional College. This key milestone enables full construction activity to commence at the Lisburn, Downpatrick, Ballynahinch and Newcastle campuses. This investment, with a capital value of £44m is the most significant development in the history of Further Education in the South Eastern region and the three year construction programme is targeted for completion in May 2011.

Also within the past 12 months, intensive negotiations have brought the Belfast Metropolitan College's prestigious Public Private Partnership proposal, for a single site development in Belfast's historic Titanic Quarter area, close to contract agreement. This exciting project will see a new flagship facility to replace the Brunswick Street and College Square East Campuses. With a capital value of £46m the target is to complete the contract negotiations by the summer of 2008.

Good progress has also been made on a number of conventionally procured projects. These include Belfast Metropolitan College's innovative Workforce and Economic Development Centre at Springvale, and major new facilities at the North West Regional College's Strand Road campus, the Bangor and Ards campuses of the South Eastern

Regional College, the Fermanagh campus of the South West College and the Newtownabbey campus of the Northern Regional College. These projects have a combined capital cost of around £70million.

Also in 2007/08, a total of £4.1m was invested to meet health and safety requirements, accessibility improvements for students with learning difficulties/disabilities and minor works programmes including capital equipment and ICT.

Essential Skills

During 2007/08, the Department set a target of achieving 10,500 Essential Skills qualifications. To date 10,300 qualifications have been achieved.

A pilot to deliver ICT as a third Essential Skill commenced in September 2007. The pilot has been expanded to accommodate a wider range of learning provision, including part-time learners and those from the voluntary, community and employed sectors. The pilot is currently underway in 29 organisations and involves over 600 learners. There are plans for a further extended ICT pilot during 2008/09, with a target of 4,000 qualifications in the Essential Skill of ICT by 2011.

An Essential Skills Learner of the Year event was held in April 2008 to celebrate learner achievements, and is set to become an annual event.

A new Public Service Agreement target has been set for the achievement of 38,000 qualifications in literacy and numeracy by March 2011. This will be a challenging target and, to help achieve it, Essential Skills will continue to be a priority area of activity for further education colleges over the next three years.

Economically Focused Curriculum

A public consultation on the curriculum to be provided by further education was carried out during 2007/08. Forty-three responses were received, including a response from the Department's Assembly Committee.

The consultation, which outlined policy proposals for college provision up to and including Level 3, focused on three broad themes. These were: curriculum provision in colleges to support the economy; curriculum provision in colleges to support social inclusion; and provision in colleges for 16 to 19 year old learners.

This was an important public consultation, which will inform college provision from the 2008/09 academic year onwards.

Reform of Vocational Qualifications

The UK Vocational Qualifications Reform Programme (VQRP) covers the four nations of the UK and is overseen by a main Programme Board working to a joint remit from Ministers across the UK. The broad scope of the programme is to bring about the reform of vocational qualifications across the four nations and to introduce a revised unit-based, credit rated qualifications framework for England, Wales and Northern Ireland which will be populated with these new qualifications. This area of reform supports the Northern Ireland Skills Strategy, and will provide a mechanism to recognise a wide range of learner achievements in a flexible and responsive manner.

The intention is to develop vocational qualifications in the UK which are:

- responsive, and therefore seen by employers as keeping pace with their skills needs;

- flexible, and therefore enable people to update their skills and keep them updated;
- understood by employers and individuals, resulting in transparency in the labour market;
- progression oriented, meaning that individuals can build their skills and qualifications over time, and use them to gain access to further learning and training opportunities; and
- inclusive, meaning that people can get credit for informal and non-formal learning as well as learning undertaken in more formal situations.

The ultimate goal of the VQRP, in England, Scotland, Wales and Northern Ireland is to contribute to a competitive and productive economy in which all people can further fulfil their potential. To achieve that goal, the VQRP will increase learning opportunities to ensure that employers have the right mix of skills to successfully support their businesses, and individuals have the skills they need to be employable and to participate in economic, social and civic life.

One of the key components of the Programme of work will be the introduction of the new Qualifications and Credit Framework (QCF). This new framework will enable a new unitised based system to operate. The QCF is currently under development and, subject to successful tests and trials, will replace the current National Qualifications Framework for vocational qualifications in England, Wales and Northern Ireland. The three countries are working together with the aim of agreeing a framework which meets each country's needs, and which aligns with existing UK frameworks, including the Scottish Credit and Qualifications Framework and the Credit and Qualifications Framework for Wales.

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As a part of the work on VQ Reform, the intention is to align the QCF with the emerging European Qualifications Framework. Therefore credit achieved in any one of the UK countries will be readily transferable within Europe, including the Republic of Ireland. The current programme of work plans to introduce a fully operational QCF from September 2008.

College Funding and Planning

New college development planning and funding processes were introduced for the 2007/08 academic year. Under the new approach, the Department agrees annual curriculum targets with colleges, for example in terms of the number and nature of student enrolments that colleges should aim to achieve. Colleges are then funded to deliver the agreed profile of enrolments. This process encourages and rewards the colleges to deliver the Department's strategic priorities for the sector.

Support for the Economy

During the year, the Department has been working closely with Invest NI to ensure the skills needs of the Northern Ireland economy are met. An interdepartmental Liaison Group ensures that the Department, Department for Enterprise, Trade and Investment and Invest NI agree common priorities, that co-operation takes place in the sphere of research and development, and that local liaison takes place between the Department, local councils and Invest NI's local offices on initiatives impacting on economic development and employability.

To support these objectives, the Department is also working with Invest NI to better define the role of the further education sector in encouraging and supporting foreign direct investment, as well as indigenous businesses. Areas of

progress include the Investment Appraisal Qualification (IAQ) being delivered by Belfast Metropolitan College, an on-going assignment commissioned by Invest NI to advise the further education sectors in supporting enterprise including the introduction of 'Go For It' Points of Presence within the sector, and future arrangements for other Invest NI business support services.

HIGHER EDUCATION

The primary aim of the Department's policy for Higher Education is to promote and sustain the development of an internationally competitive Higher Education sector, accessible to all who are able to benefit and which meets the needs of the Northern Ireland economy and wider society.

In support of the provision of Higher Education in Northern Ireland, the Department provides significant funding each year to the Queen's University of Belfast, the University of Ulster and to St Mary's and Stranmillis University Colleges.

Higher Education is also funded and delivered through the six Colleges of Further & Higher Education and through Open University Ireland. While the two main universities are autonomous bodies, with responsibility for how they make use of their funding, their allocations during 2007/08 were made in the context of the following aims:

- to enhance the universities' research capabilities and research quality;
- to support the universities in achieving long-term sustainability;
- to exploit fully the contribution which the universities can make to the economy and, in particular, to increase

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their responsiveness to the needs of business and the community;

- to increase participation and widen access, particularly from groups who are under-represented in higher education;
- to improve quality and standards of teaching and learning alongside promoting greater flexibility in delivery;
- to ensure effective governance of all the universities' affairs.

Widening Participation

The Department continues to provide funding for activities to widen participation in Higher Education for those students from disadvantaged backgrounds and students with learning difficulties and disabilities. These include premia paid to the higher education institutions and funding for projects including the Step Up initiative at the University of Ulster and the Discovering Queen's and Let's Work initiatives at Queen's University.

From September 2006, universities have been able to charge variable tuition fees. In academic year 2007/08 institutions can charge up to £3,070 a year. The maximum fee has been capped, apart from inflationary increases, until 2010. However, these fees may be deferred through a fee loan and repaid later on the basis of graduates' ability to pay rather than by the students or their families during their course of study.

The Department has been guided by two essential principles: first, that a larger share of the cost of higher education should fall to graduates as the direct beneficiaries of higher education; and, secondly, that a first rate system of higher education should continue to be available, in Northern Ireland, to all who are able to benefit.

However, the Department is committed to a formal review of variable fees which is planned to commence in academic year 2008/09. This will look particularly at participation by students from lower socio-economic groups, and consider the differential impact on Section 75 categories.

The Department recognises the need to ensure that financial help continues to be available for those students who need it most. In addition to the introduction of fee loans, the Department raised the levels of maintenance loan available and income assessed maintenance grants have increased from a maximum £2,000 to £3,200.

Furthermore, institutions charging higher fees are required to play their part in promoting access to those from lower income backgrounds by providing students with bursaries under an Access Agreement approved by the Department. In academic year 2006/07, Higher Education Institutions in Northern Ireland spent in excess of £2.8m on bursaries and an additional £733k in outreach activities.

In tandem with the changes from Academic Year 2006/07, the Department, in partnership with the Education and Library Boards and Student Loans Company (SLC), implemented a student finance modernisation programme. This continues to focus on improving efficiency, transparency and customer service through improved information, advice and guidance under the new "student financeni" brand; customer website; www.studentfinanceni.co.uk; and on-line applications.

Teacher Education

The Department, in partnership with the Department of Education, is finalising the

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Review of Teacher Education in Northern Ireland.

The Review sets the framework for the future policy development of Teacher Education in the post Education and Skills Authority landscape and the roles, functions and responsibilities of the stakeholders in providing continuity of

training and professional development for teachers.

The Review does not, of itself, set out Teacher Education policy. Rather, Teacher Education policy will be developed as we take forward actions to put the new framework for Teacher Education in place.

INCREASING THE LEVEL OF RESEARCH AND DEVELOPMENT

Recurrent Research Funding

The Department provides research funding for the Northern Ireland universities through a range of mechanisms to enable them to conduct research according to their own strategic priorities. The majority of year-on-year or recurrent funding is distributed by reference to quality, as assessed by performance in the most recent Research Assessment Exercise. This is known as Quality-related (QR) funding and is used to cover the essential costs necessary to carry out research.

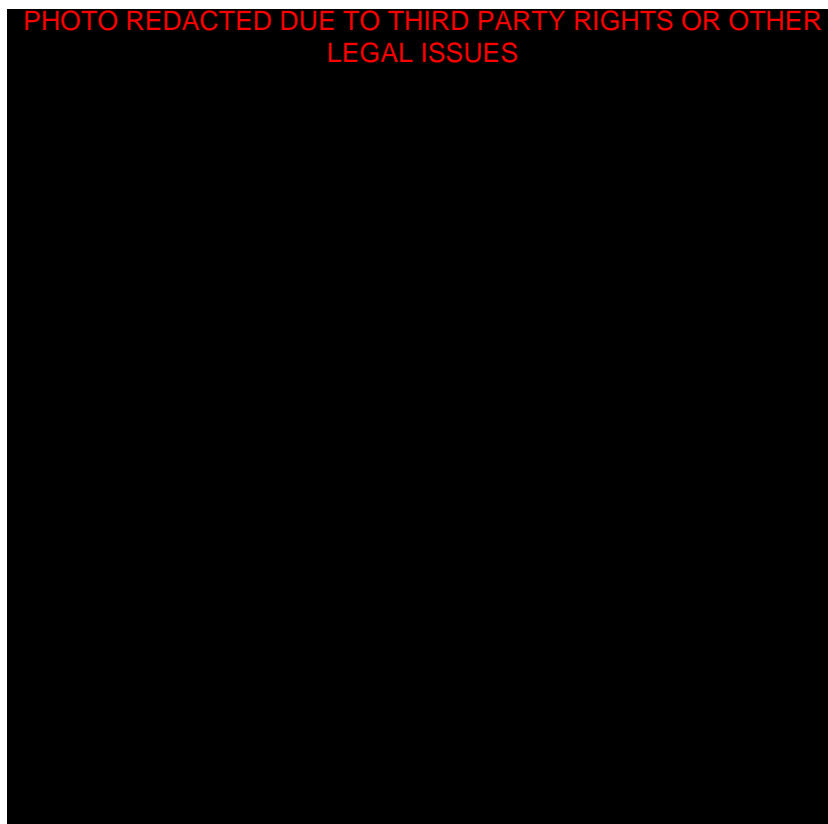
In 2007/08 a total of almost £47m in QR funding (including support for the supervision of postgraduate research students, as well as supplementing charities research income) was provided

by the Department to the two universities for research purposes.

Special Funding Initiatives

Throughout 2007/08, Departmental special initiatives such as the Support Programme for University Research (SPUR) and the Science Research Investment Fund (SRIF) continued to fund the Northern Ireland universities' research strategies, capacity and infrastructure.

One of the most notable achievements was the official opening of the new Centre for Rehabilitation Research at the University of Ulster's Jordanstown campus on the 27 February 2008.



Centre for Rehabilitation Research – University of Ulster, Jordanstown

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The £3.1m Centre supported via SRIF funding, a joint initiative between the Department and the Department for Innovation, Universities and Skills, will facilitate high quality multidisciplinary research in the Allied Health Professions, targeting enhanced patient care.

The centre is unique in the UK and Ireland because of its multidisciplinary ethos, with representatives from a range of health-care disciplines working together to achieve common goals. The centre also provides opportunities for participation in, and co-ordination of, multi-centre research both within and outside of Europe.

Queen's University opened its new £25 million Centre for Cancer Research and Cell Biology on 28 November 2007. Substantially supported by the Department through both the SPUR and SRIF initiatives, the new centre has over 300 clinical and basic researchers working to develop new avenues for the prevention, diagnosis and treatment of cancer and to relieve the human suffering of cancer by developing the highest quality cancer research programmes.

Together with the new Clinical Cancer Centre at Belfast City Hospital, this now makes Belfast one of Europe's leaders in the battle against cancer in the 21st century.

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Centre for Cancer Research and Cell Biology – Queens University, Belfast

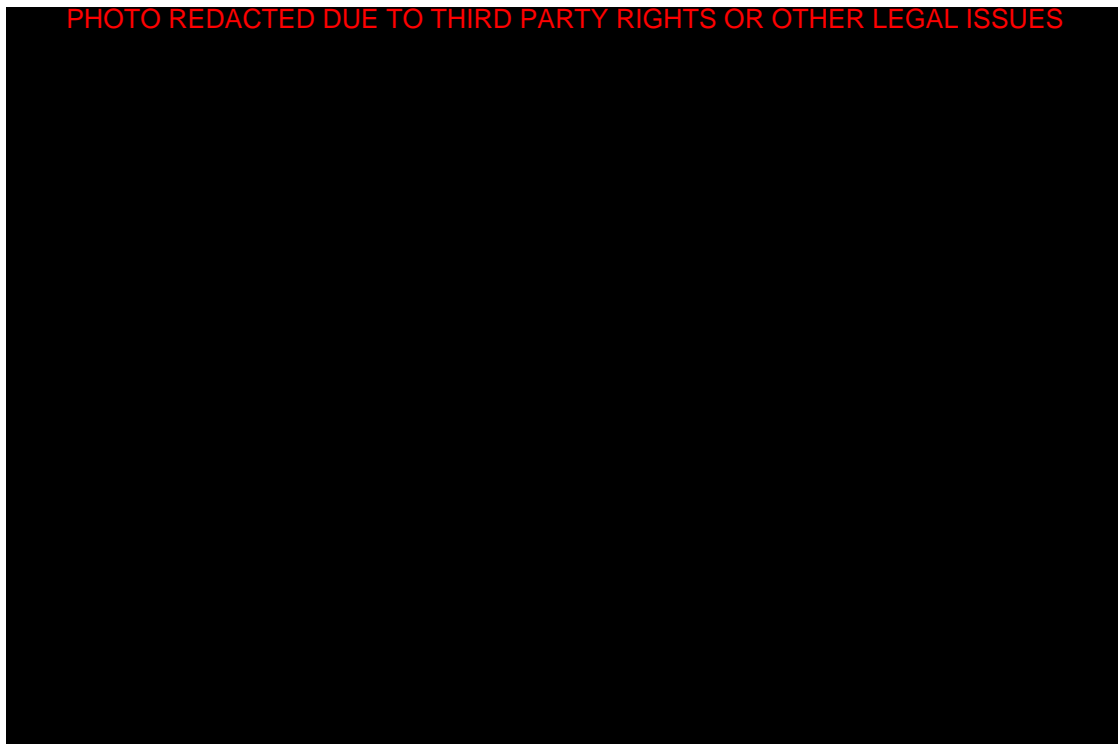
Promoting the Universities' Links with Business and the Community

The Department successfully launched the new “**Connected**” initiative to help businesses improve their performance by providing access to the broad portfolio of knowledge and technology support services across the Higher and Further Education sectors in Northern Ireland.

