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Department of Education
RESOURCE ACCOUNTS

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for the year ended 31 March 2004



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DEPARTMENT OF EDUCATION RESOURCE ACCOUNTS

For the year ended 31 March 2004

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

11 November 2004

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

11 November 2004

Ordered by the House of Commons to be printed
11 November 2004

HC 1143
NIA 97/03

LONDON: The Stationery Office

£19.00

DEPARTMENT OF EDUCATION

Accounts for the year ended 31 March 2004

Contents	Page
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Annual Report	1
Statement of Accounting Officer's Responsibilities	9
Statement on Internal Control	10
Certificate and Report of the Comptroller and Auditor General	13
Schedule 1 - Summary of Resource Outturn	15
Schedule 2 - Operating Cost Statement	18
Statement of Recognised Gains and Losses	18
Schedule 3 - Balance Sheet	19
Schedule 4 - Cash Flow Statement	20
Schedule 5 - Resources by Departmental Objectives	21
Notes to the Accounts	22

DEPARTMENT OF EDUCATION

ANNUAL REPORT

SCOPE

1. Departmental accounting boundary

These accounts have been prepared in accordance with directions given by the Department of Finance and Personnel in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001 and relate to the activities of the Department of Education and the Special Education Needs Tribunal. All other associated education bodies are outside the accounting boundary defined within the 2003-04 *Northern Ireland Resource Accounting Manual* issued by the Department of Finance and Personnel.

2. Associated bodies

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

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

Executive NDPBs:

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

Tribunals:

Special Educational Needs Tribunal

Private sector bodies:

Grant Maintained Integrated Schools*

Voluntary Grammar Schools*

Northern Ireland Council for Integrated Education

Comhairle na Gaelscolaíochta

**Note: Other schools, maintained and controlled, are funded via the education and library boards.*

3. Departmental reporting cycle

The Department's original Estimates for the year were included in the "Northern Ireland Main Estimates 2003-2004" publication. These Estimates were subject to in-year revision and revised Estimates were included in the "Northern Ireland Spring Supplementary Estimates 2003-2004" publication. Both these publications are available from The Stationery Office.

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

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

OPERATING AND FINANCIAL REVIEW

4. Aim and objectives

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

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

- ◆ Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement, that will give them a

secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society, and

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

5. Principal activities

The principal activities of the Department are:

- ◆ central responsibility for policy and planning for pre-school provision, education of children at school (ages 4-18), special education, the youth service and community relations within and between schools;
- ◆ the funding of the principal bodies responsible for the executive delivery of these services.

6. Operating results for the period

The Department's main activities and responsibilities remained unchanged during the period. These are primarily to give strategic policy direction to the education service and to allocate the funding provided by Parliament. Education provision at local level is made principally by the five education and library boards and other partner bodies which are funded by the Department.

The performance of the Department against key non-financial targets for the period is detailed in the publication "*Annual Report for 2003/04 Progress on Implementing Building on Progress – Priorities and Plans 2003-06*" (www.pfgbudgetni.gov.uk). The main challenges facing the Department next year are discussed in the "*Department of Education Business Plan 2004/05*" (www.deni.gov.uk).

The Department's Net Resource Outturn for the year was £1,561m compared to a total of £1,642m authorised by Parliament. The main factors causing this variance were carry forward to 2004-05 of certain education and library board provision including a re-phasing of certain ICT provision, slippage on certain capital programmes and slippage on certain Executive Programme Fund provision.

7. Investment for the future

The Department does not directly own any substantial assets. The education estate is primarily in the ownership of the five education and library boards and the trustees of voluntary and grant-maintained integrated schools. One of the Department's key objectives is to improve the condition of the schools' estate and to reduce the backlog of priority capital projects.

On 27 April 2004, the Minister announced a schools building programme of £222m for 44 schools across Northern Ireland. The schools are being funded through a mix of conventional capital funding and Public Private Partnerships (PPP). The Minister also announced a new focus on improving the delivery of school projects. The Department will be working with the Strategic Investment Board and schools authorities to achieve this.

8. Important events occurring after the year end

After the year end the Department became aware that the Belfast Education and Library Board and the South Eastern Education and Library Board had significant overspends on their accounts. The Department intends to undertake a review of expenditure across all five Boards.

9. Going concern

Under FRS 18, when the closing balance sheet position shows a surplus of liabilities over assets, the Accounting Officer is required to make an assessment of the viability of the Department as a going concern. No material uncertainties affecting the Department's ability to continue as a going concern have been assessed and these accounts have therefore been prepared under the going concern principle.

MANAGEMENT

10. Ministerial responsibility

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

Minister of State with responsibility for Education Ms Jane Kennedy MP

11. Senior officers

The composition of the Departmental Management Board - the Senior Management Team - during the year was as follows:

Mr Gerry McGinn	Permanent Secretary
Dr Eddie Rooney	Deputy Secretary (from 2 June 2003)
Ms Marion Matchett	Chief Inspector Education and Training Inspectorate

Heads of Divisions and Assistant Chief Inspectors

Dr Mark Browne	Finance and Strategic Planning
Mr John Caldwell	Resource Allocation (temporary promotion to 7 March 2004)
Mrs Katrina Godfrey	Resource Allocation (from 8 March 2004)
Mrs June Ingram	Schools and Pupil Services
Mrs Maura McCusker	Corporate Services
Mrs Christine Jendoubi	School Improvement and Teacher Development
Mr Nigel McCormick	Development and Infrastructure (to 28 July 2003)
Mr Eugene Rooney	Development and Infrastructure (from 3 November 2003)
Mr Terry Smyth	Equality, Rights and Youth Service
Mr David Woods	Curriculum and Post-Primary Review
Mr Paul McAlister	Assistant Chief Inspector
Mr Vivian McIver	Assistant Chief Inspector
Mrs Loretto Watson	Assistant Chief Inspector
Mr Stanley Goudie	Assistant Chief Inspector

12. Senior official appointments

The Permanent Head of the Department was appointed by the Northern Ireland Civil Service Recruitment Service after an open competition. The appointment is for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

Eddie Rooney and Katrina Godfrey were appointed by the Northern Ireland Civil Service Commissioners after an open competition. These appointments are for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

Eugene Rooney was appointed after transferring from another department. His terms and conditions of service are the same as those aforementioned.

13. Remuneration

The Permanent Secretary's pay is determined by the Permanent Secretaries Remuneration Committee taking account of the recommendations of the annual Senior Salaries Review Body report.

The pay of other members of the Departmental Board is set by the recommendations of the annual Senior Salaries Review Body report.

Further details on remuneration are included within Note 3 to the resource accounts.

PUBLIC INTEREST AND OTHER

14. Employment of disabled persons

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

Full details can be found in the Code of Practice.

15. Equal opportunities

The Department of Education is an equal opportunities employer and has adopted the Northern Ireland Civil Service (NICS) Equal Opportunities Policy Statement. It is Departmental policy that people shall have equal opportunity for employment and advancement in the Department on the basis of their ability, qualifications and aptitude for work. The policy states that there

is a legal framework to protect individuals from unfair discrimination which should be taken to mean acting in such a way as to place at a disadvantage or treat unfairly any individual because of factors such as religion, sex, marital status etc. The policy also applies to the employment in NICS of people with a disability or mental impairment that has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

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

16. Payment of suppliers

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

During the year 98.0% of bills were paid within this standard. No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

17. Auditor

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

The audit of the financial statements for 2003-04 resulted in a notional audit fee of £110,000 and is included in the administration costs in the operating cost statement.

