



Department of Education

ANNUAL REPORT AND ACCOUNTS
for the year ended 31 March 2016

**Department of Education Annual Report and Accounts
For the year ended 31 March 2016**

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DEPARTMENT OF EDUCATION

Annual Report and Accounts for the year ended 31 March 2016

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DEPARTMENT OF EDUCATION ANNUAL REPORT

PERFORMANCE REPORT

1. OVERVIEW

1.1 Statement from the Permanent Secretary

2015-16 was a difficult but significant year for the Department of Education (DE). Despite the background of a challenging budget outcome and substantial staff reductions through the Northern Ireland Civil Service Voluntary Exit Scheme, the Department managed a seamless transition from five Education and Library Boards into a single Education Authority (EA) from 1 April 2015.

Against this backdrop, I am proud to say that, in line with the Executive's objectives, and the wishes and priorities of the Minister of Education, the Department fully or substantively achieved 76 of the 92 commitments and actions set out in its 2015-16 Business Plan. Substantial progress was also made against a further 12 of the remaining 16 targets; such that 96% of the targets have been largely delivered.

Some of the key achievements were as follows:-

The Department maintained its commitment to giving our young people a good start to their education. 99.8% of children whose parents applied for a pre-school place at the start of the admissions process, and stayed with the process to the end, have been allocated a funded pre-school place.

The Department has continued to implement its key policies and strategies aimed at increasing pupil attainment at each stage of education such as through the school improvement policy, *Every School a Good School* and DE's strategy for improving outcomes in literacy and numeracy, *Count, Read: Succeed*. There was also a continued focus on closing the performance gap and increasing access and equality, particularly for children entitled to *Free Schools Meals* and for *Looked After Children*.

Work continued in the development and promotion of intervention programmes to increase the interest in and the uptake of Science, Technology, Engineering and Maths (STEM) subjects at 'A' level. The latest figures available show an increase in the uptake of STEM subjects at 'A' level against an overall fall in 'A' level entries.

On behalf of the Minister, the Department successfully took three pieces of Primary legislation through the Assembly in 2015-16: the Special Education Needs and Disability (SEND) Bill which seeks to ensure that the views of the child are considered as part of the discussion about his or her educational needs; the Shared Education Bill which seeks to build a strong and shared community providing young people of different backgrounds opportunities to come together and learn from each other and about each other; and the Addressing Bullying in Schools Bill, which provides a common definition of bullying and a clear and consistent framework for

schools to follow in order to help ensure that all pupils are protected from bullying behaviour.

This legislation collectively reflected the Minister's commitment to placing our children and young people, and their shared future, firmly at the centre of our policies and policy-making.

The Department also worked tirelessly with a range of statutory and other stakeholders in the context of area planning in ensuring the sustainability of the schools' estate and in progressing a significant programme of capital projects. Over £37m was invested in major capital works with 10 projects moving on-site in 2015-16 and a programme of over 50 major projects advancing through the various stages of planning and design. A further £36m was invested in schools' infrastructure projects through the School Enhancement Programme where over 30 projects are now complete or on-site, with a further 16 expected to move to construction by summer 2016.

Future challenges

While the Department looks forward to working with a new Minister following the Assembly elections on 5 May 2016, there will inevitably be both challenges and opportunities to be faced in 2016-17 and beyond. With the reduction from 12 to 9 government departments from 9 May 2016, the new Department of Education will have a wider remit, incorporating children's functions which previously fell within the remit of the Office of the First and Deputy First Ministers. This will include policy responsibility and a range of services for children and young people and policy responsibility for the Childcare Strategy. The Department and its arm's length bodies will therefore have real opportunities to provide more joined-up services which will hopefully further improve the lives and educational outcomes of our children and young people.

The constrained budgetary environment and the significant staff reductions through the Voluntary Exit Scheme will invariably present both challenges and opportunities for the Department in 2016-17 and beyond. The focus will be on finding better and smarter ways of doing things, working across boundaries with other departments and other public, private and third sector organisations to deliver better outcomes. Much of this will be driven by the new outcome-focused Programme for Government once it is agreed by the new Executive.

Similarly, the Education Authority, will now focus on consolidation and accelerating the regionalisation of services both to secure greater efficiencies, but more importantly to deliver more effective and consistent services to children and young people regardless of where they live.