The programme, which is a collaboration between Queen’s University, the University of Ulster and the province’s six new Further Education Colleges, has already established five ground breaking sectoral initiatives, with an additional four at an advanced stage of negotiation or development. “**Connected**” is the first

Higher and Further Education knowledge transfer initiative of its kind in the UK and complements the existing Higher Education Innovation Fund (HEIF) under which the core knowledge transfer or “*Third Stream*” activities of the universities are supported.

HEIF was completely reviewed during 2007/08 to take account of the Northern Ireland Regional Innovation Strategy and the unique role of the universities within the local economy. As a result, HEIF funding is now allocated by formula, thus allowing for better forward planning and the retention of key Knowledge Transfer practitioners within the universities.



Left to right: Professor Bernie Hannigan (University of Ulster), John D’Arcy (Association of Northern Ireland Colleges), Sir Reg Empey (Minister for Employment and Learning) and Professor Gerry McCormac (Queen’s University) at the Connected Launch

HELPING PEOPLE TO ACQUIRE JOBS

New Deal

New Deal continued to be an effective programme with registered unemployment within the two main New Deal target groups (18 to 24 year olds unemployed for 6 months or more and those aged 25 or over unemployed for 18 months or more) reducing by 22% during the period (April 2007 to February 2008).

Within the latter group the greatest reduction was recorded among those aged 50 or over where registered unemployment fell by 42% during the same period. This follows the extension of the full range of New Deal assistance to this age group the previous year.

A report on 'Understanding why people return to the New Deals in Northern Ireland' published during the year provided broadly positive feedback regarding the programme. The report acknowledged that the Department was already moving towards the implementation of many of the recommendations, including a flexible menu of provision through the introduction of the 'Steps to Work' initiative.

Steps to Work

Steps to Work will encompass the New Deal programmes, (New Deal for 18 to 24 year olds, New Deal 25+, New Deal for Lone Parents and New Deal for Partners) and will also allow access to additional provision for a wider customer base.

It is readily recognised that the current centrally prescribed suite of New Deal programmes has been very successful in Northern Ireland. There is a weight of

evidence to suggest that since their introduction in 1998 they have made a significant contribution to the overall reduction in registered unemployment of 60%. Unemployment in the main New Deal target groups (18-24 and 25+) has fallen to 78% and 88% by February 2008. However, evaluation and research has indicated that we must look to address the wider range of multiple, and often complex, barriers faced by both those remaining unemployed or economically inactive.

In recognition of this, the Department is piloting a more flexible, menu-based, modular approach to adult back to work provision through delivery tailored to better target each individuals' barriers to employment. This new initiative, known as Steps to Work (StW), is aimed at all those who are unemployed and is also extended for the first time to other economically inactive groups not previously targeted for such assistance with the objective of increasing participants' prospects of employability. This includes Income Support (IS) and Incapacity Benefit (IB) claimants as well as Jobseeker's Allowance (JSA) claimants who have been receiving benefit for 3 months or more and those who are not in receipt of any benefit who are currently economically inactive who are looking for work.

The pilot was initially targeted at those clients in the 25 plus age group in four Jobs and Benefits offices (Limavady, Lisburn, Knockbreda and Shaftesbury Square). It was expanded to two additional offices (Carrickfergus and Magherafelt) on 28 January 2008 and subsequently extended to

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include the 18-24 year old age group from 25 February 2008.

A key feature of Steps to Work is personalised support and guidance from a trained adviser to draw up a plan to help the unemployed or economically inactive overcome the difficulties they face getting into employment. This support will provide, in a flexible way, the opportunity to gain a work related qualification, meaningful and relevant experience of the work place through high quality job placements, assistance with improving essential skills, or if required, help with developing the skills needed to search for a job.

An interim evaluation of the pilot commenced in March 2008 which will inform plans to roll out Steps to Work to all Jobs and Benefits offices/Jobcentres from 1 September 2008, subject to availability of resources.

Strategic Dialogue with Disability Sector

The Department has responded to the report prepared by the Disability Liaison Group on the programmes and services operated by the Disablement Advisory Service. New Terms of Reference have been drawn up for the Disability Liaison Group and the Disablement Advisory Service will continue to work with the group on agreed recommendations from the report and to discuss further those recommendations that have not been fully agreed. The Disability Liaison Group have agreed to the Department's request to establish a group to carry out a review focused on the needs of people with disabilities in the context of the *Training for Success* provision, highlighting any areas to be addressed.

Employer Engagement

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

Focused formal employer engagement planning arrangements ensure employer contacts are managed in a co-ordinated, consistent and targeted manner. Supported by Employer Contact Managers, dedicated to proactively engage with employers, the Department is providing an improved service to employers resulting in an increase in the job opportunities available to priority client jobseekers. More and more employers are making use of the Employers online website, which allows them to notify and manage their job vacancies electronically. In fact, 33% of all the job vacancies attracted by the Department during 2007/08 (i.e. 17,563 out of the 51,920 total) were notified through this medium.

The Employment Service met its ambitious Employer Satisfaction Target yet again in 2007. In October 881 across the province participated in a Northern Ireland Statistics and Research Agency (NISRA) – led telephone survey, with 88% of employers surveyed stating that they were satisfied or

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very satisfied with the service they received from the Employment Service.

Notable successes during the year include the innovative Jobs Take Away events held across Northern Ireland. These events brought together hundreds of job seekers and employers, many of whom were able to offer job starts on the day. Feedback from all of the recruitment exercises has been extremely positive. The Department is confident that the service and support given to employers will result in significant repeat business.

Local Employment Intermediary Service (LEMIS)

Introduced in April 2007 following the end of the 'Targeted Initiatives' and 'Local Intermediary Service' pilots, LEMIS is a new community-based job-focused measure providing on-the-ground assistance to severely disadvantaged clients. The Service aims to help participants identify, address and overcome hurdles in the way of them finding and keeping a job. LEMIS is available in Belfast, Londonderry and Strabane and complements, but is independent of, the statutory employment services. Since its launch, the Service has been attracting increasing numbers of clients due it seems, to local accessibility to professional mentors who have extensive knowledge of their area and the labour market. The eight locations where the Service exists are all actively supported by local Stakeholder Forums.

LEMIS has made steady progress during its first full operating year with in excess of 1,600 participants coming forward. Of this number:

- 364 (23%) subsequently moved into employment. This represents some 42% of all leavers from the service;
- 168 of those finding work (46%), remained in the job for at least 13 weeks;
- and of those, 66 (18% of those registering for the service), were still working after 26 weeks;
- a further 40 clients moved onto other Department programmes.

Championing the Service, Sophia, a single mother of one from the North West made contact with the local LEMIS service (operating as "Job Assist") through a newspaper advertisement.

"I was seeking employment and that's where I came across an ad for Job Assist in my local paper. I felt caught in the benefits trap and was sure I couldn't afford to work. I telephoned Job Assist, arranged to meet up for a chat. After being put at my ease, my Job Assist Adviser did a 'Better Off In Work' calculation, to prove that work was an option for me. Now there was no stopping me, I took all the help available, brushed up on my interview skills and got advice on childcare. I now find myself in a job in banqueting at the Everglades Hotel which I enjoy immensely."

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Sophia in the banqueting room with Shauna, her LEMIS mentor

LEMIS has worked for many long-term unemployed clients during the past year. Another lady from North Belfast was on Incapacity Benefit for a number of years and, as a result, her self-confidence and motivation were at an all-time low but she really wanted to return to work as soon as possible.

On joining LEMIS she and her Mentor discussed her educational background, experience and capabilities and agreed an action plan to help her find the right job. Jobsearch activities such as Curriculum Vitae development were a key part of the support package and her efforts paid off when she found a permanent job with a local employer.

Walsh Visa Programme

The US Government's Irish Peace Process Cultural and Training Program Act of 1998, sponsored by Congressman Jim Walsh and known as the Walsh Visa Programme (WVP) is due to end in September 2008. During its relatively short lifetime of 7 years, a total of 1036 unemployed people, aged 18-35 from Northern Ireland and the border counties of Ireland have had an opportunity to live and work in the United States through the unique Q2 visa created specifically for this purpose. A final evaluation of the Programme recently concluded that it had been a successful and cost effective measure that had helped many participants from a diverse range of backgrounds to return to a job or training/further study following their experience in the US.

A final Inter-governmental meeting involving the main stakeholders i.e. the Department, Foras Aisenna Saothair (FAS) and the US Department of State took place in April 2008 to discuss the Evaluation Report and to bring the Programme to a formal conclusion.

progress2work (NI)

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

Initially it was planned to run the pilot until March 2007. However, following the completion of an interim evaluation that provided some positive indications for continuing evaluation, contracts were extended through to August 2008. The

intention is to bring the contractual cycle into line with that of wider Departmental provision. Options for the future delivery of these services are currently being considered.

Pathways to Work (Incapacity Benefit Reform)

Pathways to Work Pilots, similar to those operating in Great Britain since 2003, were introduced in Northern Ireland in October 2005. The Pathways service will be extended to the whole of Northern Ireland by April 2008 in advance of the introduction of the Employment and Support Allowance that will replace Incapacity Benefit and Income Support payable for reasons of incapacity or disability later this year.

Pathways to Work is a new programme for helping people with health problems or disabilities into work. New incapacity benefit claimants are required to attend up to 6 work-focused interviews during the first 6 months of their claim. At these interviews the role of the specially trained Pathways Personal Adviser is to work with the client to identify any barriers to work, and provide them with individually tailored advice and support and agree an Action Plan to help the client move into work.

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

- a Return to Work Credit of £40 per week, for one year, for anyone leaving incapacity benefit for paid work of at least 16 hours a week where the earnings are less than £15,000 per annum;
- access to the Adviser Discretion Fund which can provide up to £300 to spend

on anything that will help the client obtain a job, or if offered a job, accept it;

- a Condition Management Programme which will run in partnership with the health service offers clients short courses to help them gain a better understanding of their health condition and how to manage it safely in a work environment;
- by gaining strategies for managing their condition and exploring the health benefits of working, the client should feel more confident about seeking work and the prospect of remaining in work;
- through the short course, the client should also be able to recognise the early signs of a relapse or worsening of the condition and will be in a better position to seek help or reasonable workplace adjustments.

Although the series of interviews is mandatory, the Pathways Personal Adviser has the discretion to waive or defer them if appropriate. All the choices on offer are entirely voluntary and clients are not put under pressure to participate in any of the options or forced into work. Early indications from the Pilots in Great Britain suggest that Pathways has been effective in helping people with health conditions and disabilities find and remain in work.

The Pathways service is currently available to 80% of annual new and repeat benefit claimants. Early evidence suggests that Pathways is having a significant impact in reducing long-term benefit dependency and in re-engaging people with work. Increases in off-flow from benefit of 10 to 12 % measured after six months of a claim have been achieved and up to 2 to 3 times more job entries have been achieved by offices offering the service compared to those that do not.

Pathways to Work for Lone parents

Building on the success of Pathways to Work for people with health conditions and disabilities the Department is piloting similar provision for the lone parent client group. No additional conditionality has been attached to benefit payment, rather, specially trained Personal Advisers encourage lone parents to agree to trail a range of options designed to help them to find and retain work.

In addition to existing provision such as New Deal for Lone Parents, a range of new options is available including,

- a Return to Work Credit of £40 per week, for one year, for anyone leaving benefit for paid work of at least 16 hours a week where the earnings are less than £15,000 per annum;
- access to the Adviser Discretion Fund which can provide up to £300 to spend on anything that will help the client obtain a job, or if offered a job, accept it;
- a Work Preparation Programme which will help clients gain a better understanding of the range of barriers to work that may affect them and help them to develop strategies to manage these in a work environment.

The Department seconded experts in dealing with lone parents and the issues they face to help develop and implement this project.

European Employment Service (EURES)

2007 was proclaimed 'European Year of Equal Opportunities for All' by the European Commission. Key objectives were to raise awareness and exchange good practice on equality for all as well as to promote the mobility of labour throughout all member states.

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Throughout the year, EURES visited Jobcentres/Jobs and Benefits Offices to promote employment opportunities in other member states to local jobseekers, hence promoting equal opportunities for all. Presentations on EURES services were given to Departmental staff along with practical demonstrations on how to access jobs in Europe via our jobpoints.

EURES welcomed visitors and hosted fact-finding missions from 6 other EEA countries: Czech Republic, Poland, Austria, Hungary, France and Malta.

EURES attended job fairs in Northern Ireland, Republic of Ireland and other European member states as well as Northern Ireland universities to promote workers' mobility, employment opportunities, and to promote the European Year of Equal Opportunity for All.

Employment Service Delivery Model

Preparation for Work Division of the Department initiated a project which aims to introduce a new Adviser delivery model in all Jobs and Benefits offices within the network. It is envisaged that the new structure proposed will provide more flexibility for frontline staff and give a greater emphasis on support for all clients, especially those furthest from the labour market. The project is an integral element of the Modernisation of the Employment Service which encompasses changes in approach with the menu-based approach and extension of the client base and provision available.

The new model is being tested in four Jobs and Benefits offices (namely Knockbreda, Limavady, Lisburn and Conor Buildings) from 2 April 2007. The pilot includes the development of a cadre of advisers appropriately trained and skilled to meet the full range of clients' needs.

Developing and maintaining the framework of employment rights and responsibilities.

Employment relations, rights, responsibilities and remedies

The Department recognises that to ensure Northern Ireland's continued economic success, it is vital that we maintain an employment relations culture that supports positive employer-employee engagement, upholding the rights and responsibilities of all and ensuring that effective modes of redress are available where conflict does arise.