18. Provision of information to employees

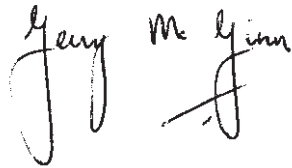
Information on matters of interest to employees is provided to them by a number of means such as the internal Intranet, the in-house magazine, issue of circulars and regular team briefings.

The Department has agreed consultation arrangements with the recognised trade union, the Northern Ireland Public Service Alliance (NIPSA), with formal meetings taking place at least six times per year and bi-annual meetings on matters such as equal opportunities and health and safety. In addition, trade union side is regularly consulted on matters relating to employees' terms and conditions.

As well as the formal consultation arrangements with trade union side, the Department seeks to obtain the views of all staff by staff surveys and focus groups. The results of these are published on the internal Intranet and staff are consulted about and contribute to the resultant action.

19. Company directorships

There are no company directorships or other significant interests held by any members of the Departmental Management Board.

Handwritten signature of Gerry McGinn in black ink.

Signed: _____

Date: 28th October 2004 _____

Accounting Officer

DEPARTMENT OF EDUCATION

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

DEPARTMENT OF EDUCATION

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

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

This includes ensuring that there are appropriate financial and management controls in place within the Department's Non-Departmental Public Bodies (NDPBs).

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department of Education for the year ended 31 March 2004 and up to the date of approval the accounts, and accords with DFP guidance.

3. Capacity to handle risk

The Department's Senior Management Team (SMT) has collective responsibility for monitoring and reviewing the high-level risks recorded in the corporate risk register and for receiving reports on significant risks arising from divisional risk registers. SMT has procedures in place for verifying that risk management and internal control are regularly reviewed and reported on.

Staff within the Department, in particular Heads of Branches, have received training to ensure they understand the purpose and context of the risk management process and their responsibilities within it. Personal responsibility for risk management is emphasised through risk ownership at the appropriate level and a system of stewardship reporting.

4. The risk and control framework

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

The nature of the risk, the current level of control, any further action being taken, and risk owners, are recorded in divisional risk registers and, for higher-level or overarching risks, in the corporate risk register. The Department's Risk Management Framework includes guidance which helps ensure consistent evaluation of risk.

5. Review of effectiveness

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

The risk management arrangements currently in place have been assessed by Internal Audit against HM Treasury guidance. This review has confirmed a high level of compliance with the guidance and also indicated some areas for improvement and consolidation, including enhancing the integration of risk management with business planning and improved monitoring arrangements.

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

- ◆ regular performance information provided by managers with executive responsibilities;
- ◆ the subsidiary statements of internal control presented by Heads of Branch and Heads of Division within the Department, who have responsibility for the development and maintenance of the internal control framework in their respective areas;

- ◆ the statements of internal control, and associated documentation, submitted by the Accounting Officers of the Department's NDPBs; and
- ◆ comments made by the external auditors in their management letters and other reports.

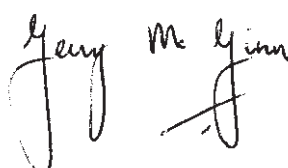
In regard to Job Evaluation Schemes in Education and Library Boards, an accredited Job Evaluation Scheme in line with a UK agreed process was undertaken by ELBs to address a major risk, i.e. to stem the flow of the growing number of expensive equal pay claims arising in the public sector and to ensure fairness and objectivity in the treatment of staff. To address the risk of affordability we have asked Boards to keep the Department fully informed of the potential costs of any Job Evaluation Schemes and to seek both the Department's and DFP's approval before they conclude a deal with the Trade Unions.

6. Significant internal control problems

During the year the Department co-ordinated and directed a significant fraud investigation within two of the Education and Library Boards. This investigation is on-going at present and will continue to be managed by the Department.

In light of significant control issues within the Belfast Education and Library Board's and the South Eastern Education and Library Board's accounts, and other concerns about the timeliness of completion of the Boards' accounts, the Department will be commissioning a review of progress by all Boards in implementing and managing Resource Accounting and Budgeting.

The Department is also Scheme Manager for the Teachers' Superannuation Scheme (TSS) NI. The Statement on Internal Control for TSS draws attention to certain matters which the Department will implement in the coming year.

Signed:  _____ Date: 28th October 2004

Accounting Officer

DEPARTMENT OF EDUCATION

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

I certify that I have audited the financial statements on pages 15 to 63 under the Government Resources and Accounts Act (Northern Ireland) 2001. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 22 to 27.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 9, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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

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

I review whether the statement on pages 10 to 12 reflects the Department's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and

controls. I am also not required to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

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

Opinion

In my opinion:

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

I have no observations to make on these financial statements.

J M Dowdall CB
Comptroller and Auditor General

October 2004

Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

DEPARTMENT OF EDUCATION

SCHEDULE 1

Summary of Resource Outturn 2003-04

	2003-04							2002-03
	Estimate			Outturn				Prior Year Outturn
	Gross Expenditure	Accruing Resources	NET TOTAL	Gross Expenditure	Accruing Resources	NET TOTAL	Net Total Outturn compared with Estimate Saving/ (Excess)	
	1	2	3	4	5	6	7	8
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources A (Note 7, 11 and 35)	1,608,063	(3,123)	1,604,940	1,533,588	(3,094)	1,530,494	74,446	1,434,304
Request for Resources B (Note 7, 11 and 35)	37,007	-	37,007	30,386	-	30,386	6,621	24,000
Total resources	1,645,070	(3,123)	1,641,947	1,563,974	(3,094)	1,560,880	81,067	1,458,304
Non-operating cost Accruing Resource (Note 7)	-	-	-	-	-	-	-	5
Net cash requirement	-	-	1,640,026	-	-	1,555,447	84,579	1,452,798

Summary of income payable to the Consolidated Fund

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

	Note	Forecast 2003-04		Outturn 2003-04	
		Income £000	Receipts £000	Income £000	Receipts £000
Total	6	<i>11,433</i>	-	20,066	<i>17,786</i>

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

The majority of the variance is accounted for by the following large differences:

- (i) carry forward of £51.1m to 2004-05 of certain Education and Library Board provision, principally to facilitate the operation of Local Management of Schools and a re-phasing of certain Information Communication Technology provision. This reflects funding commitments to Education and Library Boards which, if not taken up in the Estimates year, are subject to approved arrangements for carry forward to the next year,
- (ii) slippage of £10.2m on certain capital programmes in Voluntary and Grant Maintained Integrated Schools, mainly due to vesting complexities, planning issues, design issues and inclement weather conditions, and
- (iii) slower than expected progress on certain Executive Programme Fund projects, amounting to £6.0m on capital and £3.4m on resource.