In closing, I would like to acknowledge the commitment and dedication of Departmental staff during the year. They have shown unstinting support to the Minister and to me as Permanent Secretary in seeking to deliver better educational outcomes for our children and young people.

1.2 Purpose, objectives and strategy of the Department

Under normal arrangements a Programme for Government would set out the strategic priorities and key plans of the NI Executive. A Corporate Plan for Education would then reflect and incorporate the education commitments contained in the Executive's Programme for Government and provide a basis from which the corporate plans for the education sector should be based. However with the Programme for Government 2011-15 ending in March 2015, the next Programme for Government will be developed after the NI Assembly elections in May 2016 for the period 2016-20. Therefore for the period 2015-16 there was no Programme for Government and Corporate Plan for the Education Sector. The Department of Education Business Plan for the period 2015-16 sets out the following vision for the education sector:

“Every young person achieving to his or her full potential at each stage of his or her development.”

The Department of Education Business Plan 2015-16 also sets out the following 6 corporate goals:

- *Raising standards for all* – through high quality teaching and learning, ensuring that all young people enjoy and do well in their education and that their progress is assessed and their attainment recognised, including through qualifications;
- *Closing the performance gap, increasing access and equality* – addressing the underachievement that exists in our education system; ensuring that young people who face barriers or are at risk of social exclusion are supported to achieve to their full potential; and ensuring that our education service is planned effectively on an area basis to provide pupils with full access to the curriculum and Entitlement Framework;
- *Developing the education workforce* – recognising the particular professional role of teachers and school leaders in delivering an effective curriculum and raising standards and also the important role of other education professionals and those who support them;
- *Improving the learning environment* – making sure that strategic investment supports the delivery of the area plans; that the premises in which young people learn are safe, fit for purpose and conducive to learning; and that the environment provides opportunities for sharing and for building a more cohesive society;
- *Transforming the governance and management of education* – ensuring that the arrangements for governing and managing education here are modern, accountable and child-centred and that education services are delivered efficiently and effectively in support of schools; and

- *Discharging our corporate responsibilities effectively* – ensuring that the specific corporate responsibilities that rest with it as a government department are effectively and efficiently discharged.

1.3 Key activities of the Department

To aid achievement of the Department's key commitments and corporate goals, the main areas of responsibility within DE link to:-

- Curriculum and learning;
- Pupils and parents;
- Teaching staff;
- Non-teaching staff;
- Schools and infrastructure;
- Support and development ; and
- Statistics and research.

The key activities of DE, which enable it to address these responsibilities, are supported by a clearly defined structure which operates at every level of the Department.

DE is ultimately accountable through its Minister to the Assembly for the effective delivery of its commitments and goals and for the effective use of the public funds for which it is responsible.

During the 2015-16 financial year, DE was headed by the Minister of Education, John O'Dowd, whose principal advisor was the Permanent Secretary, Paul Sweeney.

Three Deputy Secretaries, Katrina Godfrey, Fiona Hepper and John Smith, and the Chief Inspector of the Education and Training Inspectorate, Noelle Buick, provided support to the Permanent Secretary.

To promote the highest possible standards of learning, teaching and achievement throughout the education, training and youth services, the Education and Training Inspectorate (ETI) provides an unbiased, independent, professional assessment of the quality of learning and teaching, including standards achieved by learners, publishing reports on individual organisations, and summary reports on aspects of the quality of education, training and youth sectors in Northern Ireland.

In addition to the ETI, DE has twelve Directorates headed by a Grade 5, each of which deals with specific areas of work. The twelve Directorates, and their high level roles and responsibilities are as follows:

- Education Authority Delivery Directorate, which manages the organisational and change management programme to support the restructuring of education administration through the full implementation of the Education Authority; and which will implement and manage annual grant funding to the Controlled Schools' Support Council;