Labour Relations Agency

The Labour Relations Agency was established in 1976 as a Non-Departmental Public Body with responsibility for promoting the improvement of employment relations in Northern Ireland. The Agency is independent of Government and is funded mainly in the form of a grant from the Department of £3.2m in 2007/08. In 07/08 the Agency hosted advisory workshops, assisting organisations develop good practice in employment policies and procedures and providing good practice seminars. It continues to provide an enquiry service. The Agency also provides a conciliation service to individuals and employers and contributed greatly to settling many of the complaints received at tribunal without the need for a formal hearing. Full details are contained in the Agency's Annual Report and Accounts.

The Northern Ireland Certification Officer

The Northern Ireland Certification Officer (CO) has a semi-judicial role to deal with complaints made against trade unions and employers associations by their members. He also has statutory functions in relations to the monitoring of trade unions and employers associations.

The CO is a part-time post appointed and funded by the Department under the Industrial Relations (NI) Order 1992. The

Order also requires the CO to produce an annual report of his activities.

Redundancy Payments Service (RPS)

Under the Employment Rights (Northern Ireland) Order 1996 the Department administers the statutory Redundancy Scheme. Employment Rights legislation provides a statutory entitlement for employees who are made redundant to receive certain types of payments from the National Insurance Fund where their employer has not made such payments. In almost 100% of cases, this occurs where the employer has become bankrupt or insolvent.

Employees with more than 2 years service are statutorily entitled to a lump sum from their employer, based on their age, length of service and contractual earnings up to a maximum limit which is reviewed annually. In 07/08 the RPS paid in excess of £1.9m from the Northern Ireland National Insurance Fund while in excess of £1.0m was recovered from the assets of solvent/insolvent employers. In addition, almost £1.8m was written-off the debt to the National Insurance Fund as irrecoverable.

Office of the Industrial Tribunals and the Fair Employment Tribunal (OITFET)

The Industrial Tribunals and the Fair Employment Tribunal are independent judicial bodies set up to hear and resolve certain matters of dispute in the employment field. They deal with specific complaints and appeals together with the determination of certain disputes and

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questions relating to compensation delegated to them. The Office of the Industrial Tribunals and the Fair Employment Tribunal provides administrative support to the Tribunals. The judicial and administrative functions of OITFET are funded by the Department and in 2007/08 this funding amounted to £3.6m. Full details of the Tribunals' activities are contained in their Annual Report.

Industrial Court

The Industrial Court is a Tribunal Non-Departmental Public Body with statutory powers. Its main function is to adjudicate on applications relating to statutory recognition and derecognition of trade unions for collective bargaining purposes, where this cannot be agreed voluntarily. It also has a statutory power in relation to determining disputes between trade unions and employers over the disclosure of information for collective bargaining purposes. In addition, it has responsibility for dealing with complaints under a range of legislation deriving from European Directives, which provide employees with information and consultation rights at national and European level.

The Court is independent of the Department but the Department does provide it with a Secretariat to support its work. Details of the work of the Court can be found on its website, www.industrialcourt.gov.uk

Employment law

The Department has continued to maintain and develop the Northern Ireland framework of employment law. Significant developments of the year included:

Increase in Holiday Entitlement: The Department amended working time legislation to increase workers' annual minimum holiday entitlement from 4 weeks to 5.6 weeks. This equates to an increase of 8 days for those who work 5 days per week (pro-rata for part-time workers). The statutory entitlement is capped at 28 days.

The increase is being implemented in two phases: from 4 weeks to 4.8 weeks from 1 October 2007, and from 4.8 weeks to 5.6 weeks from 1 April 2009.

Regulation of the Private Recruitment Sector: In February the Assembly affirmed the Conduct of Employment Agencies and Employment Businesses (Amendment) Regulations (Northern Ireland) 2008. These Regulations, which came into operation on 6 April 2008, are designed to protect vulnerable work-seekers and are highly targeted at specific agencies and businesses either operating in particular sectors (the supply of drivers and entertainment / modelling work) or behaving in particular ways (offering services or loans). Detailed guidance on the new Regulations was placed on the Department's website. New guidance for users of the modelling and entertainment sector and the driver hire sector is currently being produced.

The Department's new Employment Agency Inspector commenced work in October 2007 and by 31 March 2008 had completed 39 inspections. The Inspector has also investigated one complaint. Due to the large anticipated workload in this area, a second inspector will be appointed shortly.

Information and Consultation of Employees: The implementation of the Information and Consultation of Employees Regulations (NI) 2005 was

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completed in April 2008 when they were extended to undertakings with at least 50 employees. Previously the Regulations had included undertakings with at least 100 employees.

Under the Regulations employees have the right to be informed on recent and probable development of business activities and economic situation; informed and consulted on the situation, structure and probable development of employment within the business; and informed and consulted with a view to reaching agreement on decisions likely to lead to substantial changes in work organisation or in contractual relations.

In advance of the extension of the Regulations, the Department issued updated summary guidance to 1,400 affected businesses. There is also detailed guidance on the Department's website.

Resolving Workplace Disputes: February 2008 saw the commencement of a review of systems for dealing with disputes between individuals and their employers (or colleagues) in the workplace. Currently, as a minimum, the law requires the complainant to put the problem in writing before meeting with the other party to discuss it. An appeal stage is also built into the process. Where this fails to resolve the problem, the Labour Relations Agency's trained conciliators can assist the parties to reach agreement. Where other avenues fail, an industrial tribunal or the Fair Employment Tribunal can provide a legal decision on the matter.

The dispute resolution review will look in depth at these systems and ask whether and how improvements can be made. Already, initial discussions with key stakeholders have yielded useful feedback and it has been agreed that a consultation steering group, consisting of organisations

having a significant involvement in these matters, will help develop a full public consultation, planned for autumn 2008.

Employment Rights Guidance

The Department continued to produce a wide range of guidance on employment law issues. In addition to maintaining its Employment Rights series of detailed booklets, a summary guide, *Your Rights at Work*, was published in June 2007. It was made available in English, Polish, Lithuanian, Portuguese and Cantonese. The Department also worked with the Department for Business, Enterprise and Regulatory Reform to produce guidance for intending migrant workers to be distributed to them before they leave their home countries.

In addition, the Department brought into operation 8 Statutory Rules and published a range of employment related guidance and information booklets.

Migrant Workers

Under this Department's leadership the Racial Equality Forum's Migrant Workers Thematic Sub-Group with membership of almost 50 members - representing most Northern Ireland Government Departments, relevant UK Departments and key statutory and non-governmental organisations - met on 4 occasions.

A review of the draft Migrant Workers Strategy for Northern Ireland and its draft Action Plan was undertaken in accordance with the annual requirement.

The updated Action Plan records significant progress, made by four working groups which were established in June 2007 to advance activities in each of its four key themes:

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Employment Inspection and Enforcement: Relationships have been established, not only amongst relevant Northern Ireland Employment Inspection and Enforcement bodies but also with UK and Republic of Ireland departments and agencies with similar roles and responsibilities, to develop a platform for potential information sharing and to benchmark approaches.

Information: Individual member organisations have produced a variety of guides and leaflets available in various languages. A comprehensive 'Your Rights in Northern Ireland' booklet has been published, with a second edition due for issue.

Developing Best Practice: Thirteen key Best Practice Principles have been developed, against which potential new best practice information, services and systems should be designed and/or existing examples can be assessed. A Welcome Pack template has also been created which aims to achieve consistency in the range of topics covered at both central and local levels.

A Best Practice Project Plan has been drawn up for development of further best practice models, including Interpretation/Translation Standards, Foreign Qualifications Equivalents, Migrant Worker Awareness Training for Staff and Events.

Research and Data Gathering: Questions on public attitudes to and perceptions of migrant workers were included in the Northern Ireland Omnibus Survey and the Northern Ireland Life and Times Survey and have been published on the Department's website.

A survey of migrant workers in Northern Ireland, covering their experiences in

employment and settling into Northern Ireland plus indications of their intentions, has been commissioned.

Valuable contributions are being made by many Thematic Sub-Group and Working Group representatives to ensure that the employment related needs of migrant workers and those who employ and advise them are met effectively through provision of appropriate information and advice, and by ensuring that associated state and non-state services and systems are effective, complementary and fit for purpose.

Equality, Good Relations and Cross-Cutting Themes

The Department continues to give priority to promoting equality of opportunity and to good relations, and ensuring fair and inclusive delivery of its programmes and services. Much of what the Department does addresses the needs of those who are most disadvantaged in society and ensuring that we fulfil our equality and good relations commitments will continue to be an important aspect of Governance throughout the period of the Corporate Plan 2008 to 2011. The Department continues to integrate all aspects of equality, and other policy proofing considerations, into its policy and decision making processes. The Department has a strong tradition of mainstreaming equality and continues to ensure that equality factors are taken into account as it considers the development of new and existing policies

The Department will ensure that the promotion of equality and good relations is given priority in the development of its policies and in the delivery of its programmes and services. The Department will also continue to ensure that the necessary levels of awareness, training and guidance are provided in

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order to continue to mainstream equality effectively into policy and programme development.

The Department has also played a full and active part across a wide range of inter-Departmental groups and other fora. These have addressed many of the key cross-

cutting themes, for example on sustainable development, alcohol and drug abuse and children and young people which are particularly significant at this time. The Department will sustain its commitment wherever and whenever it can make a positive contribution.

Other Activity

Skills and Science Funding Package

The Department acts as the co-ordinating function for the cross-Departmental funding package.

Theme 1 – Preparation of Young People for the Future

1. Vocational Enhancement Programme - 12099 pupils and 396 young people were involved in VEP in 2007/08.

2. Fast Track To – 2 projects ran during 2007/08 - UK Careers Academy and GCSE Into Employment.

3. Entrepreneurship and Education Initiative – the target of 47,000 achievers in the Young Enterprise Northern Ireland programme was exceeded as a figure of 66419 achievers was reached.

4. Business Education Initiative – In 2007/08 Sentinus exceeded their target of 50,510 participating pupils by achieving a figure of 59,022. 897 schools participated in the various programmes.

5. The Appliance of Science: Events and Workshops for Young People in 2007/08 a total of 23,452 young people participated in this programme. This exceeded all expectations and targets.

Theme 2 – Exploitation of Research

6. Commercialisation of Research Skills – A new centre of excellence was opened in May 2007 at the University of Ulster and it is now generating commercial income.

7. Broadband Content Initiative – The Northern Ireland digital hub was established in August 2007 and this is attracting a lot of interest from the USA. A

database of 395 potential buyers, influencers and investors has been created. One project, "Stream On" has already announced a deal with Panasonic. Other projects like "Awash on the Web" are also reporting considerable commercial activity.

8. MATRIX – The Matrix Panel (formerly the Northern Ireland Science Industry Panel) recently held it's sixth plenary and they have accepted the draft Technologies Capabilities Study report. Matrix are now producing a newsletter and it is also on target to produce a prioritised list of science and research issues of particular relevance to the Northern Ireland economy, together with a proposed means of progression.

9. Specialist short-courses for Northern Ireland Agri-Food Industry – 17 planned courses have now been delivered.

Theme 3 – Support for people getting back to Work

10. Pathways to Work Incapacity Benefit Reform. 1396 people have been moved into work. Increased Benefit off-flows of 8 -10% are being achieved.

11. Pathways for Lone Parents (New Deal+). 130 Lone Parents have been helped into work so far.

12. Targeting the economically inactive (Older People - New Deal 25+). 1359 participants have left the gateway programme - 42% of them have moved to the New Deal Options Provision and 10% have moved to unsubsidised employment.

13. Hands that Talk. Two full time language tutors and a part time Information Communication and Technology tutor/technicians have been

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funded to assist innovative work with the deaf community.

The Department's input into the Budget 2008-11, Programme for Government and Investment Strategy

During the year 2007-2008, the Executive set out its Programme for Government, and Investment Strategy and Budget for the period 2008 to 2011.

The budgetary outcome for the Department is detailed at page 72 of the Budget document and page 12 of the Investment Strategy (both: www.pfgbudgetni.gov.uk). In addition the Department secured £40.1m of the Funding for Innovation monies available (see page 50 of the Budget document).

The Department is involved in over half of the 23 Public Service Agreements and is the lead Department for Public Service Agreement 2: Skills for Prosperity and Public Service Agreement 3: Increasing Employment.

Re- accreditation of the Department as an Investor in People

In September 2007, the Department was reassessed against the Investors in People standard. The feedback to the Department was very positive, resulting in the achievement of re-recognition against the requirements of the Investors in People standard. Areas of strength included: communications, capability of managers,

commitment and involvement in the business and opportunities for people to learn and develop. The main area for development is evaluation of the benefits we have achieved from our investment in training and development. Work to improve in this area, and to maintain the standard will feature in the 2008-2009 business plan.

Balanced Scorecard

During 2007/08 the Department introduced and implemented the Balanced Scorecard approach to Business Planning. The Departmental Scorecard sets out the Department's strategic objectives for the year to March 2008 and is divided into four quadrants entitled Customers; Organisation Learning and Growth; Processes and Results. The benefits of the Balanced Scorecard methodology include the ability to manage change; helping us to better align Divisional, Branch and individual goals with the Department's overall strategy; and better performance measures at all levels.

Under the direction of the Permanent Secretary, the Balanced Scorecard has been cascaded across the entire Department, at divisional and individual branch level. As part of Departmental monitoring the Departmental Board reports against the Balanced Scorecard targets on a quarterly basis and the results are shown at Annex A.

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POST BALANCE SHEET EVENTS

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

MANAGEMENT

Minister

Between 1 April 2007 and 7 May 2007 the Department for Employment and Learning was under the direction and control of Maria Eagle MP. From 8 May 2007 the Department for Employment and Learning was under the control of Sir Reg Empey.

Permanent Head of the Department and the Management Board

The Permanent Secretary of the Department is Dr Aideen McGinley.

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

Mr Greg McConnell

Mrs Catherine Bell

Mrs Nuala Kerr

Mrs Patricia McAuley

Mr Trevor Connolly

Mr David McAuley^{*1}

Mrs Bernie O'Hare

Ms June Ingram

Mrs Siobhan Logue (retired 27 August 2007)^{*2}

Mr Daragh Shields (retired 1 August 2007)

Dr Maureen Bennett (retired 1 June 2007)

Mr Fergus Devitt (appointed 1 August 2007)

Mr Paul McAlister (appointed 1 August 2007)

Ms Lucy Martin

Mr Martin McCourt (Board Secretary)

^{*1} Having served on the Management Board for the whole of the 2007/08 financial year, David McAuley retired as of 7 April 2008

^{*2} Siobhan Logue was retired from the Departmental Board on the cessation of her role as Acting Assistant Secretary Higher Education

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Non-executive Board Members

Mr Bill McGinnis

Mr Fred Gray

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

Expenses for Non-executive Board Members

Total fees and expenses of £18,335.96 were paid in respect of the Departments Non-Executive Directors.

PUBLIC INTEREST AND OTHER

Departmental Reporting Cycle

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

Disabled persons

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

Equal opportunities

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

Payment of suppliers

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

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

In the year ended 31 March 2008, 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. The Auditor has not received payment or fees for any non audit services.