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

The majority of the variance is accounted for by the following large differences:

- (i) carry forward of £51.1m to 2004-05 of certain Education and Library Board provision, principally to facilitate the operation of Local Management of Schools and a re-phasing of certain Information Communication Technology provision,
- (ii) slippage of £10.2m on certain capital programmes in Voluntary and Grant Maintained Integrated Schools, mainly due to vesting complexities, planning issues, design issues and inclement weather conditions, and
- (iii) slower than expected progress on certain Executive Programme Fund projects, amounting to £6.0m on capital and £3.4m on resource.

SCHEDULE 1 (Continued)**Reconciliation of resources to cash requirement**

		2003/04		2002/03	
		Estimate Net Total	Outturn Net Total	Net Total Outturn Compared with Estimate Saving/ (Excess)	Prior Year Outturn
	Note	£000	£000	£000	£000
Net total resources	11	1,641,947	1,560,880	81,067	1,458,304
Capital:					
Acquisition of fixed assets - cash purchase	12,13&14	1,054	376	678	309
Investments		-	-	-	-
Non operating ARs Proceeds of fixed asset disposals	13	(26)	-	(26)	(18)
Accruals adjustments:					
Non cash items		(2,911)	(1,542)	(1,369)	(6,118)
Changes in working capital other than cash	15	-	(4,340)	4,340	1,953
Changes in creditors falling due after more than one year		-	-	-	1,535
Use of provision	19	268	70	198	205
Repayment of supply in respect of additional funding from the Strategic Investment Programme (see note below)		-	3	(3)	-
Other adjustment		(297)	-	(297)	(178)
Payment of grant in respect of prior year		-	-	-	(3,194)
Adjust for the effects of prior period adjustments		(9)	-	(9)	-
Net cash requirement (Schedule 4)		1,640,026	1,555,447	84,579	1,452,798

An amount of £2,700.00 was repaid to the NI Consolidated Fund in respect of additional funding which had been made available through the Strategic Investment Programme.

DEPARTMENT OF EDUCATION

SCHEDULE 2

Operating Cost Statement

for the year ended 31 March 2004

	Note	2003-04		2002-03	
		£000	£000	£000	£000
Administration costs :					
Staff costs	3	17,667		16,368	
Non-Staff administration costs	4	5,240		5,206	
Gross administration costs			22,907		21,574
Operating income	7		(26)		(7)
Net administration costs			22,881		21,567
Programme costs :					
Request for Resources A					
Staff costs	3	483		175	
Expenditure	5	1,511,126		1,427,112	
			1,511,609		1,427,287
Less: Income from EU (DE principal)	7		(19,744)		(6,754)
Less: Income	7		(3,389)		(3,706)
			1,488,476		1,416,827
Request for Resources B					
Staff costs	3	-		-	
Expenditure	5	29,457		25,399	
			29,457		25,399
Net programme costs	5		1,517,933		1,442,226
Net operating cost	9		1,540,814		1,463,793
Net resource outturn	9		1,560,880		1,458,304

All income and expenditure are derived from continuing operations

Statement of Recognised Gains and Losses

for the year ended 31 March 2004

	Note	2003-04	2002-03
		£000	£000
Net loss on revaluation of tangible fixed assets	13	(5)	(67)
Net gain on revaluation of intangible fixed assets	14	5	3
Prior year adjustment	20	-	(5)
Total recognised losses for the financial year		-	(69)

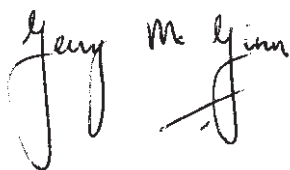
DEPARTMENT OF EDUCATION

SCHEDULE 3

Balance Sheet

as at 31 March 2004

	Note	2003-04		2002-03	
		£000	£000	£000	£000
Fixed assets:					
Tangible assets	13	590		594	
Intangible assets	14	121		141	
			711		735
Current assets:					
Debtors	16	21,847		15,419	
Cash at bank and in hand	17	2,857		3,402	
		24,704		18,821	
Creditors (amounts falling due within one year)	18	(56,013)		(45,789)	
Net current liabilities			(31,309)		(26,968)
Total assets less current liabilities			(30,598)		(26,233)
Provisions for liabilities and charges	19		(367)		(1,162)
			(30,965)		(27,395)
Taxpayers' equity					
General fund	20		(30,989)		(27,426)
Revaluation reserve	21		24		31
			(30,965)		(27,395)



Signed: _____

Accounting Officer

Date: 28th October 2004

DEPARTMENT OF EDUCATION

SCHEDULE 4

Cash Flow Statement

for the year ended 31 March 2004

	2003-04	2002-03
	£000	£000
Net cash outflow from operating activities (Note a)	(1,537,294)	(1,459,372)
Capital expenditure and financial investment (Note b)	(379)	(1,840)
Payments of amounts due to the Consolidated Fund	(17,790)	(201)
Financing (Note c)	1,554,918	1,457,869
Increase/(Decrease) in cash in the period	(545)	(3,544)

Notes:

- a See the table below giving a reconciliation of operating cost to operating cash flows.
b See the table below giving an analysis of capital expenditure and financial investment.
c See the table below giving an analysis of financing and reconciliation to the net cash requirement.

Reconciliation of operating cost to operating cash flows

	Note	2003-04	2002-03
Net operating cost		1,540,814	1,463,793
Adjust for non cash transactions	4	(1,542)	(2,307)
Adjustment for movements in working capital other than cash	15	(2,048)	(2,189)
Use of provisions	19	70	75
Net cash outflow from operating activities		1,537,294	1,459,372

Analysis of capital expenditure and financial investment

		2003-04	2002-03
Intangible fixed assets additions	14	78	39
Tangible fixed assets additions	13	298	271
Proceeds of disposal of fixed assets	7	-	(5)
Repayment of supply in respect of additional funding from the Strategic Investment Programme		3	-
Repayment of loans to other bodies		-	1,535
Net cash outflow from investing activities		379	1,840

Analysis of financing, and reconciliation to the net cash requirement

		2003-04	2002-03
From the Consolidated Fund (Supply) - current year #	20	1,554,918	1,456,181
From the Consolidated Fund (Supply) - prior year *	20	-	1,688
Net financing		1,554,918	1,457,869
(Increase)/Decrease in cash	17	545	3,544
Net cash flows other than financing		1,555,463	1,461,413
Adjustments for payments and receipts not related to Supply:			
Amounts due to the Consolidated Fund - received in a prior year and paid over		(17)	(39)
Amounts due to the Consolidated Fund - received and not paid over		1	17
Prior period adjustment		-	(8,593)
Net cash requirement (Schedule 1)		1,555,447	1,452,798

Amount of grant actually issued to support the net cash requirement = £1,554,918,000.00

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

DEPARTMENT OF EDUCATION

SCHEDULE 5

Resources by Departmental Aim and Objectives

for the year ended 31 March 2004

Aim: To educate and develop the young people of Northern Ireland to the highest possible standards, providing equality of access to all.

	2003-04			2002-03		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Objective 1	1,533,626	(23,160)	1,510,466	1,447,995	(10,467)	1,437,528
Objective 2	30,348	-	30,348	26,265	-	26,265
Net operating costs	1,563,974	(23,160)	1,540,814	1,474,260	(10,467)	1,463,793

The Department's objectives were as follows:

Objective 1

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

Objective 2

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

See Note 22.

DEPARTMENT OF EDUCATION
ANNUAL REPORT AND ACCOUNTS 2003-04

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2003-04 *Northern Ireland Resource Accounting Manual (NIRAM)* issued by the Department of Finance and Personnel. The accounting policies contained in the *NIRAM* follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the *NIRAM* permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

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

1.1 Accounting convention

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

1.2 Basis of consolidation

These accounts comprise a consolidation of the Special Educational Needs Tribunal which falls within the Departmental boundary as defined in the *Northern Ireland Resource Accounting Manual* (section 1.5) issued by the Department of Finance and Personnel. Transactions between entities included in the consolidation are eliminated.

1.3 Tangible fixed assets

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

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

- ◆ Land and Buildings excluding Dwellings

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

- ◆ Other Tangible Fixed Assets

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

1.4 Depreciation

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

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

Buildings excluding dwellings	25 years
Information Technology	3 to 10 years
Transport Equipment	4 years

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

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

1.5 Intangible fixed assets

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

1.6 Stocks

The accounting policy in respect to recognition of stocks is that it is not deemed to be material, and is expensed to the Operating Cost Statement as purchased.

1.7 Operating income

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

1.8 Administration and programme expenditure

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost-control regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by the Department of Finance and Personnel.

1.9 Capital charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities except for liabilities for amounts to be surrendered to the Consolidated Fund, where the charge is nil. Supply monies have been made

available through the Strategic Investment Programme (part of the Reinvestment and Reform Initiative). In this case, the interest which would have been charged had the supply monies been made available by loan rather than through supply is added to the cost of capital charge.

1.10 Foreign exchange

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

1.11 Pensions

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

1.12 Early departure costs

DE Employees

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

Teachers

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

1.13 Leases

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

1.14 Grants payable

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

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

1.15 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the

estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 3.5 per cent).

1.16 Contingent liabilities

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

- ◆ items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental minute prior to the Department entering into the arrangement;
- ◆ all items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the *Northern Ireland Resource Accounting Manual* to be noted in the resource accounts.

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

1.17 Value Added Tax

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

1.18 Third party assets

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

1.19 Peace II Programme: Strand 3

The Department accounted for Strand 3 of the Peace II Programme correctly in the 2002/03 Resource Accounts and therefore no adjustments are required in the current year in respect of reclassification of expenditure in preceding years accounts.

2. Change to estimation technique

With effect from the 2003-04 accounts the following changes in estimating techniques have been introduced in order to meet the needs of in-year expenditure control:

Valuation of tangible and intangible fixed assets

Balance sheet values for tangible and intangible fixed assets are based on a review of values as at the balance sheet date. Previously, for tangible fixed assets and intangible fixed assets the review of values was carried out prior to the 30 September during the year.

Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are both based on average balance sheet values. Previously they were based on balance sheet values after revaluation in Period 3 and Period 5 each year.

Cost of Capital

There has been no change to the technique used to calculate cost of capital and it is still based on average values.

Impact of change in estimating technique

The above changes have had the following effects:

Schedule 1, 2 and 5: an increase in expenditure of £35,730.

Schedule 3: a decrease in value of fixed assets of £33,892.

3. Staff numbers and related costs

Staff Costs

A) Staff costs consist of :

	2003-04				2002-03
	£000	£000	£000	£000	£000
	Total	Officials	Ministers	Special Advisers	Total
Wages and salaries	14,093	14,093	-	-	12,896
Social security costs	1,077	1,077	-	-	878
Other pension costs	1,841	1,841	-	-	1,790
Sub Total	17,011	17,011	-	-	15,564
Inward Secondments	1,211	1,211	-	-	979
TOTAL	18,222	18,222	-	-	16,543
Less recoveries in respect of outward secondments	72	72	-	-	-
Total Net Costs	18,150	18,150	-	-	16,543
These costs are shown in Schedule 2 as:					
Administration Costs	17,667	17,667	-	-	16,368
Programme Costs	483	483	-	-	175
Total Net Costs	18,150	18,150	-	-	16,543

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) is an unfunded defined benefit scheme which produces its own resource accounts, but the Department of Education is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 1994 and an interim estimate of the scheme liability is available at 31 March 2003. A full actuarial valuation of the scheme liability is currently underway.

For 2003-04, employers' contributions of £1,841,249.84 were payable to the **PCSPS(NI)** (2002-03 £1,790,277.40) at one of four rates in the range of 12 to 18 per cent of pensionable pay, based on salary bands. It is anticipated that rates will remain the same next year, subject to revalorisation of the salary bands, but may change from 2005-06 depending on the result of the current actuarial valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions which are age-related and range from 3 to 12.5 per cent of pensionable pay will be paid to one or more of a panel of four appointed stake-holder pension providers. The employer will also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of 0.8 per cent of pensionable pay, will be payable to the **PCSPS(NI)** to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

The Department did not have any employees joining any such partnership pension account. Therefore contributions due to the partnership pension providers at the balance sheet date were 'nil'. Contributions prepaid at that date were 'nil'.

Three persons retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £4,365.65.

Average number of persons employed

B) The average number of whole-time equivalent persons employed during the year is shown in the table below.

Objective	2003-04							2002-03
	Number							Number
	Total	Ministers	Special Advisers	Senior Management	Officials	Staff on inward secondment	Agency, temporary and contract staff	Total
1	623	-	-	15	580	24	4	559
2	28	-	-	-	28	-	-	26
Staff engaged on capital projects	-	-	-	-	-	-	-	-
TOTAL	651	-	-	15	608	24	4	585

Salary and pension entitlements

- C) The salary, pension entitlements and the value of any taxable benefits in kind of the Minister and the most senior members of the Department of Education were as follows:

	Salary	Benefits in kind (rounded to nearest £100)	Real increase in pension at age 65	Total accrued pension at age 65 at 31 March 2004
	£000	£000	£000	£000
2003-04 Minister Ms Jane Kennedy MP	-	-	-	-
2002-03 Minister Mr Martin McGuinness MP MLA (To 14 October 2002)	20-25	-	-	-

Note

From 15 October 2002 the Department of Education was under the direction and control of Ms Jane Kennedy MP. Her salary and allowances were paid by the NI Office or the Cabinet Office rather than the NI 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 Ms Jane Kennedy's salary and allowances, will be provided in the 2003-04 NI Office resource accounts.

	Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2004 and related lump sum	Column 5 CETV at 31 March 2003 (nearest £000)	Column 6 CETV at 31 March 2004 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	£000	£000	£000	£000	£000	£000	£000	£000
2003-04 Officials								
Mr Gerry McGinn Permanent Secretary				Consent to disclosure withheld				
Dr Eddie Rooney Deputy Secretary From 2 June 2003	60-65 (70-75 full year equivalent)	-	5-7.5 plus 15-17.5 lump sum	15-20 plus 55-60 lump sum	190	277	76	-
Ms Marion Matchett Chief Inspector Education and Training Inspectorate				Consent to disclosure withheld				
Dr Mark Browne Finance and Strategic Planning				Consent to disclosure withheld				
Mrs June Ingram Schools and Pupil Services				Consent to disclosure withheld				
Mrs Christine Jendoubi School Improvement and Teacher Development				Consent to disclosure withheld				
Mr Nigel McCormick Development and Infrastructure To 28 July 2003				Consent to disclosure withheld				

	Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2004 and related lump sum	Column 5 CETV at 31 March 2003 (nearest £000)	Column 6 CETV at 31 March 2004 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	£000	£000	£000	£000	£000	£000	£000	£000
2003-04 Officials								
Mr Eugene Rooney Development and Infrastructure From 3 November 2003				Consent to disclosure withheld				
Mr Terry Smyth Equality, Rights and Youth Services				Consent to disclosure withheld				
Mr David Woods Curriculum and Post-Primary Review				Consent to disclosure withheld				
Mr Vivian McIver Education and Training Inspectorate				Consent to disclosure withheld				
Mrs Loretto Watson Education and Training Inspectorate				Consent to disclosure withheld				
Mr Stanley Goudie Education and Training Inspectorate				Consent to disclosure withheld				
Mr Paul McAlister Education and Training Inspectorate				Consent to disclosure withheld				
Mrs Maura McCusker Corporate Services				Consent to disclosure withheld				

	Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2004 and related lump sum	Column 5 CETV at 31 March 2003 (nearest £000)	Column 6 CETV at 31 March 2004 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	£000	£000	£000	£000	£000	£000	£000	£000
2003-04 Officials								
Mr John Caldwell Resource Allocation Temporary promotion to 7 March 2004				Consent to disclosure withheld				
Mrs Katrina Godfrey Resource Allocation From 8 March 2004	0-5 (50-55 full year equivalent)	-	0-2.5 plus 5-7.5 lump sum	5-10 plus 25-30 lump sum	75	105	26	-

	Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2003 and related lump sum	Column 5 CETV at 31 March 2002 (nearest £000)	Column 6 CETV at 31 March 2003 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	£000	£000	£000	£000	£000	£000	£000	£000
2002-03 Officials								
Mr Gerry McGinn Permanent Secretary				Consent to disclosure withheld				
Mr Stephen Peover Deputy Secretary Transferred out 3 February 2003				Consent to disclosure withheld				
Ms Marion Matchett Chief Inspector Education and Training				Consent to disclosure withheld				
Dr Mark Browne School Funding and Administration				Consent to disclosure withheld				
Mrs June Ingram Teachers, School Policy and Improvement				Consent to disclosure withheld				
Mr Neill Jackson Corporate Services Transferred out 16 July 2002				Consent to disclosure withheld				
Mrs Christine Jendoubi Children and Young People				Consent to disclosure withheld				

	Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2003 and related lump sum	Column 5 CETV at 31 March 2002 (nearest £000)	Column 6 CETV at 31 March 2003 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	£000	£000	£000	£000	£000	£000	£000	£000
2002-03 Officials								
Mr Nigel McCormick Development and Infrastructure				Consent to disclosure withheld				
Mr Terry Smyth Equality, Rights and Social Inclusion				Consent to disclosure withheld				
Mr David Woods Finance and Strategic Planning				Consent to disclosure withheld				
Mr John Birch Education and Training Retired 16 July 2002				Consent to disclosure withheld				
Mr Vivian McIver Education and Training				Consent to disclosure withheld				
Mrs Loretto Watson Education and Training				Consent to disclosure withheld				
Mr Stanley Goudie Education and Training				Consent to disclosure withheld				

	Column 1 Salary, including performance pay	Column 2 Benefits in kind (rounded to nearest £100)	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31 March 2003 and related lump sum	Column 5 CETV at 31 March 2002 (nearest £000)	Column 6 CETV at 31 March 2003 (nearest £000)	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)	Column 8 Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	£000	£000	£000	£000	£000	£000	£000	£000
2002-03 Officials								
Mr Paul McAlister Education and Training Appointed 29 July 2002				Consent to disclosure withheld				
Mrs Maura McCusker Corporate Services Appointed 6 November 2002				Consent to disclosure withheld				
Mr John Caldwell Resource Allocation Temporary promotion from 12 August 2002				Consent to disclosure withheld				

NOTES

Salary

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

Benefits in kind

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

Pension

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based ‘final salary’ defined benefit schemes (classic, premium and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality ‘money purchase’ stakeholder arrangement with a significant employer contribution (partnership pension account).

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

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

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

Columns 5 and 6 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 7 reflects the increase in CETV effectively funded by the employer. It takes account of 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.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

4. Non-Staff administration costs

	2003-04		2002-03	
	£000	£000	£000	£000
Rentals under operating leases				
Hire of plant and machines		23		20
Other operating leases		29		29
Non cash items (Note a)				
Depreciation and amortisation of fixed assets				
tangible fixed assets	221		208	
intangible fixed assets	102		82	
Profit on disposal of fixed assets [where netted off expenditure in schedule 2]	(1)		-	
Loss on revaluation of fixed assets	76		20	
Cost of capital charge	(637)		(413)	
Auditors' remuneration and expenses	110		136	
Accommodation and other notional charges	2,395		2,143	
Provisions:				
provided in year	(724)	1,542	109	2,285
Other expenditure (Note b)		3,646		2,872
		5,240		5,206

Note a - The total of non-cash transactions included in the reconciliation of resources to net cash requirement in Schedule 1 and in the reconciliation of operating costs to operating cashflows in Schedule 4 comprises:

	2003-04	2002-03
	£000	£000
Other administration costs - non cash items (as above)	1,542	2,285
Add: Other non cash amounts charged to operating expenditure	-	22
Total non cash transactions	1,542	2,307

Note b - "Other Expenditure" comprises:

	2003-04	2002-03
	£000	£000
Travel and Subsistence	443	414
DRC - Telephone, Printing and Stationery	968	645
DRC - Accounting and Information Technology	676	537
DRC - Other General	1,559	1,276
Total - Other Expenditure	3,646	2,872

5. Net programme costs

	2003-04	2002-03
	£000	£000
Current grants and other current expenditure	1,540,583	1,452,511
Staff costs	483	175
	1,541,066	1,452,686
Less: Programme income (note 7)	(23,133)	(10,460)
	1,517,933	1,442,226

6. Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2003-04		Outturn 2003-04	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Operating income and receipts - excess ARs	7	-	-	297	<i>102</i>
Non-operating income and receipts - excess ARs	7	-	-	-	-
Subtotal		-	-	297	<i>102</i>
Other operating income and receipts not classified as ARs	7	11,433	-	19,769	<i>17,684</i>
Total		11,433	-	20,066	<i>17,786</i>

7. Income and accruing resource

Operating income

Operating income not Accruing Resource (ie surrenderable to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see note 8). In 2003-04 all operating income not classified as Accruing Resource was within public expenditure.