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As Accounting Officer I can confirm that:

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

Departmental Remuneration Report

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

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

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

Service Contracts

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

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

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

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Minister.

Ministerial Salaries

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

From 8 May 2007 the Department for Employment and Learning was under the control of Sir Reg Empey. His Ministerial salary and allowances were paid by the Northern Ireland Assembly and have therefore been treated as a notional cost in these resource accounts. Details of his Ministerial salary, allowances and other benefits are given above. These amounts do not include costs relating to the Minister's role as MLA/MP/MEP which are disclosed elsewhere.

Remuneration

Minister	Salary £000	2007-08		2006-07	
		Benefits in kind To nearest £100	Salary £000	Benefits in kind To nearest £100	Salary £000
Sir Reg Empey <i>Minister for Employment and Learning</i>	30-35 (40-45 full year equivalent)	-	-	-	-

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.

Ministerial pensions

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

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Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Retail Price Index. Ministers pay contributions of 6% of their Ministerial salary. There is also an employer contribution paid by the Consolidated Fund representing the balance of cost. This is currently 22.6% of the Ministerial salary.

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

Pension Benefits

Minister	Real increase in pension at age 65	Accrued Pension at age 65 at 31/03/08	CETV at 31/03/08	CETV at 08/05/07	Real increase in CETV
	£000	£000	£000	£000	£000
Sir Reg Empey <i>Minister for Employment and Learning</i>	0-2.5	0-5	49	35	8

The Cash Equivalent Transfer Value

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The real increase in the value of the CETV

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

Salary and Pension Entitlements

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

Salary

'Salary' includes gross salary; performance pay or bonuses and any other allowance, such as London Weighting Allowances, to the extent that it is subject to UK taxation. This report is based on payments made by the Department and thus recorded in these accounts.

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Remuneration

Officials	2007-08		2006-07	
	Salary £000	Benefits in kind To nearest £100	Salary £000	Benefits in kind To nearest £100
Aideen McGinley <i>Permanent Secretary</i>	115-120	-	110-115	-
Mr Greg McConnell <i>Deputy Secretary</i>	95-100	-	80 - 85 (90 - 95 full year equivalent)	-
Catherine Bell <i>Deputy Secretary</i>	90-95	-	85 - 90	-
Patricia McAuley <i>Assistant Secretary Preparation for Work</i>	65-70	-	65 - 70	-
David McAuley <i>Assistant Secretary Strategy and Employment Rights</i>	75-80	-	70 - 75	-
Bernie O'Hare <i>Assistant Secretary Further Education</i>	70-75	-	65 - 70	-
June Ingram <i>Assistant Secretary Corporate Services</i>	65-70	-	60 - 65	-
Nuala Kerr <i>Assistant Secretary Skills and Industry</i>	65-70	-	60 - 65	-
Trevor Connolly <i>Assistant Secretary Finance and European</i>	55-60	-	45 - 50 (55 - 60 full year equivalent)	-
Siobhan Logue <i>Acting Assistant Secretary Higher Education 8/1/07-27/8/07</i>	20-25 (55-60 full year equivalent)	-	45 - 50 (55 - 60 full year equivalent)	-
Fergus Devitt <i>Assistant Secretary Higher Education 28/6/07-31/3/08</i>	35-40 (65-70 full year equivalent)	-	-	-
Heather Stevens <i>Assistant Secretary 1/4/06-31/7/06</i>	-	-	20-25 (55-60 full year equivalent)	-

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.

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Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CPS). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase.

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

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

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

Further details about the CSP arrangements can be found at the website

www.civilservice-pensions.gov.uk

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Senior Civil Service Pensions

Pension Benefits

Officials	Real increase in pension	Real increase in lump sum	Pension at 31/03/08	Lump Sum at 31/03/08	CETV at 31/03/08	CETV at 31/03/07	Employee contributions and transfers in	Real increase in CETV funded by Employer
	£000	£000	£000	£000	£000	£000	£'000	£000
Aideen McGinley <i>Permanent Secretary</i>	0-2.5	2.5-5	40-45	125-130	898	790	1.7	20
Mr Greg McConnell <i>Deputy Secretary</i>	2.5-5	10-15	45-50	135-140	1108	1,048	1.5	101
Catherine Bell <i>Deputy Secretary</i>	0-2.5	0-2.5	25-30	80-85	608	540	1.3	12
Patricia McAuley <i>Assistant Secretary Preparation for Work</i>	0-2.5	2.5-5	20-25	65-70	397	339	1.0	16
David McAuley <i>Assistant Secretary Strategy and Employment Rights</i>	0-2.5	0-2.5	35-40	105-110	821	740	1.6	14
Bernie O'Hare <i>Assistant Secretary Further Education</i>	0-2.5	0-2.5	25-30	75-80	578	519	1.0	11
June Ingram <i>Assistant Secretary Corporate Services</i>	0-2.5	0-2.5	15-20	45-50	244	201	0.9	9
Nuala Kerr <i>Assistant Secretary Skills and Industry</i>	0-2.5	0-2.5	20-25	60-65	463	409	0.9	12
Trevor Connolly <i>Assistant Secretary Finance and European</i>	2.5-5	5-10	5-10	15-20	111	67	0.8	51
Siobhan Logue <i>Acting Assistant Secretary Higher Education 1/4/07-27/8/07</i>	0-2.5	5-10	15-20	45-50	264	240	0.3	36
Fergus Devitt <i>Assistant Secretary Higher Education 1/8/07-31/3/08</i>	0-2.5	0-2.5	15-20	40-45	245	189	0.6	6

Cash Equivalent Transfer Values

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

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Dr Aileen McGinley

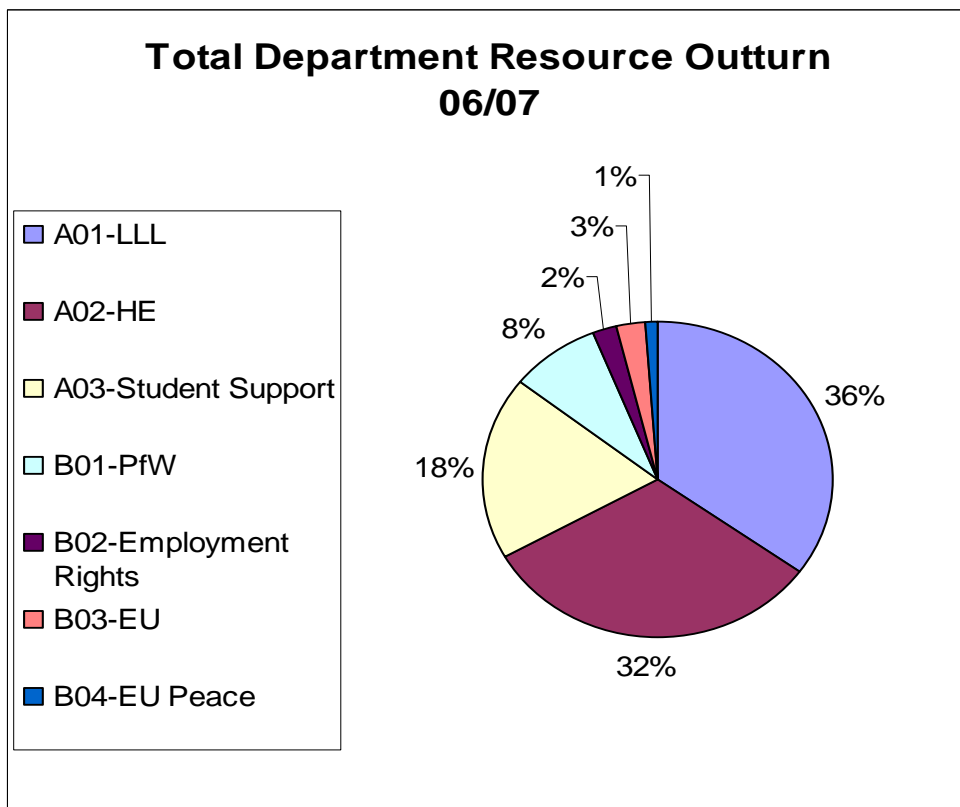
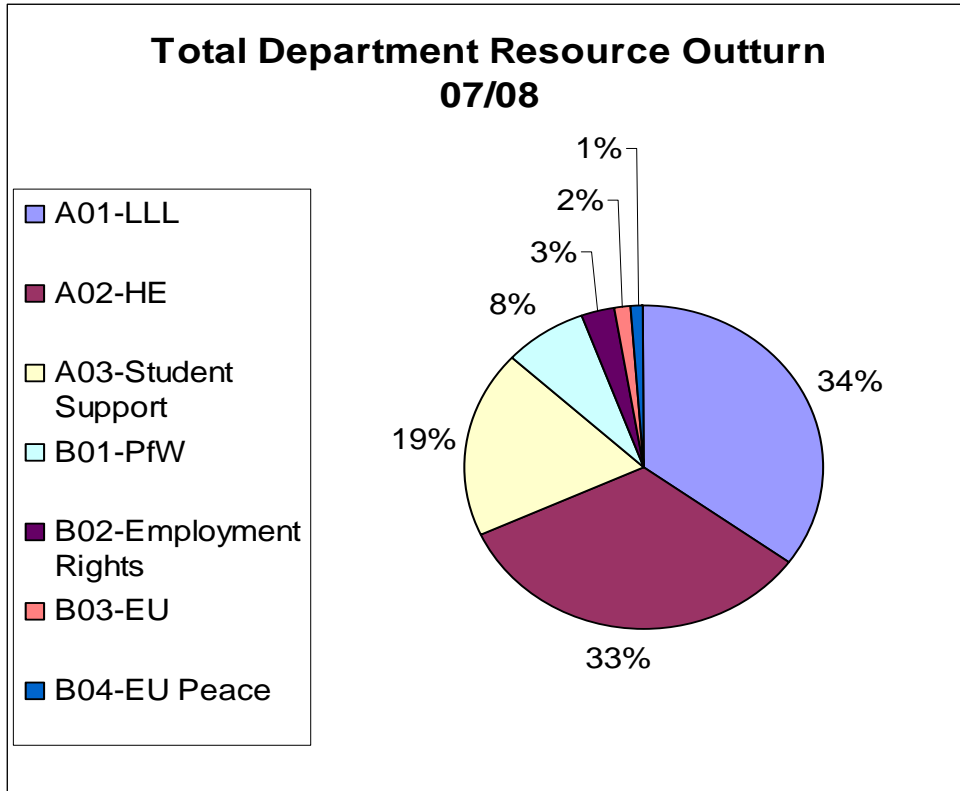
Accounting Officer

24 June 2008

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MANAGEMENT COMMENTARY

Departmental expenditure for the year increased by £42m on last year. The allocation of these net resources have been broadly consistent with 2006/07.



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Departmental expenditure for the year has increased from £700m in 2006/07 to £742m in 2007/08 – an increase of £42m. This net total includes EU income and interest receivable on student loans.

REQUEST FOR RESOURCES A

Lifelong Learning

Lifelong Learning saw an overall net increase in expenditure of £27.2m (11.9%) from £227.9m in 2006/07 to £255.1m in 2007/08.

This increase can mainly be attributed to the fact that last year's total was net of EU income generated by the Jobskills programme of some £21.7m. The Department has now maximised this income stream. In terms of overall activity levels, the Jobskills programme saw an overall decrease of £3.4m (6.7%) due to fewer participants on the new Training for Success programme than had been expected.

Investment in Further Education (FE) colleges rose by £11.9m, with the annual block grant allocation now reaching £141m for the year.

There has been a change in the accounting treatment of Education and Library Boards (ELBs) in Lifelong Learning (and also the Student Loans Company within Student Support). Previously, payments to these organisations had been included as grant payments within the Departmental Budget on an accruals basis. This has now been changed in line with FReM to recording these payments as Grant in Aid to Virtual Non Departmental Public Bodies. Sponsorship of the ELBs is shared with the Department of Education. This cost is now shown under Non Budget on a cash basis. When comparing the overall expenditure on Lifelong Learning with last year, this accounts for a decrease of £4m.

Sectoral Development spend fell by £0.6m to £0.2m in 2007/08. This relates to the funding of Sectoral Skills Councils' projects, as well as Skills Research activities. The Sectoral Skills Councils have been invited to submit applications for funding, however due to a period of uncertainty arising as a result of the Leitch report, these have not been as forthcoming as expected during 2007/08. It is anticipated that this uncertainty will be resolved in the near future and that demand for funding from the 2008/09 budget will be at a higher level.

Expenditure on the Springvale Campus fell by £0.9m as no activity was funded in year.

Further Education is one of the main providers of professional and technical education and training in Northern Ireland, and FE colleges will make a major contribution to raising skill levels.

A key priority for Further Education during the 2008/09 year will continue to be the implementation of the FE strategy for Northern Ireland. In particular, to introduce a more economically focused FE curriculum, as outlined in a recent public consultation exercise, and to implement major reforms to the vocational qualification system, in line with the rest of the UK. The Department will also work closely with colleges to widen access to education and training opportunities and, in particular, to address the low levels of literacy and numeracy through its Essential Skills strategy.

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During 2008/09, it is anticipated work will commence on a number of capital projects to ensure that the FE estate can support the delivery of a modern curriculum. For example, the provision of new premises at the Lisburn, Downpatrick, Ballynahinch, Newcastle, Newtownards and Bangor campuses of the South Eastern Regional College, and new premises in Belfast (the Titanic Quarter and Springvale), Londonderry, Enniskillen and Newtownabbey.

Higher Education

Funding provided to the Higher Education sector rose by £3.4m (1.3%) from £232.6m in 2006/07 to £236m in 2007/08. The main changes in activities are outlined below.

Recurrent grant funding to Universities increased by £8.7m due to an annual increase in grant allocation of 2.75%, together with an increase in University initiative funding.

Learning and Teaching

At University of Ulster (UU) there was a decrease in funding of £0.7m due to the fact that the CSR 2004 Learning and Teaching capital programmes concluded at 31 March 2008. Activity last year included the Nanoscale Device Fabrication Facility. At Queens University (QUB), there was an increase in expenditure of £2.1m on such capital projects.

Infrastructure

Expenditure on infrastructure rose by a total of £1.2m. At QUB there was an increase of £1.6m on 2006/07 due to the progression of work on the Library Project. This was funded under the 2002 Reinvestment and Reform Initiative, but project slippage has resulted in expenditure taking place in this year. At UU there was a decrease in expenditure of £0.4m on 2006/07 as a result of the completion of Phase 1 of the Belfast campus.

Support Programme for University Research (SPUR)

SPUR 2 expenditure fell by £10.6m on 2006/07. The second phase of the Support Programme for University Research (SPUR 2) is claims based. As a result, the profile of a project changes throughout its life as various delays in building work/equipment purchasing/staff recruiting affect the grant that can be claimed. This project spend is usually slow at the beginning before increasing towards the mid-term of the project's funding life and slowing again towards the end. SPUR 2 began at the end of 2003-04, and is due to be completed in 2008-09. Therefore in the final stages of its lifetime (March 2008) there has been a significant reduction in spend.