	2003-04			2002-03		
	£000	£000	£000	£000	£000	£000
	Resource Outturn	Operating Cost Statement		Resource Outturn	Operating Cost Statement	
	Accruing Resource	Payable to Consolidated Fund	Total	Accruing Resource	Payable to Consolidated Fund	Total
Administration income:						
Administration fees	1	25	26	1	6	7
	<u>1</u>	<u>25</u>	<u>26</u>	<u>1</u>	<u>6</u>	<u>7</u>
Programme income:						
Contribution from European Union						
- DE acting as principal for EU	-	19,744	19,744	-	6,754	6,754
Sale of land and buildings	3,093	295	3,388	3,531	-	3,531
Other income	-	2	2	-	175	175
	<u>3,093</u>	<u>20,041</u>	<u>23,134</u>	<u>3,531</u>	<u>6,929</u>	<u>10,460</u>
Total operating income	<u>3,094</u>	<u>20,066</u>	<u>23,160</u>	<u>3,532</u>	<u>6,935</u>	<u>10,467</u>

Non-operating Accruing Resource

	2003-04	2002-03
	£000	£000
Disposals of fixed assets	-	5

8. Administration cost limits

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

	2003-04		2002-03	
	Outturn	Limits	Outturn	Limits
	£000	£000	£000	£000
Request for Resources A (Gross Limit)	20,744	20,988	18,244	18,973
Request for Resources B (Gross Limit)	840	903	779	829
Total within administration cost control	<u>21,584</u>	<u>21,891</u>	<u>19,023</u>	<u>19,802</u>
Administration expenditure excluded from administration cost limit	<u>1,869</u>		<u>5,905</u>	
Total administration outturn	<u>23,453</u>		<u>24,928</u>	

9. Reconciliation of net operating cost and net resource outturn

	2003-04 £000	2002-03 £000
Net operating cost (Note a)	1,540,814	1,463,793
Remove non supply expenditure (-) and income (+), including income scored as Consolidated Fund extra receipts (CFERs):		
Operating Income not classified as Accruing Resource	20,066	6,935
Adjust for the effects of prior period adjustments	-	(12,424)
Net resource outturn (Note a)	<u>1,560,880</u>	<u>1,458,304</u>

Note a - Net operating cost is the total of expenditure and income appearing in the Operating Cost Statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the Department's Supply Estimate. The outturn against the Estimate is shown in the Summary of Resource Outturn (Schedule 1).

10. Analysis of net operating cost by spending body.

	2003-04		2002-03
	Budget £000	Outturn £000	Outturn £000
Spending body:			
Core Department	1,641,840	1,540,715	1,463,689
Other bodies	107	99	104
	<u>1,641,947</u>	<u>1,540,814</u>	<u>1,463,793</u>

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

	2003-04								2002-03
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Estimate	Net Total outturn compared with Estimate	Prior Year Outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources A									
Departmental Expenditure in DEL:									
Function 1 Education and Library Boards - Departmental overheads	12,766	(163)	-	12,603	(1)	12,602	13,255	653	14,539
Function 2 Non-Departmental Public Bodies - Departmental overheads	739	(10)	-	729	-	729	822	93	763
Function 3 Voluntary and Grant Maintained Integrated Schools	5,697	(68)	286,775	292,404	(595)	291,809	303,583	11,774	269,889
Function 4 Miscellaneous Educational Services	976	1,047	4,719	6,742	-	6,742	8,063	1,321	5,789
Function 5 EU Programme for Peace and Reconciliation	349	(5)	11,253	11,597	-	11,597	11,860	263	7,687
Function 6 Executive Programme Funds	217	(1)	6,531	6,747	-	6,747	10,310	3,563	3,134
Function 7 Repayment of Loans	-	-	-	-	-	-	218	218	3
Non-Budget:									
Function 8 Notional Charges - Department of Education	1,796	-	-	1,796	-	1,796	2,683	887	2,206
Function 9 Provisions - Adjustments to prior years - Department of Education	-	-	-	-	-	-	7	7	-
Function 10 Education and Library Boards	-	1,112,260	56,465	1,168,725	(2,498)	1,166,227	1,216,262	50,035	1,112,941
Function 11 Council for the Curriculum, Examinations and Assessment (CCEA)	-	-	11,701	11,701	-	11,701	13,319	1,618	13,109
Function 12 Provisions - Adjustments to prior years - Council for the Curriculum, Examinations and Assessment (CCEA)	-	-	-	-	-	-	2	2	-
Function 13 Council for Catholic Maintained Schools (CCMS)	-	-	2,895	2,895	-	2,895	2,846	(49)	2,341

Department of Education - Resource Accounts

	2003-04								2002-03
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Estimate	Net Total outturn compared with Estimate	Prior Year Outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Function 14 Staff Commission for Education and Library Boards	-	-	319	319	-	319	319	-	297
Function 15 Executive Programme Funds	-	11,478	5,852	17,330	-	17,330	21,391	4,061	1,606
Total	22,540	1,124,538	386,510	1,533,588	(3,094)	1,530,494	1,604,940	74,446	1,434,304
Request for Resources B									
Departmental Expenditure in DEL:									
Function 1 Education and Library Boards - Departmental overheads	215	(2)	-	213	-	213	256	43	272
Function 2 Youth Council - Departmental overheads	66	(1)	-	65	-	65	82	17	97
Function 3 Youth Services	21	45	817	883	-	883	1,850	967	707
Function 4 Voluntary Bodies and Other Services supporting Community Relations	148	(2)	1,377	1,523	-	1,523	1,818	295	1,625
Function 5 EU Programme for Peace and Reconciliation	251	(3)	1,425	1,673	-	1,673	4,016	2,343	2,049
Function 6 Executive Programme Funds	139	(2)	1,663	1,800	-	1,800	3,100	1,300	549
Non-Budget:									
Function 7 Notional Charges - Department of Education	73	-	-	73	-	73	115	42	95
Function 8 Education and Library Boards	-	19,062	635	19,697	-	19,697	20,738	1,041	15,433
Function 9 Youth Council	-	-	3,288	3,288	-	3,288	3,169	(119)	2,362
Function 10 Executive Programme Funds	-	809	362	1,171	-	1,171	1,863	692	811
Total	913	19,906	9,567	30,386	-	30,386	37,007	6,621	24,000
Resource Outturn	23,453	1,144,444	396,077	1,563,974	(3,094)	1,560,880	1,641,947	81,067	1,458,304
Reconciliation to Operating Cost Statement									
Adjust for the effects of prior period adjustments									12,424
Income payable to the Consolidated Fund					(20,066)	(20,066)			(6,935)
Gross Operating Expenditure				1,563,974					1,474,260
Operating Income					(23,160)				(10,467)
Net Operating Cost						1,540,814			1,463,793

12. Analysis of capital expenditure, financial investment and associated accruing resources

	2003-04				2002-03			
	Capital Expenditure	Loans etc.	Accruing Resources	Net Total	Capital Expenditure	Loans etc.	Accruing Resources	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources A	376	-	-	376	310	-	-	310
Total	376	-	-	376	310	-	-	310
Adjust for the effect of prior period adjustments	-	-	-	-	1	-	-	1
Note as disclosed in Schedule 1	376	-	-	376	309	-	-	309