Science Research Investment Fund (SRIF)

SRIF expenditure rose by a total of £3.2m on 2006/07. SRIF is part funded by the Department and the Department of Innovation, Universities and Skills (DIUS). This funding is capital i.e. for new build/refurbishment/equipment. The Department pays grant to the universities and then invoices DIUS for their share of the grant. The current year sees the end of SRIF 2006-08 (as the third phase of SRIF funding is known) and therefore spend was significantly higher as all projects had to be completed by this date.

2007/08 also saw the Department funding £0.1m towards the Wind Turbine Project at the UU, which was a new area of activity.

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During 2008/09 the Department will commence work on the development of a Higher Education Strategy to underpin delivery of the key policy objectives for the sector, including widening participation in order that all those who can benefit from Higher Education have the opportunity to do so. Future delivery of funding will reflect these priorities and will also be informed by data gathering on full economic costs which is being developed across the Higher Education sector. The Department will also undertake a review of postgraduate policy and funding, will commence a review of variable fees and student support arrangements and develop a funding stream to maximise all-island research collaboration.

Student Support

Expenditure on Student Support experienced an increase of £54.7m (72.96%) from £75m in 2006/07 to £129.7m within the Departmental Budget.

In addition, funding of £14.1m was paid as Grant in Aid to the Education and Library Boards and the Student Loans Company (SLC) as Virtual NDPBs (described above), appearing as Non Budget expenditure. The comparative figure for 2006/07 was £45m. Sponsorship of the SLC is shared with the Department of Innovation, Universities and Skills (DIUS).

The total of these activities is £143.8m in 2007/08 compared to £120m in 2006/07, an increase of £23.8m or 20%.

Outturn for 2007/08 now includes £20.7m in relation to Education and Maintenance Allowances that had previously been accounted for as Annually Managed Expenditure (AME). This new scheme had been allocated by HMT as AME funding, as this is demand determined, and for the first two years demand for the scheme would not be known. 2007/08 represented the third year of the scheme, and HMT considered that demand may now be more open to estimation, and therefore the funding has been moved to within Departmental Expenditure Limit. 2007/08 academic year saw the roll out of the scheme to the full 16 – 19 cohort of students.

The student loan subsidy charge increased by £4m on 2006/07 to £43.4m in 2007/08. This reflects the increase in the student loan book, mainly arising as a result of the introduction of tuition fee loans last year.

Mandatory awards fell by £6.4m (11%) from £60.9m in 2006/07 to £54.5m in 2007/08. Within this area, there was an increase in HE bursaries and maintenance grants of £9.8m due to the roll out of the new student support arrangements that were introduced last year, as well as an inflationary increase. Tuition fees expenditure fell by £15.9m, as from academic year 2006/07 students entering higher education were no longer eligible for tuition fee grants, as these have now replaced by tuition fee loans.

Supplementary awards fell by £0.3m due to a decrease in demand.

Supplementary allowances for ELBs increased by £1.8m due to Further Education awards moving from a budget constrained programme to a demand determined programme.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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Non Budget

The notable movement on 2006/07 has already been addressed above, mainly reflecting the adoption of accounting for ELBs and SLC as virtual NDPBs in line with FReM.

REQUEST FOR RESOURCES B

Employment Programmes/Preparation for Work

The reduction of £2.7m from £52.8m to £50.1m on expenditure relating to Employment Programmes relates predominantly to the following significant factors.

Administration costs within the division rose by £1.2m or 5%. This has been due to the impact of the annual pay review and the increase in numbers of staff in post delivering these programmes.

Expenditure in relation to Enterprise Ulster fell by £2.4m as this organisation has now closed. Provision had been made in previous periods in relation to all known closure costs, the most significant of which has been participation in the NILGOSC pension scheme. The Department successfully negotiated a final settlement of £1.7m, representing a saving of £0.4m on the amount previously provided. The remainder of the reduction can be attributed to the reduction in activity.

There was a total increase in funding provided on the Employment Support Programme and its successor Workable (NI) of £1.9m. Delivery of these programmes takes place partly via USEL, and this movement includes the increase in Grant in Aid funding provided to it. The programme has been marketed resulting in an increased uptake. Employment Support was closed to new entrants in November 2006. There were a large number of clients in the preparatory stages of entering the programme - this can take 3 to 6 months, therefore entering the programme in early 2007. As the support in this programme is long term, the expenditure is now arising, with 815 participants. The Workable (NI) programme started in November 2006. After a slow start, there are now 180 participants receiving long term support.

Welfare to Work expenditure fell by £4m or 20%. New Deal expenditure decreased by £2.3m as there are a number of factors influencing the change in this demand led programme, including the reducing trend in unemployment and in particular an increase in employment placements. Spending on Targeted Initiatives decreased by £1.7m as this programme ended on 31 March 2007.

Funding towards priority packages rose by £1.2m or 63%. The increase mainly reflects the embedding of the mandatory New Deal provision for the 50 and over claiming Job Seekers Allowance (£1.1m). The remainder of the increase relates to Pathways as this service began on 29 January 2007.

Corporate Services, Strategy and Employment Rights

There was an increase in expenditure within this area of £5.1m or 38% mainly as a result of reorganisation of administration costs within the Department. This now includes a new division dedicated to Strategy and Employment Rights.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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The department will continue to build on its commitment to implementing key elements of the Government Reform agenda, particularly with the full implementation of HR Connect and Account NI in the first six months of 2008/09. The department will also make the necessary preparations in this year for the future implementation of IT Assist and Workplace 2010.

DEL has committed to building on its successful Investors in People (IIP) reaccreditation in September 2007 by setting targets in its business plan to achieve a higher level accreditation in the next two years.

Finance and European

Overall there was a net increase in expenditure of £4.9m on 2006/07, with a total cost of £20.2m in 2007/08. ESF payments showed an increase of £9.5m on the Building Sustainable Prosperity programme. This is due to the fact that the majority of income had been earned in previous years.

Expenditure on the 2000-2006 Programme for Peace and Reconciliation reduced by £1.7m or 21% due to the fact that activity was winding down towards the cessation date of 31 December 2008.

The cost of capital charge fell by £1.3m as it relates directly to the net assets of the Department, excluding Student Loans. As these have reduced, there has been a corresponding reduction in the charge for the year.

In the year ahead, as mentioned above, the Department is due to move to a new accounting system, Account NI on 7 July 2008. This is part of the Government Reform agenda and introduces a central accounting function for the Northern Ireland Civil Service Departments. EU activity will continue at around the same levels under the new round of ESF funding (NI Competitiveness and Employment Programme 2007-13) for the next six years.

Non Budget

Expenditure by Enterprise Ulster fell by £1.4m as the organisation ceased activities on 31 March 2007, with official winding up taking place on 30 June 2007.

The increase in Grant-in-Aid has been addressed under Employment Programmes above.

BALANCE SHEET

There were no significant movements in tangible fixed assets or investments during the year.

The value of student loans rose from £829.5m to £989.4m. The movements are detailed at note 14 to the accounts. The loan book increased with issues of £167.9m during the year, including a full year of tuition fee loans. Repayments totalled £34.5m and interest added to the loan book was £26.7m.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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The value of debtors fell from £151m at 31 March 2007 to £65.6m at 31 March 2008. EU debtors fell by £38.3m mainly due to the receipt of funds from the EU Commission. Prepayments and accrued income also fell by £11m due to the timing of payments. The amount outstanding from the Consolidated Fund in respect of Supply fell by £27m due to the timing of payments and drawdown of funds.

Creditors reduced from £132m to £90m. Amounts due to the Consolidated Fund fell by £24.4m as these payments have now been made. The amounts outstanding mainly related to EU funds payable once received from the EU Commission, and due to the changes in the administration of these funds there have been no corresponding balances this year. The bank overdraft reduced from £29.6m to £0.4m due to the timing of payments and drawdown of funds (linked to the Consolidated Fund debtor balance mentioned above).

Provisions increased from £210.4m to £240.6m. These mainly relate to Student Loans and have risen in line with the loan book. The provision in respect of the closure of Enterprise Ulster fell by £2.5m as liabilities have now been settled.

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

Corporate Social Responsibility

DEL has taken a structured approach to enabling teams to get involved in employee volunteering since March 2007. In the past year six teams of staff have taken part in short projects in the community that give them an opportunity to teambuild, and to deliver a tangible result for the community. Various voluntary organisations, schools and environmental projects have benefitted. Feedback from the teams has been very positive demonstrating that their objectives in taking part have been met.

Environmental Matters

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

Current initiatives include:-

- 100% recycled paper used for all internal printing and photocopying.
- Electronic distribution of information used, where possible, for both internal and external communications.
- External customers are also encouraged to use electronic means of communication, e.g. consultation exercises, leaflets, reports etc
- Replacement of all printers that are incapable of printing double-sided as part of contract renewal.
- Range of measures in place to increase recycling facilities and reduce waste going to landfill.
- The promotion of public transport as part of Departmental policies and by participation in the Translink annual travel pass scheme.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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- The provision of chilled and filtered mains water in Departmental premises to remove the need for bottled water and the environmental issues that surround it.
- Regular communications with staff via “green” articles in the staff magazine and the Department’s Intranet to promote initiatives, publish achievements and encourage participation and support.
- Full participation in available energy savings initiatives to become more resource efficient in terms of heating and lighting throughout Departmental accommodation.

In addition the Department is continuing to demonstrate:-

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

DEPARTMENTAL PERFORMANCE TARGETS

Progress in relation to Departmental Performance Targets can be found at Annex A.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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**RECONCILIATION OF RESOURCES EXPENDITURE BETWEEN ACCOUNTS,
ESTIMATES AND BUDGETS**

	2007/08	2006/2007
	£000	£000
Net Operating Cost - Estimate	742,252	702,097
Include non-voted expenditure of Operating cost Statement	1,921	(1,953)
Include non-voted income scored as CFERs in Operating Costs Statement	(4,738)	123
Net Resource Outturn - Accounts	739,435	700,267
Include Other CFERs	2,666	-
Remove other expenditure/income shown in Estimates under the heading 'Other Expenditure Outside DEL'	(1,921)	(1,686)
Less grant-in-aid payable to NDPBs	(22,083)	(7,910)
Add resource consumption by NDPBs	21,712	8,889
Less grants to local authorities to finance capital expenditure	-	-
EU income and related adjustments	-	-
Other adjustments (<i>please specify</i>)		
<i>Voted expenditure outside the budget</i>	(1,911)	-
<i>Movement of Student Loans to AME</i>	-	113,485
<i>Notional Loans Subsidy</i>	(7,799)	-
Interdepartmental Charges	-	(7,986)
Resource Budget Outturn- Budgets	730,099	805,059
<i>Of Which:</i>		
Departmental Expenditure Limit (DEL)	730,099	670,638
Annually Managed Expenditure (AME)	-	134,421

Dr Aileen McGinley
Accounting Officer
24 June 2008

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES
for the year ended 31 March 2008

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance and Personnel (DFP) has directed the Department for Employment and Learning to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

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

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

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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT ON INTERNAL CONTROL
for the year ended 31 March 2008

DEL STATEMENT ON INTERNAL CONTROL

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Departmental policies, aims and objectives, 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 six new further education colleges, the five Education and Library Boards, the Student Loans Company, the Labour Relations Agency (LRA), Enterprise Ulster (closed June 2007), Ulster Supported Employment Ltd. (USEL) and the Construction Industry Training Board (CITB).

System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. Procedures were put in place in December 2002 and have been fully operational since that time. The system of internal control has been in place in the Department for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

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

The 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.

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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT ON INTERNAL CONTROL
for the year ended 31 March 2008

In their Annual Report, Internal Audit reported that an overall satisfactory system of internal control in relation to Risk Management, Control and Governance has been in operation throughout the year. In 2006/07 Internal Audit provided a limited opinion on the systems of internal control in respect of PEACE II. However, following the work done by management throughout the year in implementing their recommendations, Internal Audit have now provided a satisfactory opinion in respect of the PEACE II programme.

Internal control processes include the following:

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Departmental Board;
- Regular reviews by the Departmental Board of monthly management accounts and annual financial reports that indicate financial performance;
- Quarterly reviews by the Departmental Board of periodic and annual reports of progress against business plan, PfG and PSA targets;
- Monthly reviews by the Departmental Board of the movement in, and management of, the control of risks at Departmental level;
- A comprehensive system of internal control rules (Finance Bulletins) which set down procedures for key processes including procurement (including policy on the use of consultants), authority to incur expenditure, entertainment and staff travel etc;
- Internal Audit arrangements which operate to standards defined in the Government Internal Audit Manual. Regular reports are submitted which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement;
- FAST is responsible for inspecting external organisations in receipt of funding from the Department; FAST provides advice on how grants are applied and on the adequacy and effectiveness of the internal control systems within those organisations, and makes recommendations for adjustment of grant and improvements to these organisations' systems;
- Internal Audit and FAST report annually to the Department's Audit Committee which meets at least three times a year to review audit work programmes and related assurance reports;
- Heads of Divisions are required to provide an annual assurance statement to the Accounting Officer giving their assessment of the operation of internal control arrangements within their Divisions during the relevant financial year; this includes a facility to identify issues giving cause for concern and the remedial action proposed or taken;
- 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.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT ON INTERNAL CONTROL
for the year ended 31 March 2008**

Developments in Systems of Internal Control

By end March 2008, the Department achieved the following:

- Consulted with key stakeholders and introduced a new Financial Memorandum and Audit Code for the six new FE colleges which was approved by the Department of Finance and Personnel;
- Reviewed the governance framework documents for the LRA (which were approved by DFP in Feb 2008), and CITB and USEL which are on-going;
- A new ESF Promoters Operating Manual 2007-2013 was published to ensure that all ESF projects funded under the NI ESF Programme 2007-2013 have access to up-to-date guidance and advice on how projects should be implemented in order to comply with EU and NI Regional funding requirements;
- The Chairman of the Audit Committee together with senior management reviewed the Departmental Audit Committee structure to enhance its independence in line with Best Practice on Corporate Governance. The recommended changes came into effect in May 2008;
- The Department has completed its review of all the existing Financial Memorandums (FMs) for the Universities and the University Colleges and has consulted with DFP and NIAO on the proposed changes. The University College FMs have been finalised and agreed;
- The Department has arranged for the external audit of the six FE Colleges to be carried out by the Northern Ireland Audit Office;
- The Department agreed a revised Service Level Agreement with the Special EU Programmes Body in relation to PEACE II and PEACE II extension funding; and
- The Department, in line with Department of Finance and Personnel requirements, carried out a review of its Data Security policies and procedures to ensure all processes are of an acceptable standard. This review has resulted in a number of additional measures being implemented with regard to security of physical and electronic data security and the development of an Action Plan aimed at ensuring all Data Security Measures within the Department are of a required standard and that all staff are aware of their responsibility in this area.

Significant Control Issues Arising

The Department has continued to monitor the performance of all the Further Education Colleges. In relation to the concerns about the standard of financial management in Fermanagh College, the repayments of the agreed £1.1m, in instalments have commenced. Repayment will be complete in March 2010. The College also commissioned a number of internal reviews including a comprehensive investigation into financial management within the College. The results of these reviews have been incorporated into an action plan which is being implemented by the South West College Governing Body, the successor body which incorporates the former Fermanagh College, and which includes the centralising of the finance function for the South West College in Omagh. Progress on implementation continues to be monitored by the Department.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT ON INTERNAL CONTROL
for the year ended 31 March 2008

Last year I reported on issues identified in the External auditor's report on Fermanagh College for 2005/06 in relation to irregularities in procurement. Following an investigation, the Department was unable to conclude whether or not any fraudulent activity had occurred due to the poor standard of documentation retained by the college which fell far short of that which would be required in relation to the award of substantial contracts. However, the investigation showed that procedures for the procurement of building maintenance work, as set out in the Department's Financial Memorandum, had not been followed by college staff and, as a result, the college could not demonstrate that best value for money was achieved. FE Colleges are moving towards the use of professional public sector Centres of Procurement Excellence for the procurement of all goods and services including building maintenance work, within the next 12 months.

Risk registers for Fermanagh College were developed during 2004/05 but had not been subject to regular review. In addition, there were concerns that the coverage of internal audit was not tailored to the risk environment of the College. These matters have now been addressed by the College and incorporated within a development plan which is subject to regular review by the Department.

Last year I reported on a number of concerns with regard to the financial management and internal audit arrangements within the Causeway Institute. In particular, I was concerned that there had been no Internal Audit service provided to the College during the 2005/06 academic year, or for the first nine months of the 06/07 academic year, and the College's Audit Committee had not met as required. Both these matters contravened the Financial Memorandum and the Audit Code. I was also concerned about issues highlighted by the College regarding the standard of financial information provided by two previous College accountants and the fact that both were dismissed. Following an investigation by the Department, the College commissioned a comprehensive internal audit review which encompassed all areas which should have been subject to review for the 05/06 and 06/07 years. Following completion of their work programme, the internal auditor provided a substantial level of assurance on the systems of internal control in the College.

A FAST inspection of Springvale Community Outreach Initiative (SCOI) funding was carried out last year which gave me cause for concern that expenditure was not supported by an adequate audit trail. The Department has withheld approximately £2m of funding, pending the completion of follow-up action, agreed between the Department and the Belfast Metropolitan College, and the production of further supporting documentation.

Four FE Colleges, (Belfast Institute of Further and Higher Education, Castlereagh, Newry & Kilkeel Institute, and Upper Bann Institute) incurred deficits in excess of those approved by the Department. The Department is addressing these issues with the respective Colleges as a matter of urgency. In addition, Belfast Metropolitan College (the successor organisation to the two Belfast Colleges) has commissioned its internal auditors to carry out a comprehensive review of financial planning and budgetary control within the college. As the college is likely to incur a further significant deficit during the current year, their financial position is being closely monitored by the Department through regular meetings with the chair of the Governing Body and the college senior management team.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT ON INTERNAL CONTROL
for the year ended 31 March 2008

The ongoing industrial action by College Lecturers continues to be an issue regarding confirmation of attendance in respect of Education Maintenance Allowance (EMA). The Department wrote to FE College Principals at the beginning of this academic year (and last year when it escalated) reminding them of their obligations under Section 7 of the Department's EMA Guidelines. In respect of the funding of the FE Colleges themselves, £0.5m of income has been deferred as a result of delays in confirming student registers. This income will be paid to the respective colleges once this data is confirmed. It should be noted however that payments to students by the Student Loans Company (SLC), the DEL delivery agent for the scheme, are in all cases based on confirmation of attendance by the Colleges to the SLC.

As a result of the due diligence reviews carried out in advance of each merger, a number of potential conflict of interest issues were identified in the former North West Institute. The Department has commissioned KPMG to carry out a review into third party relations in the College. The review is still underway and, on completion, the Department will raise any concerns with the Governing Body.

During the year the Department became concerned that CITB may have breached the public sector pay limit in respect of salary increases paid to their staff and that the pay awards had not been subject to the proper approval procedures. Internal Audit recently completed a review of the CITB payroll for the period 2005/06 to 2007/08 and all recommendations have been accepted by both CITB and the Department and are being actioned as a matter of urgency.



Dr Aileen McGinley
Accounting Officer
24 June 2008

**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 2008**

DEPARTMENT FOR EMPLOYMENT AND LEARNING

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

I certify that I have audited the financial statements of the Department for Employment and Learning for the year ended 31 March 2008 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I report to you whether, in my opinion, the information which comprises pages 2, 37 to 40 and the Management Commentary, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

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

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

**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 2008**

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises pages 3 to 36, the unaudited part of the Remuneration Report, Annex 1 and Annex 2. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

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

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

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Department's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- information which comprises pages 2, 37 to 40 and the Management Commentary included within the Annual Report, is consistent with the financial statements.

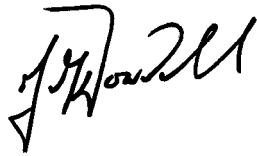
**DEPARTMENT FOR EMPLOYMENT AND LEARNING
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE HOUSE OF COMMONS
for the year ended 31 March 2008**

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.



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

26 June 2008

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF PARLIAMENTARY SUPPLY
for the year ended 31 March 2008**

Summary of Resource Outturn 2007-08

								2007-08 £000	2006-07 £000
Request for Resources	Note	Estimate			Outturn			Net Total Outturn compared with Spring Supplementary Estimate: saving/ (excess)	Outturn Net Total
		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		
A	2	708,444	35,939	672,505	675,212	35,939	639,273	33,232	604,255
B	2	120,386	5,274	115,112	108,253	5,274	102,979	12,133	96,012
Total resources	3	828,830	41,213	787,617	783,465	41,213	742,252	45,365	700,267
Non-operating cost Accruing Resources		-	32,000	32,000	-	32,000	32,000	-	27,000

Net Cash Requirement 2007-08

				2007-08 £000	2006-07 £000
	Note	Estimate	Outturn	Net total Outturn compared with Spring Supplementary Estimate: Outturn saving/ (excess)	
Net cash requirement	4	817,990	785,583	32,407	813,359

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 (cash receipts being shown in italics).

		Forecast 2007-08 £000		Outturn 2007-08 £000	
	Note	Income	Receipts	Income	Receipts
Total	5	-	-	7,259	7,247

Explanations of variances between Estimate and Outturn are given in Note 2 and in the Management Commentary.

The notes on pages 72 to 107 form part of these financial statements

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
OPERATING COST STATEMENT AND STATEMENT OF RECOGNISED GAINS
AND LOSSES
for the year ended 31 March 2008**

Operating Cost Statement for the Year Ended 31 March 2008

				2007-08 £000	2006-07 £000
	<i>Note</i>	Staff Costs	Other Costs	Income	
Administration costs:					
Staff costs	8	43,947	-	-	41,141
Other administration costs	9	-	18,125	-	17,520
Operating income	11	-	-	(1,270)	(144)
Programme costs: Request for resources A					
Programme costs	10	-	662,476	-	640,249
Income	11	-	-	(37,142)	(49,106)
Programme costs: Request for resources B					
Programme costs	10	-	60,838	-	66,033
Income	11	-	-	(7,539)	(13,596)
Totals		43,947	741,439	(45,951)	702,097
Net Operating Cost	<i>3,12</i>			739,435	702,097

The notes on pages 72 to 107 form part of these financial statements

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
OPERATING COST STATEMENT AND STATEMENT OF RECOGNISED GAINS
AND LOSSES
for the year ended 31 March 2008**

Statement of Recognised Gains and Losses for the Year Ended 31 March 2008

	2007-08 £000	2006-07 £000
Net gain/(loss) on revaluation of tangible fixed assets	<u>388</u>	<u>342</u>
Recognised gains and losses for the financial year	<u>388</u>	<u>342</u>

The notes on pages 72 to 107 form part of these financial statements

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
BALANCE SHEET
as at 31 March 2008**

		2008 £000	2007 £000
	<i>Note</i>		
Fixed assets:			
Tangible assets	13	5,569	5,266
Investments	14a	2,338	2,282
Student loans	14b	989,369	829,532
Debtors falling due after more than one year	15	874	1,636
Current assets:			
Debtors	15	65,584	151,004
Cash at bank and in hand	16	9	10
		65,593	151,014
Creditors (amounts falling due within one year)	17	(89,664)	(132,435)
Net current assets/(liabilities)		(24,071)	18,579
Total assets less current liabilities		974,079	857,295
Creditors (amounts falling due after more than one year)	17	(501)	(483)
Provisions for liabilities and charges	18	(240,608)	(210,424)
		732,970	646,388
Taxpayers' equity:			
General fund	19	731,227	645,033
Revaluation reserve	20	1,743	1,355
		732,970	646,388

Signed



Dr Aileen McGinley

Accounting Officer

24 June 2008

The notes on pages 72 to 107 form part of these financial statements

DEPARTMENT FOR EMPLOYMENT AND LEARNING
CASH FLOW STATEMENT
for the year ended 31 March 2008

		2007-08 £000	2006-07 £000
	<i>Note</i>		
Net cash outflow from operating activities	<i>21a</i>	(662,930)	(701,596)
Capital expenditure and financial investment	<i>21b, 21c</i>	(118,343)	(110,697)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		25,058	53,287
Payments of amounts due to the Consolidated Fund		(28,959)	(57,393)
Financing	<i>21d</i>	<u>814,370</u>	<u>787,922</u>
Increase/(decrease) in cash in the period	<i>21e</i>	<u>29,196</u>	<u>(28,477)</u>

The notes on pages 72 to 107 form part of these financial statements

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF OPERATING COSTS BY DEPARTMENTAL AIM AND
OBJECTIVES
for the year ended 31 March 2008

	2007-08 £000			2006-07 £000		
	Gross	Income	Net	Gross	Income	Net
Objective 1	675,212	(37,142)	638,070	653,361	(49,106)	604,255
Objective 2	110,174	(8,809)	101,365	111,582	(13,740)	97,842
Net operating cost	785,386	(45,951)	739,435	764,943	(62,846)	702,097

The Department's objectives were as follows:

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

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

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 2008

1. Statement of Accounting Policies

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

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

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

1.2 Tangible fixed assets

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

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

Land and buildings are restated to current value using professional valuations in accordance with FRS 15 every five years, and, in the intervening years, by the use of published indices appropriate to the type of land or building. The last professional valuation of land and buildings was provided by the Valuation and Lands Agency at 31 March 2005. A desk based review has been reported in each of the subsequent years including as at 31 March 2008.

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.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

1.3 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

Valuations 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.

1.4 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.

1.5 Operating income

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

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

Operating income is stated net of VAT.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

1.6 Administration and programme expenditure

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

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

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

1.7 Capital charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 %) on the average carrying amount of all assets less liabilities excluding balance due to Consolidated Fund and Student Loans. Student loan investment and student loan provisions are calculated at 2.2 %, in line with treasury discount rate for provisions (note 1.17).

1.8 Inflation adjustment

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

1.9 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS(Northern Ireland)). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS(Northern Ireland) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(Northern Ireland). In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.10 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.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

From 2006-07 onwards early departure costs have been classified as administration costs.

1.11 *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 1.8).

In line with Treasury guidelines, student loan interest has been classified as student support income as opposed to being shown netted off against student support grant expenditure

1.12 *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.

1.13 *Notional costs*

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

1.14 *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.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

1.15 *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 FReM.

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.

1.16 *Grants payable*

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

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

1.17 *Provisions*

In addition to early departure costs (note 1.10) 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 for provisions of 2.2%.

The Department has also made provision for the anticipated closure costs of Enterprise Ulster (note 18).

1.18 *Contingent liabilities*

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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

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

1.19 *Third party assets*

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

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

2. Analysis of Net Resource Outturn by Section

	2007-08						2006-07		
	Admin	Other	Grants	Gross	Accruing	Net	Net Total	Net Total	Prior
	£000	Current	£000	Resource	Resources	Total	Spring	Spring	Year
		£000	£000	Expenditure	£000	£000	Supple-	Supple-	Outturn
				£000			mentary	mentary	£000
							Estimate	Estimate	
							£000	£000	
Request for Resources A									
Lifelong Learning	10,203	254	246,731	257,188	(2,030)	255,158	268,329	13,171	227,936
Higher Education	1,023	53	243,337	244,413	(8,409)	236,004	238,627	2,623	232,570
Student Support	314	70,584	84,319	155,217	(25,500)	129,717	144,417	14,700	74,980
Executive Programme Funds	-	-	1	1	-	1	10	9	(35)
EU Programme for Peace and Reconciliation	-	-	-	-	-	-	-	-	-
Repayment of Loans	-	-	-	-	-	-	-	-	-
IDF Funds	-	-	1,174	1,174	-	1,174	2,104	930	-
Annually Managed Expenditure									
Lifelong Learning	-	-	-	-	-	-	-	-	-
Student Support	-	-	-	-	-	-	-	-	20,936
Non Budget									
Teachers pre-retirement – ongoing Liabilities	-	1,551	-	1,551	-	1,551	1,551	-	1,429
Teachers pre-retirement – new Liabilities	-	360	-	360	-	360	300	(60)	257
Notional charges	1,196	-	-	1,196	-	1,196	1,205	9	1,204
Education and library boards	-	-	10,730	10,730	-	10,730	11,675	945	44,978
Construction Industry Training Board	-	-	-	-	-	-	1	1	-
Student Loan Company	-	-	3,382	3,382	-	3,382	4,286	904	-
Total for RfR A	12,736	72,802	589,674	675,212	(35,939)	639,273	672,505	33,232	604,255
Request for Resources B									
Employment Programmes	24,305	(790)	26,550	50,065	-	50,065	55,833	5,768	52,821
Labour Market Services	16,214	2,080	335	18,629	(363)	18,266	18,997	731	13,195
ESF Payments-Public and Private sector	2,214	715	12,429	15,358	(2,744)	12,614	13,852	1,238	5,257
ERDF Payments	-	-	-	-	-	-	-	-	244
EU Community initiatives	-	-	1,801	1,801	(1,801)	-	120	120	-
EU programme for peace and Reconciliation	-	51	7,524	7,575	(366)	7,209	7,300	91	8,329
Executive Programme Funds	-	-	-	-	-	-	-	-	-
IDF Funds	-	-	47	47	-	47	47	-	-
EU Cost of Capital Charge	-	204	-	204	-	204	1,700	1,496	1,474
Annually managed expenditure									
New Deal 50+	-	-	-	-	-	-	-	-	-
Non Budget									
Notional charges	6,603	-	-	6,603	-	6,603	7,065	462	6,782
Enterprise Ulster	-	-	344	344	-	344	2,600	2,256	1,722
USEL	-	-	4,427	4,427	-	4,427	4,398	(29)	3,169
LRA	-	-	3,200	3,200	-	3,200	3,200	-	3,019
Total for RfR B	49,336	2,260	56,657	108,253	(5,274)	102,979	115,112	12,133	96,012
Resource outturn	62,072	75,062	646,331	783,465	(41,213)	742,252	787,617	45,365	700,267

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

Explanation of the variation between Estimate and Outturn

Request for Resources A

Expenditure in Request for Resources A was £33.2m or 5.5% lower than the Spring Supplementary Estimate.