13. Tangible fixed assets

	Land & Buildings excluding Dwellings	Transport Equipment	Information Technology	Plant & Machinery	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2003	136	33	1,142	86	1,397
Additions	-	13	282	6	301
Donations	-	-	-	-	-
Disposals	-	-	(201)	(12)	(213)
Revaluations (Note a)	(8)	1	(209)	2	(214)
At 31 March 2004	128	47	1,014	82	1,271
Depreciation					
At 1 April 2003	14	22	704	63	803
Charged in year	3	5	203	10	221
Disposals	-	-	(200)	(10)	(210)
Revaluation	(2)	-	(132)	1	(133)
At 31 March 2004	15	27	575	64	681
Net book value at 31 March 2004	113	20	439	18	590
Net book value at 31 March 2003	122	11	438	23	594
Asset financing					
Owned	113	20	439	18	590
Finance Leased	-	-	-	-	-
On balance sheet PFI contracts	-	-	-	-	-
Net book value at 31 March 2004	113	20	439	18	590

Note a - Land and Buildings excluding Dwellings are usually revalued on a quinquennial basis by the Valuation and Lands Agency for Northern Ireland. During intervening years, they are revalued on the basis of the latest available indices. However, for the purpose of the 2003/04 resource accounts, land was revalued on the basis of the latest available indices provided by the VLA and buildings were revalued on the 1 April 2003 on the basis of existing use value by the VLA. Other tangible assets were revalued on the basis of the latest available indices.

Note b - During the year the Department benefited from additional supply monies of £178,000 which were made available through the Strategic Investment Programme (part of the Reinvestment and Reform Initiative). These monies were not used to fund any grants to bodies to support infrastructure additions etc.

Note c - There is a difference of £3,000 between additions per the note above and those recorded in Schedule 4 as an asset that was incorrectly recorded as a disposal during 2002/03 was re-instated onto the Fixed Asset Register during 2003/04.

14. Intangible fixed assets

The Department's intangible fixed assets comprise purchased software licences.

	Purchased software licences
	£000
Cost or valuation	
At 1 April 2003	371
Additions	78
Donations	-
Disposals	-
Revaluation	18
At 31 March 2004	<u>467</u>
Amortisation	
At 1 April 2003	231
Charged in year	102
Disposals	-
Revaluation	13
At 31 March 2004	<u>346</u>
Net book value at 31 March 2004	<u>121</u>
Net book value at 31 March 2003	<u>140</u>

15. Movement in working capital other than cash

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

	2003-04	2002-03
	£000	£000
Increase(+) / Decrease (-) in debtors	6,428	2,844
Increase (-) / Decrease (+) in creditors falling due within one year	(10,224)	(8,243)
	<u>(3,796)</u>	<u>(5,399)</u>
Adjustment: Movement in working capital not related to net operating costs		
- Amounts due to the Consolidated Fund	1,734	(3,546)
- Other movements through General Fund	1	-
- Amounts receivable that will be due to Consolidated Fund when received	(2,279)	-
	<u>(4,340)</u>	<u>(8,945)</u>
Net increase / (decrease) in working capital other than cash	(4,340)	(8,945)
Adjust for the effect of prior period adjustments	-	10,898
	<u>(4,340)</u>	<u>1,953</u>
Net increase / (decrease) in working capital other than cash (Schedule 1)	(4,340)	1,953

The movements in working capital used in the Cash Flow Statement comprises:

	2003-04	2002-03
	£000	£000
Increase(+) / Decrease (-) in debtors	6,428	2,844
Increase (-) / Decrease (+) in creditors falling due within one year	(10,224)	(8,243)
	<u>(3,796)</u>	<u>(5,399)</u>
Adjustment: Movement in working capital not related to voted resource consumption		
- Amounts due to the Consolidated Fund	1,734	3,210
- Other movements through General Fund	1	-
- Short Surrender of previous years CFER	13	-
	<u>(2,048)</u>	<u>(2,189)</u>
Net increase / (decrease) in working capital other than cash	(2,048)	(2,189)

16. Debtors

	2003-04	2002-03
	£000	£000
Amounts falling due within one year:		
Trade debtors (Note a)	19,466	15,294
TSS debtor	2,178	-
Other debtors	35	41
Prepayments and accrued income	168	84
	<u>21,847</u>	<u>15,419</u>

Note a - Included within trade debtors is £17,177,944.79 (2002-03: £14,898,767.32) that will be due to the Consolidated Fund once the debts are collected.

17. Cash at bank and in hand

	2003-04	2002-03
	£000	£000
Balance as at 1 April	3,402	6,946
Net change in cash balances	(545)	(3,544)
Balance at 31 March	<u>2,857</u>	<u>3,402</u>
The following balances at 31 March are held at:		
Commercial banks and cash in hand	<u>2,857</u>	<u>3,402</u>
Balance at 31 March	<u>2,857</u>	<u>3,402</u>
The balance at 31 March comprises:		
Cash due to be paid to the Consolidated Fund		
Amounts issued from the Consolidated Fund for supply but not spent at year end	2,855	3,383
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	2	19
	<u>2,857</u>	<u>3,402</u>

18. Creditors

	2003-04		2002-03	
	£000	£000	£000	£000
Amounts falling due within one year				
Other taxation and social security		14,702		14,764
Trade creditors		19,914		11,560
Other creditors		250		163
Accruals and deferred income		1,112		1,001
Amounts issued from the Consolidated Fund for supply but not spent at year end		2,855		3,383
Consolidated Fund extra receipts due to be paid to the Consolidated Fund				
received	2,764		19	
receivable	14,416		14,899	
		17,180		14,918
Total		56,013		45,789

19. Provisions for liabilities and charges

	Early Departure Costs	Legal Claims	Total
	£000	£000	£000
Balance at 1 April 2003	74	1,088	1,162
Provided in the year	50	200	250
Provisions not required written back	-	(975)	(975)
Provisions utilised in the year	(67)	(3)	(70)
Balance at 31 March 2004	57	310	367

Early Departure Costs

The Department is required to meet the costs of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age, and must provide in full for the cost of meeting pensions resulting from such early retirement schemes.

The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance and Personnel Superannuation Vote.

Legal Claims

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

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 26.

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

	2003-04		2002-03	
	£000	£000	£000	£000
Net operating cost for the year (Schedule 2)	(1,540,814)		(1,463,793)	
Income not appropriated in aid payable to Consolidated Fund	(20,066)		(6,935)	
		(1,560,880)		(1,470,728)
Parliamentary funding				
Drawn down		1,554,918		1,457,869
Transferred to general fund of realised element of revaluation reserve (Note 21)		7		5
Consolidated Fund creditor for cash unspent		(2,855)		(3,383)
Settlement of previous year creditor for cash unspent		3,383		6,907
Non-cash charges:				
Cost of capital charge	(637)		(413)	
Accommodation and other charges	2,395		2,165	
Auditors' remuneration	110		136	
		1,868		1,888
Prior period adjustments		-		5
Repayment of supply in respect of additional funding from the Strategic Investment Programme (see note below)		(3)		-
In year charges through general fund		(1)		-
Net increase/(decrease) in general funds		(3,563)		(7,437)
General fund at 1 April		(27,426)		(19,989)
General fund at 31 March (Schedule 3)		(30,989)		(27,426)

An amount of £2,700.00 was repaid to the NI Consolidated Fund in respect of additional funding which had been made available through the Strategic Investment Programme.