Lifelong Learning

Within Lifelong Learning (which includes Further Education and Skills and Industry Divisions) there was an under spend of £13.2m. The major reasons for this are outlined below.

£6.6m of this under spend relates to capital projects within the FE sector. £5.3m occurred at Fermanagh College and £1.3m at the East Antrim College due to slippage of one year in both projects. The slippage in Fermanagh occurred as a result of management difficulties at the College, which have now been resolved. East Antrim was delayed due to a requirement to include additional refurbishment works, enhancement of disabled access, relocation of kitchen facilities and curriculum areas. Year end flexibility has been requested from the Department of Finance and Personnel.

The Jobskills Programme experienced an under spend of £3.2m. A new provision, Training for Success, commenced September 2007. Jobskills would take no new recruits and existing participants will continue on this programme until completion. The under spend arose because of a lower than expected recruitment to the new provision.

An under spend of £0.6m occurred in Sectoral Development. This area of business relates to Sector Skills Councils' (SSC) projects as well as Skills Research work. The SSCs have been invited to submit applications for funding, however, due to a period of uncertainty after the Leitch Report, these have not been as forthcoming as expected during the current financial year. It is anticipated that the uncertainty referred to above, such as SSC relicensing for example, will be resolved in the relatively near future and that demand for funding from the 2008/2009 budget is likely to be higher.

IDF Funds

This is a cross departmental programme funded by the Integrated Development Fund, delivered through the Workforce and Economic Development Centre, Regeneration Through Skills, and Community Service by HE and FE Students. Expenditure was lower than expected by £0.93m due to issues around eligibility criteria.

Higher Education

Funding within the HE sector during the year was £2.6m under spent against the Estimate. The under spend on university recurrent funds of £1.28m represents 0.68% of the budget for the year of £188m and is due to expenditure by the Universities being less than anticipated. In relation to the Strategic Research Infrastructure Programme, the under spend of £0.1m which represents 2.3% of budget is also due to lower than anticipated expenditure by the projects.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

Higher Education Division will be seeking end - year flexibility in respect of a £0.8m under spend on the Environment and Renewable Energy Fund. This relates to a wind turbine project which, due to its innovative nature has experienced a number of delays including securing planning permission.

No other expenditure categories were under spent by more than £0.1m.

Student Support

Within the Departmental Expenditure Limit (Budget), Student Support expenditure was £14.7m below the Estimate. The main reasons for this are outlined below.

Student Loans subsidy charge is dependent on the final outturn on student loan uptake for the year, and is therefore demand determined. This charge was £6.2m or 12.5% lower than anticipated.

Other areas of expenditure within this category were under spent mainly due to their being demand determined in nature:

- Mandatory FE Awards under spent by £2.1m – This comprises Higher Education Bursaries (old system) and Higher Education Maintenance Grants (new system). HE Bursary expenditure is reducing as HE Maintenance Grant expenditure is increasing. This is only the second year of this changeover to the new system (with additional grant entitlement and increased income thresholds), and this creates difficulties in predicting expenditure with accuracy as there are no established trends. In addition, students may apply up to nine months after their course begins.
- Mandatory HE Awards under spent by £1m - This relates to a number of supplementary allowances such as disabled student allowances, care leavers, childcare etc. These change year on year as they are specific to the profile of the student cohort. Again, students can claim for these up to nine months after the course begins.
- Tuition Fees under spent by £1.6m - This relates to Tuition fee grant for students who began their courses prior to the 2006/07 academic year. This has now been replaced by Tuition Fee Loans, thus reducing the eligible applicants and making expenditure difficult to predict. This grant is means-tested.

Non Budget

There has been a change in the accounting treatment of Education and Library Boards (ELBs) in Lifelong Learning (and also the Student Loans Company within Student Support). Previously, payments to these organisations had been included as grant payments within the Departmental Expenditure Limit on an accruals basis. This has now been changed in line with FReM to recording these payments as Grant in Aid to Virtual NDPBs. Sponsorship of the ELBs is shared with the Department of Education. This cost is now shown under Non Budget on a cash basis.

SLC expenditure was £0.9m lower than expected. This relates to the SLC Administration costs associated with delivery of the HE and EMA provision and enhancements. A number of enhancement projects (e.g. Customer First) costs were under budget, while others were

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

subject to slippage. This was mainly due to pressures on SLC to deliver new Maintenance Grant Income thresholds (England only).

ELB expenditure was £0.9m lower than expected due to project slippage.

Request for Resources B

Expenditure in Request for Resources B was £12m or 10.5% lower than the Spring Supplementary Estimates.

Employment Programme costs were £5.8m lower than budget mainly as a result of:

- New Deal £3.3m – there are a number of factors influencing the change in this demand led programme including the reducing trend in unemployment and in particular an increase in employment placements.
- Pathways £1.5m (surrendered in February Monitoring) – due to lower than anticipated demand during the period of phased implementation.

Expenditure on EU funded programmes was under spent by £1.3 against the Estimate. This was mainly due to activity on the European and Social Fund (ESF) and was surrendered during February Monitoring.

Final expenditure with regard to Enterprise Ulster was £2.3m below budget due to savings against forecast expenditure arising during the closure of the organisation, which were surrendered during February Monitoring.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

3. Reconciliation of Outturn to Net Operating Cost and Against Administration Budget

3(a) Reconciliation of Net Resource Outturn to Net Operating Cost

			2007-08 £000	2006-07 £000	
	<i>Note</i>	Outturn	Supply Estimate Compared With Estimate	Outturn	
Net Resource Outturn	2	742,252	787,617	(45,365)	700,267
Non-supply income (CFERs)	5	(4,738)	-	(4,738)	(123)
Non-supply Expenditure	19	1,921	1,850	71	1,953
Net operating cost		739,435	789,467	(50,032)	702,097

3(b) Outturn Against Final Administration Budget

		2007-08 £000	2006-07 £000
	Budget	Outturn	Outturn
Gross Administration Budget	64,280	54,273	50,675
Income allowable against the Administration Budget	-	-	-
Net outturn against final Administration Budget	64,280	54,273	50,675

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

4. Reconciliation of Resources to Cash Requirement

	<i>Note</i>	Estimate £000	Outturn £000	Net Total Outturn Compared With Estimate saving/(excess) £000
Resource Outturn	2	787,617	742,252	45,365
Capital				
Acquisition of fixed assets		-	11	(11)
Investments		-	56	(56)
Investments – student loans funding		175,254	152,785	22,469
Non-operating Accruing Resources				
Student loan repayments applied		(32,000)	(32,000)	-
Accruals adjustments				
Non-cash items	9,10	(112,881)	(50,895)	(61,986)
Changes in working capital other than cash		-	(33,189)	33,189
Changes in creditors falling due after more than one year	17	-	(18)	18
Use of provisions	18	-	3,113	(3,113)
Excess cash receipts surrenderable to the Consolidated Fund	5	-	2,596	(2,596)
EU Negative DEL exchange gain surrenderable to the Consolidated Fund		-	872	(872)
Net cash requirement		<u>817,990</u>	<u>785,583</u>	<u>32,407</u>

The variation between Estimate and net cash requirement is explained fully in the variance explanation in note 2.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

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 2007-08		Outturn 2007-08	
		£000	£000	£000	£000
		Income	Receipts	Income	Receipts
Operating income and receipts – excess Accruing Resources		-	-	2,596	2,596
Other operating income and receipts not classified as Accruing Resources		-	-	2,142	2,142
		-	-	4,738	4,738
Non-operating income and receipts – excess Accruing Resources	7	-	-	2,521	2,509
Other non-operating income and receipts not classified as A in A		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	4	-	-	-	-
Total income payable to the Consolidated Fund		-	-	7,259	7,247

6. Reconciliation of Income Recorded Within the Operating Cost Statement to Operating Income Payable to the Consolidated Fund

	<i>Note</i>	2007-08	2006-07
		£000	£000
Operating income	11	45,951	62,846
Adjustments for transactions between RfRs		-	-
Gross income	11	45,951	62,846
Income authorised to be appropriated-in-aid		41,213	62,723
Operating income payable to the Consolidated Fund	5	4,738	123

7. Non-operating Income – Excess Accruing Resources

	2007-08	2006-07
	£000	£000
Student Loan repayments	2,521	2,480
Non-operating income – excess Accruing Resources	2,521	2,480

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

8. Staff Numbers and Related Costs

Staff costs comprise:

	2007-08 £000				2006-07 £000
	Total	Permanently Employed Staff	Others	Minister	Total
Wages and salaries*	35,796	35,365	397	34	33,454
Social security costs	2,374	2,339	31	4	2,163
Other pension costs	6,060	6,052	-	8	5,765
Subtotal	44,230	43,756	428	46	41,382
Less recoveries in respect of outward secondments	(237)	(237)	-	-	(241)
Total net costs	43,993	43,519	428	46	41,141

**Permanently employed staff includes the cost of the Department's special advisor who is paid in the pay band £56,100-£78,540.*

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

The PCSPS(Northern Ireland) 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 (Northern Ireland) resource accounts.

For 2007-08, employer's contributions of £6,051,000 were payable to the PCSPS(Northern Ireland) (2006-07: £5,765,000), at one of four rates in the range 16.5% and 23.5% of pensionable pay, based on salary bands (the rates in 2006-07 were between 16.5% and 23.5%). These rates have increased from 1 April 2005 as a result of the latest actuarial valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a Partnership Pension Account, a stakeholder pension with an employer contribution. Employer's contributions of £903.50 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 £111.20 were payable to the PCSPS (Northern Ireland) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensions-ni.gov.uk.

Uprating factor for 2007/08

The inflation adjustment factor for carrying out the calculation of the increase in real terms of the accrued pension for someone covered by the full reporting year to 31 March 2008 is 3.9%.

Average Number of Persons Employed

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

Objective	2007-08 Number					2006-07 Number
	Total	Permanently Employed Staff	Others	Minister	Special Advisers	Total
1	358	352	4	1	1	369
2	1,328	1,294	34	-	-	1,304
Staff engaged on Capital projects	-	-	-	-	-	-
Total	1,686	1,646	38	1	1	1,673

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

9. Other Administration Costs

	2007-08 £000	2006-07 £000
PFI service charges	5,563	4,425
Other expenditure	4,524	5,063
Non-cash items:		
Depreciation	94	97
Loss on disposal of fixed assets	-	2
Permanent Diminution in Value of Fixed Assets	2	6
Auditors' remuneration and expenses	109	121
Early Retirement Provision	239	46
Accommodation costs (DFP)	5,333	5,183
Services provided and costs incurred by the Social Security Agency	290	453
Services provided and costs incurred by the Department of Enterprise, Trade and Investment (DETI)	1,196	1,204
Other notional costs	775	920
Total	<u>18,125</u>	<u>17,520</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

10. Programme Costs

	<i>Note</i>	2007-08 £000	2006-07 £000
PFI service charges		-	-
Current grants and other current expenditure		651,835	645,289
Non-voted expenditure: Redundancy Fund payments		1,921	1,953
Non-cash items:			
Enterprise Ulster Provision	<i>18</i>	(790)	(190)
Student Loan Adjustment to Opening Accounting Estimate	<i>14</i>	-	22
Student Loan Balance Transfer	<i>14</i>	(1)	(4)
Student Loan inflation adjustment	<i>19</i>	21,055	19,826
Cost of Capital Charges		15,290	13,992
Use of Provisions	<i>18</i>	24,341	16,356
Unwinding of discount on provisions	<i>18</i>	9,727	9,038
Release of Bad Debt provision to the OCS		(64)	-
Total		<u>723,314</u>	<u>706,282</u>

11. Income

	RfR A	RfR B	2007-08 £000	2006-07 £000
			Total	Total
Admin	-	75	75	144
Programme	546	363	909	902
Student Loan Interest	26,702	-	26,702	18,252
Science Research Investment Fund	8,195	-	8,195	6,931
EU	1,699	8,371	10,070	36,617
Total	<u>37,142</u>	<u>8,809</u>	<u>45,951</u>	<u>62,846</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

12. Analysis of Net Operating Cost by Spending Body

		2007-08	2006-07
		£000	£000
	Estimate	Outturn	Outturn
Spending body:			
Department	779,269	731,464	694,187
Non-departmental Public Bodies	10,198	7,971	7,910
	<hr/>	<hr/>	<hr/>
Net Operating Costs	789,467	739,435	702,097
	<hr/>	<hr/>	<hr/>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

13. Tangible Fixed Assets

	Land and Buildings £000	Information Technology £000	Furniture and Fittings £000	Total £000
Cost or valuation				
At 1 April 2007	5,085	216	312	5,613
Additions	-	2	9	11
Disposals	-	(5)	-	(5)
Revaluations	315	(9)	32	338
At 31 March 2008	5,400	204	353	5,957
Depreciation				
At 1 April 2007	-	208	139	347
Charged in year	55	4	35	94
Disposals	-	(5)	-	(5)
Revaluations	(55)	(7)	14	(48)
At 31 March 2008	-	200	188	388
Net book value at 31 March 2008	5,400	4	165	5,569
Net book value at 31 March 2007	5,085	8	173	5,266
Asset financing				
Owned	5,400	4	165	5,569
On-balance sheet PFI contracts	-	-	-	-
Net book value at 31 March 2008	5,400	4	165	5,569

Information Technology and Furniture and Fittings are valued using indices.

Valuations and Lands Agency carried out an interim valuation of Land and Buildings at 31 March 2006 based on the last full valuation at 31 March 2005.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

14. Investments

A. *Ulster Supported Employment Limited loan*

	2007-08 £000	2006-07 £000
Balance at 1 April	2,282	2,234
Additions	<u>56</u>	<u>48</u>
Balance at 31 March	<u>2,338</u>	<u>2,282</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.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

B. Student Loans

	2007-08 £000	2006-07 £000
Balance at 1 April	829,532	699,493
Adjustment to opening accounting estimate	-	(22)
Additional loan funding	167,876	141,475
Repayments	(34,521)	(29,387)
Repayment of teachers loans (RTL)	-	(93)
Written off	(220)	(186)
Balance transfer	1	4
Interest added	26,701	18,248
	<hr/>	<hr/>
Increase in student loans outstanding	159,837	130,039
	<hr/>	<hr/>
Balance at 31 March	<u>989,369</u>	<u>829,532</u>

The Student Loans Company Limited issues loans on behalf of the Department for Innovation, Universities 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 £26,701k (2006-07: £18,248k).

As outlined in note 21(b), student loan cash advances for the year were £152,785k.