21. Reserves

	2003-04	2002-03
	Revaluation Reserve	Revaluation Reserve
	£000	£000
Balance at 1 April	31	101
Arising on revaluation during the year (net)	-	(65)
Transferred to General Fund in respect of realised element of Revaluation Reserve	(7)	(5)
Balance at 31 March	24	31

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

The Department does not have any Donated Assets

22. Notes to Schedule 5

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

	2003-04	Re-stated 2002-03
	£000	£000
Objective 1	1,511,126	1,427,112
Objective 2	29,457	25,399
	1,540,583	1,452,511

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

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

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

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

Note - Comparative figures for 2002/03 have been re-stated due to amendments to the layout of Schedule 2 which now requires the separate identification of Staff Costs.

23. Capital commitments

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

24. Commitments under leases

Operating leases

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

	2003-04	2002-03
	£000	£000
Obligations under operating leases comprise:		
Land and Buildings		
Expiry within 1 year	12	-
Expiry after 1 year but not more than 5 years	-	29
	<u>12</u>	<u>29</u>
Other		
Expiry within 1 year	16	-
Expiry after 1 year but not more than 5 years	4	22
	<u>20</u>	<u>22</u>

Finance leases

The Department has a finance lease which has not been capitalised, as such capitalisation would not have a material effect on these accounts. Such treatment is permissible under SSAP 21. Rental obligations for the lease have been included in the table above.

25. Other financial commitments

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

The payments to which the Department is committed during 2004-05, analysed by the period during which the commitment expires are as follows.

	2003-04	2002-03
	£000	£000
Expiry within 1 year	24	340
Expiry within 2 to 5 years	185	7
	<u>209</u>	<u>347</u>

26. Contingent liabilities disclosed under FRS 12 and contingent assets

Contingent liabilities

The following contingent liabilities at 31 March 2004 have not been accrued.

Nature	No of cases	Value £000
Potential case regarding consultancy fees	1	975
Personal Injury claim	1	unable to quantify
Cases relating to former teachers loss of earnings	2	14
Comhairle na Gaelscolaíochta (CnaG) - Membership of NILGOSC Pension Scheme	1	60

Contingent assets

The following contingent assets at 31 March 2004 have not been accrued.

Nature	No of cases	Value £000
Probable recoupment of monies from insurance companies in respect of staff injured in road traffic accidents	6	5
Probable recoupment of monies from school trustees following closure	19	2,826

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

The Department has issued a letter of assurance to the Trustees of St. Genevieve's High School, Belfast confirming that funds will be available to enable the Trustees to meet the cost commitments arising from a Public Finance Initiative contract to procure a school and associated services. In May 2000 the Department presented a Minute to Parliament advising of the need to undertake this contingent liability which amounts to approximately £15 million.

28. Losses and special payments

Losses incurred by managing agents

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

Other notes

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

29. Related party transactions

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

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

30. Financial instruments

FRS 13, *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Department of Education is

not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Department has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Department in undertaking its activities.

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

Liquidity risk

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

Interest rate risk

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

Interest rate profile

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

Financial Liabilities

Currency	Total	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non-Interest Bearing Financial Liabilities	Fixed Rate Financial Liabilities		Non Interest Bearing Financial Liabilities
					Weighted Average Interest Rate	Weighted Average Period for Which Rate is Fixed	Weighted Average Period Until Maturity
					£000	£000	£000
At 31 March 2004							
Sterling	26	-	-	26	-	-	1.8
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross Financial Liabilities	26	-	-	26	-	-	1.8
At 31 March 2003							
Sterling	992	-	-	992	-	-	-
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross Financial Liabilities	992	-	-	992	-	-	-

Financial Assets

Currency	Total	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non-Interest Bearing Financial Assets (Note a)	Fixed Rate Financial Liabilities		Non Interest Bearing Financial Liabilities
					Weighted Average Interest Rate	Weighted Average Period for Which Rate is Fixed	Weighted Average Term
					%	Years	Years
	£000	£000	£000	£000			
At 31 March 2004							
Sterling	2,857	-	-	2,857	-	-	Note a
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross Financial Assets	<u>2,857</u>	<u>-</u>	<u>-</u>	<u>2,857</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2003							
Sterling	3,402	-	-	3,402	-	-	-
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross Financial Assets	<u>3,402</u>	<u>-</u>	<u>-</u>	<u>3,402</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note a - The Department's non interest bearing financial assets comprise cash at bank and in hand (£2,857,327.49). Cash at bank and in hand is available on demand.

Foreign currency risk

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

Fair values

Set out below is a comparison by category of book values and fair values of the Department's financial assets and liabilities as at 31 March 2004.

	Book Value	Fair Value	Basis of Fair Valuation
	£000	£000	
Primary financial instruments			
<i>Financial Assets</i>			
Cash at bank	2,857	2,857	Note a
<i>Financial Liabilities</i>			
Provisions	26	26	Note b

Note a - Will be cleared as cash is drawn from Consolidated Fund on an ongoing basis, and fair value is not different to book value.

Note b - Likely to be paid within 2 - 3 years so fair value is not significantly different.

31. Third party assets

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

	31 March 2003	Gross Inflows (Note a)	Gross outflows (Note a)	31 March 2004
	£000	£000	£000	£000
Monetary assets such as bank balances	15	24	37	2
Listed securities	390	-	-	464

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

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

In accordance with FRS 5 "Reporting the substance of transactions", these assets are not included within the Departmental accounts on the grounds that the legal basis of the trusts involved ensures that the Department cannot obtain economic benefit from these assets.

32. Entities within the departmental boundary

The entities within the boundary during 2003-04 were as follows:

Supply-financed Agencies:	None
Non-executive NDPBs:	Special Education Needs Tribunal
Other entities:	None

33. Post balance sheet events

There were no post balance sheet events relating to the financial year 2003-04.

34. Premature retirement compensation

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

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

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

Total number of teachers retiring on grounds of premature retirement in the year to 31 March 2004

	Efficient Discharge	Redundancy
Voluntary Grammar Schools	4	49
Other Grant Maintained Schools	-	1
Other Bodies	1	3
Total	<u>5</u>	<u>53</u>

Total number of teachers retired on grounds of premature retirement as at 31 March 2004

	Efficient Discharge	Redundancy
Voluntary Grammar Schools	162	349
Other Grant Maintained Schools	3	2
Other Bodies	30	72
Total	<u>195</u>	<u>423</u>

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

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35. Actual outturn - resources and cash

Actual outturn - resources

Request for Resources A: Actual amount net resource outturn £1,530,493,494.39. Actual amount of savings in resources over Estimate £74,446,505.61.

Request for Resources B: Actual amount net resource outturn £30,385,822.91. Actual amount of savings in resources over Estimate £6,621,177.09.

Actual outturn - cash

Net cash requirement: Outturn net requirement £1,555,446,264.28 which is £84,579,735.72 less than Estimate.

The actual receipts surrenderable to the Consolidated Fund were £17,786,257.32.