The figures above include repayments relating to the DIUS pilot initiative called the Repayment of Teachers Loans Scheme (RTL) which was set up in 2002-03 and will be paid over a period of ten years. Under the terms of the scheme DIUS meets the cost of repaying newly qualified teachers student loans if they meet certain criteria.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

Student Loans Subsidy

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

	2007-08 £000	2006-07 £000
Change in opening accounting estimate	-	22
Unwinding of discount	9,727	9,038
Adjustment to provisions	(446)	(471)
Provision release	(17,182)	(21,230)
Movement on provision	41,969	38,057
General inflation adjustment on loans	21,055	19,826
Interest added to student loans	(26,701)	(18,248)
Balance transfer	(1)	(4)
	<u>28,421</u>	<u>26,990</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

15. Debtors

15(a) Analysis by Type

	2007-08 £000	2006-07 £000
Amounts falling due within one year:		
VAT	375	1,400
Other debtors	2,715	10,720
EU Debtor	27,059	65,316
Prepayments and accrued income	28,931	40,445
Less: Provision for doubtful debts	(123)	(313)
Amounts due from the Consolidated Fund in respect of supply	6,390	33,218
Due from the National Insurance Fund	237	218
	65,584	151,004

Included within the EU debtor balance is an amount of £4,310k (2006-07 £28,677k) that will be due to the Consolidated Fund once the funds are received.

	2007-08 £000	2006-07 £000
Amounts falling due after more than one year:		
Other debtors	874	1,636
	874	1,636

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

15(b) Intra-Government Balances

	Amounts Falling Due Within One Year		Amounts Falling Due After More Than One Year	
	2007-08 £000	2006-07 £000	2007-08 £000	2006-07 £000
Balances with other central government bodies	6,398	67,723	-	-
Balances with local authorities	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
<i>Subtotal:</i> intra-government balances	6,398	67,723	-	-
Balances with bodies external to government	59,186	83,281	874	1,636
Total debtors at 31 March	65,584	151,004	874	1,636

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

16. Cash at Bank and in Hand

	2007-08 £000	2006-07 £000
Balance at 1 April	(29,631)	(1,154)
Net change in cash balances	29,196	(28,477)
	<hr/>	<hr/>
Balance at 31 March	(435)	(29,631)

The following balances at 31 March were held at:

	2007-08 £000	2006-07 £000
Commercial banks	(444)	(29,641)
Cash in hand	9	10
	<hr/>	<hr/>
Balance at 31 March	(435)	(29,631)

17. Creditors

17(a) Analysis by Type

	2007-08 £000	2006-07 £000
Amounts falling due within one year		
Other creditors	10,454	16,881
Accruals and deferred income	68,396	53,397
Amounts due to the Consolidated Fund in respect of CFERs	4,310	28,677
Amounts due to National Insurance Fund	69	12
Bank overdraft	444	29,641
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:		
Received	5,979	3,587
Receivable	12	240
	<hr/>	<hr/>
	89,664	132,435
Amounts falling due after more than one year		
	<hr/>	<hr/>
Creditors	501	483

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

17(b) Intra-Government Balances

	Amounts Falling Due Within One Year		Amounts Falling Due After More Than One Year	
	2007-08 £000	2006-07 £000	2007-08 £000	2006-07 £000
Balances with other central government bodies	14,205	48,555	-	-
Balances with local authorities	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
<i>Subtotal: intra-government balances</i>	14,205	48,555	-	-
Balances with bodies external to government	75,459	83,880	501	483
Total creditors at 31 March	89,664	132,435	501	483

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

18. Provisions for Liabilities and Charges

	Enterprise Ulster £000	Early Departure Costs £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 2007	2,824	164	28,107	81,346	97,983	210,424
Increase/(Decrease) in provision	(790)	239	(446)	10,912	31,057	40,972
Provision release	-	-	-	-	(17,182)	(17,182)
Bad debts previously provided for and written off in year	-	-	-	(220)	-	(220)
Payments	(1,737)	(107)	(1,269)	-	-	(3,113)
Unwinding of discount	-	-	618	4,133	4,976	9,727
Balance at 31 March 2008	297	296	27,010	96,171	116,834	240,608

Early departure costs

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
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Enterprise Ulster

On 21 March 2006, the Secretary of State announced that as part of the Review of Public Administration, Enterprise Ulster would close. The organisation was formally wound up on 30 June 2007. As a result of the planned closure of Enterprise Ulster, at 31 March 2007 the Department disclosed a contingent liability in respect of the cessation charge for the Northern Ireland Local Government Officers Superannuation Scheme (NILGOSC) pension scheme. This disclosure was due to the Department's provision at 31 March 2007 including an estimate, as determined by the Government Actuary's Department, of £2.1m in respect of these costs, as opposed to the estimate, as determined by an independent actuary appointed by NILGOSC, of £4.0m. At 31 March 2007 the Department provided for the amount as advised by the Government Actuary's Department, as it represented, without prejudice, the amount that the Department reasonably expected to pay in order to settle the liability, based on the information to hand.

At 31 March 2008 the Department has settled this cost at £1.68m. The balance of the provision (£0.297m) relates to the Department's most up-to-date of estimate liabilities in respect of other costs associated with the closure of the organisation.

19. General Fund

	2007-08 £000	2006-07 £000
Balance at 1 April	645,033	492,750
Prior period adjustment	1,336	(28)
	646,369	492,722
Net parliamentary funding – current year		
Draw down	779,193	780,141
Deemed	-	-
National Insurance Fund	1,921	1,953
Year end adjustment		
- Supply Debtor – (creditor) current year	6,390	33,218
- Supply Debtor – (creditor) prior year	-	-
Net transfer from operating activities		
- Net operating cost	(739,435)	(702,097)
- CFERS repayable to consolidated fund	(7,259)	(2,603)
Non cash charges		
- Notionals	7,594	7,760
- Cost of capital	15,290	13,992
- Auditors remuneration	109	121
- Student loan inflation	21,055	19,826
Transfer from revaluation reserve	-	-
Transfer of assets from the Department	-	-
General Fund at 31 March	731,227	645,033

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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20. Reserves

20(a) Revaluation Reserve

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

	2007-08 £000	2006-07 £000
Balance at 1 April	1,355	1,013
Arising on revaluation during the year (net)	388	342
Transferred to general fund in respect of realised element of revaluation reserve	-	-
Balance at 31 March	<u>1,743</u>	<u>1,355</u>

21. Notes to the Consolidated Cash Flow Statement

21(a) Reconciliation of Operating Costs to Operating Cash Flows

	<i>Note</i>	2007-08 £000	2006-07 £000
Net operating costs	<i>12</i>	739,435	702,097
Adjustments for non-cash transactions	<i>10, 11</i>	(50,895)	(48,824)
(Increase)/decrease in debtors		(86,182)	37,226
Less movements in debtors relating to items not passing through the OCS		41,824	(25,982)
(Increase)/decrease in creditors		13,556	37,002
Less movements in creditors relating to items not passing through the OCS		2,079	(1,489)
Use of Provisions	<i>18</i>	3,113	1,566
Net cash flow from operating activities		<u>662,930</u>	<u>701,596</u>

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

21(b) Analysis of Capital Expenditure and Financial Investments

	<i>Note</i>	2007-08 £000	2006-07 £000
Tangible fixed assets additions	13	11	48
Loans to other bodies	14a	56	48
Student Loan Funding	14b	152,785	141,175
(Repayments) to other bodies – Student Loans		(34,509)	(30,574)
Net cash outflow from investing activities		118,343	110,697

21(c) Analysis of Capital Expenditure and Financial Investments by Request for Resources

	Capital Expenditure £000	Loans etc £000	Accruing Resources £000	Net Total £000
RfR A	-	118,276	-	118,276
RfR B	11	56	-	67
Subtotal	11	118,332	-	118,343
Net movement in debtors/creditors	-	15,079	-	15,079
Total 2007-08	11	133,411	-	133,422
Total 2006-07	48	112,043	-	112,091

21(d) Analysis of Financing

	<i>Note</i>	2007-08 £000	2006-07 £000
From the Consolidated Fund (Supply) – current year	19	779,193	780,141
From the Consolidated Fund (Supply) – prior year		33,218	5,099
From the National Insurance Fund		1,959	2,682
Net financing		814,370	787,922

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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21(e) Reconciliation of Net Cash Requirement to Increase/(Decrease) in Cash

	<i>Note</i>	2007-08 £000	2006-07 £000
Net cash requirements		(785,583)	(813,359)
From the Consolidated Fund (Supply) – current year	<i>19</i>	779,193	780,141
From the Consolidated Fund (Supply) – prior year	<i>21</i>	33,218	5,099
Amounts due to the Consolidated Fund – received in a prior year and paid over		(3,587)	(3,975)
Amounts due to the Consolidated Fund – received and not paid over		5,979	3,587
Interest on RRI loans paid by the Consolidated Fund on behalf of the Department		-	-
Other		(24)	30
Increase/(decrease) in cash		<u>29,196</u>	<u>(28,477)</u>

22. Notes to the Statement of Operating Costs by Departmental Aim and Objectives

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

	2007-08 £000	2006-07 £000
Objective 1	662,476	640,249
Objective 2	<u>60,838</u>	<u>66,033</u>
Total	<u>723,314</u>	<u>706,282</u>

Capital Employed by Departmental Aim and Objectives at 31 March 2008

	2007-08 £000	2006-07 £000
Objective 1	720,618	616,915
Objective 2	<u>12,352</u>	<u>29,473</u>
	<u>732,970</u>	<u>646,388</u>

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.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

23. Capital Commitments

	2007-08 £000	2006-07 £000
Contracted capital commitments at 31 March 2008 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.

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

24.1 Charge to the Operating Cost Statement and future commitments

The total amount charged in the Operating Cost Statement in respect of off-balance sheet PFI transactions was £5,563,122 (2006-07: £4,424,616).

Payments to which the Department is committed during 2007-08, analysed by the period during which the commitment expires, are as follows:

	2007-08 £000	2006-07 £000
Expiry within two to five years	5,600	5,600
Expiry within six to 10 years	-	-
	5,600	5,600

25. 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.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

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.

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 (£989.4m) of the UK total of student loans administered by the Student Loans 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 (£2.3m) neither pays interest nor has a maturity date and is secured by a charge on the company's undertaking and property. It is not regarded as tradable on an organised market in a standard form as it is an integral part of the Department's involvement in training and employment for the disabled. Accordingly, it is not practical to estimate a fair value with sufficient reliability.

26. Contingent Liabilities

Future Redundancy Payments

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.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2008

27. Losses and Special Payments

27(a) Losses Statement

	No of cases	2007-08 £000	2006-07 £000
Cash losses	130	23	172
Claims abandoned	-	-	-
Administrative write-offs	-	-	-
Fruitless Payments	-	-	-
Stores losses	-	-	-
Total	130	23	172

27(b) Special Payments

	No of Cases	2007-08 £000	2006-07 £000
			-
Total	6	89	93

28. Related-party Transactions

The Department sponsors the Labour Relations Agency, Enterprise Ulster, (up to the cessation date of 30 June 2007), Ulster Supported Employment Limited, the Construction Industry Training Board Northern Ireland and the Student Loan Company Limited. These bodies are regarded as related parties with which the Department has had various material transactions during the year.

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

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

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 2008, amounts recoverable by the Northern Ireland National Insurance Fund in respect of the activities not included in these accounts were £14.215m (2006-07: £15.123m).

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30. Entities Within the Departmental Boundary

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 Northern Ireland (a Statutory Training Organisation), all of which are sponsored by the Department, are not included by way of consolidation.

The accounts of the Student Loans Company (a company limited by guarantee and controlled jointly by the Department for Innovation, Universities and Skills (in England and Wales), 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.

31. Post Balance Sheet Events

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

Summary of Performance against Departmental Targets.

The Department's performance against the main targets is summarised below. Of the 28 performance targets:

- 22 - were achieved;
- 2 - were likely to be achieved but with some delay; and
- 4 - were unlikely to be achieved within timescale.

Detailed information on the 2007/08 year's performance targets is shown overleaf.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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Report on Departmental Performance Targets in 2007/08

Quadrant	Number	Target	Status Descriptor
Customers	1	To establish current level of satisfaction across the Department for Employment and Learning services where appropriate by March 2008	Target Achieved
“	2	To launch the Department for Employment and Learning Customer Strategy by 30 April 2007	Target Achieved
Organisational Learning & Growth	3	By 31 December 2007 quantify staff satisfaction levels	Target unlikely to be achieved within timescale
“	4	To ensure regular (e.g. monthly) staff meetings are held at Divisional/Branch level	Target Achieved
“	5	To achieve Investors in People re-accreditation by 31 March 2008	Target Achieved
“	6	95% of Personal Development Plans completed by 31 May 2007	Target unlikely to be achieved within timescale
“	7	90% of Priority 1 training delivered by year end or within 3 months	Target likely to be achieved but with some delay
“	8	To advocate participation in the Staff Bonus Scheme	Target Achieved
“	9	To establish/ promote the Departments core values and act as role models	Target Achieved
Processes	10	By 31 March 2008, 75% of key 2007/08 milestones achieved across key business areas	Target Achieved

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Quadrant	Number	Target	Status Descriptor
“	11	By 31 March 2008 to meet the SR04 efficiency targets as set by Department of Finance and Personnel (target refers to Fit for Purpose/Headcount targets only)	Target Achieved
“	12	On a quarterly basis, Board to consider and review the operational priorities faced by the Department and communicate to staff	Target unlikely to be achieved within timescale
“	13	To ensure that the Good Policy Guide is applied to all policy developments	Target Achieved
“	14	To comply with DAO 18/05 Corporate Governance in Central Government Departments and HMT Code of Practice for Central Government Departments	Target Achieved
“	15	Ensure controls are in place to provide substantial assurance levels of governance and control	Target Achieved
“	16	To ensure Annual Equality Report is produced by the required date	Target Achieved
“	17	Achievement of relevant targets, as stated in Information Technology Strategy, by March 2008	Target Achieved
“	18	Throughout the year, to deal with Minister’s and Permanent Secretary’s business within required deadlines	Target unlikely to be achieved within timescale
“	19	Throughout the year, to ensure that Departmental staff in post versus complement does not fall below 85%	Target Achieved
Results	20	By Spring 2008, 68% of the working age population will be qualified at level 2 or above	Target Achieved
“	21	By Spring 2008, 48% of the population will be qualified at level 3 or above	Target Achieved

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Quadrant	Number	Target	Status Descriptor
“	22	By March 2008, to have provided support for the achievement of 10,500 Essential Skills qualifications	Target Achieved
“	23	By 2008, make progress, year on year, towards fair access to Higher Education	Target Achieved
“	24	Over the three years to 2008, to contribute to combating poverty and taking account of the economic cycle, demonstrate progress on increasing Northern Ireland’s employment rate	Target Achieved
“	25	Ensure Skills Strategy is implemented in line with agreed targets	Target Achieved
“	26	By March 2008 to ensure that all relevant GB/EU legislation is transposed to Northern Ireland	Target Achieved
“	27	Improve level of staff attendance (YTD sick absence level @ 28 Feb 2007 is 6.2%)	Target likely to be achieved but with some delay
“	28	By March 2008 to achieve an agreed level of Board satisfaction with the Department’s contribution to cross departmental working groups	Target Achieved