- Curriculum, Qualifications and Standards Directorate, which provides policy development and advice on matters relating to educational performance and is responsible for driving cross-departmental delivery of improved educational outcomes and greater equity of performance within the system;
- Access, Inclusion and Well-being Directorate, which develops and maintains policies on school transport; support to address a range of barriers to learning (including special educational needs, newcomer pupils, Traveller children, looked after children, school age mothers and young carers); safeguarding; behaviour; and promotion of emotional well-being;
- Families and Communities Directorate, which provides policy advice to the Minister, develops, implements and evaluates agreed policies and associated programmes in the areas of early childhood education; youth services; anti-poverty measures and programmes designed to complement formal learning and connect schools with their communities;
- Education Workforce Development Directorate, which has policy responsibility for workforce development for staff in the education sector, including youth and early years;
- Planning and Performance Management Directorate, which has responsibility for strategic planning for DE and its Non-Departmental Public Bodies, including monitoring performance against targets; central oversight on governance issues; and, provision of assurances in respect of risk management. The Directorate also has responsibility for the provision of internal audit and statistics and research services;
- Investment and Infrastructure Directorate, which is responsible for strategic oversight of the delivery of the Department's capital works programme. This includes both major and minor capital works, the School Enhancement Programme (SEP) and a capital youth programme;
- Area Planning Directorate, which is responsible for the implementation of the Sustainable Schools Policy (SSP) through the Area Planning process to strategically plan primary and post-primary provision. The SSP aims to establish a network of sustainable schools – having schools of the right size and type in the right place. This includes the development and governance of Area Planning and management of the Development Proposal statutory process. The Directorate is also responsible for taking forward work on the delivery of the Executive's commitment under the Together: Building a United Community (T:BUC) programme to commence 10 shared education campuses by 2018;
- Strule Shared Education Campus Directorate, which is responsible for the delivery of the Strule Shared Education Campus (formerly Lisanelly Shared Education Campus) Programme which involves significant capital investment into the construction of six core schools and associated shared education facilities in Omagh;

- Collaborative Education and Practice Directorate, which encourages and supports the development of collaborative practice in integrated, Irish medium, teacher, shared education and community relations. The Directorate is also responsible for sponsorship and oversight of three of the DE Arm's Length Bodies: the Northern Ireland Council for Integrated Education (NICIE); Comhairle na Gaelscolaíochta (CnaG); and the General Teaching Council for Northern Ireland (GTCNI);
- Equality and All Ireland Directorate, which is responsible for HR strategy and policy; co-ordination of the DE North South work programme; management of the Minister's office, press office and communications; management of information, including IT systems, records management and Freedom Of Information Act/Data Protection Act compliance; accommodation and security management and provision of advice on Equality and Human Rights issues; and
- Finance Directorate, which is responsible for the delivery and monitoring of balanced annual Resource Budgets; development and preparation for future Resource Budgets; provision of Main and Spring Supplementary Estimates; determining Annually Managed Expenditure (AME) requirements; preparation of Resource and Whole of Government Accounts for DE and the Teachers' Superannuation Scheme; effective operation of the Common Funding Scheme and ongoing financial governance of DE budgets.

The Departmental Board operates as a collegiate forum, under the leadership of the Permanent Secretary, to manage the running of the Department. It operates within a wider corporate governance framework.

DE is supported in delivering its functions by a range of Arm's Length Bodies, each of which is accountable to the Department.

The performance of these bodies, which directly influences the ability of the Department to achieve its objectives, is monitored by sponsor teams within the Department. Sponsor teams are responsible for governance and accountability issues, budgetary allocation and planning, monitoring and general financial control of income and expenditure by the bodies they sponsor.

The following list represents those bodies for which the Department had direct funding responsibility during the 2015-16 financial year:

Executive Non-Departmental Public Bodies (NDPBs)

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

Tribunals

Exceptional Circumstances Body

Other Public Sector bodies

Grant Maintained Integrated Schools (GMIS)*

Voluntary Grammar Schools (VGS)*

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

1.4 The Department's key issues and risks

Overview of risk management in DE

Risk management is the process through which the Department seeks to control the level of risk facing the Department and to reduce its effects. Successful risk management involves:

- identifying and assessing threats and opportunities;
- taking cost-effective action to anticipate or manage them; and
- monitoring risks and reviewing progress in order to establish whether or not any further action may be necessary.

In its approach to risk management the Department adheres to “The Orange Book: Management of Risk - Principles and Concepts” (HM Treasury: October 2004). The Departmental Board oversees the development of the DE Corporate Risk Register which involves the identification, assessment, and ongoing monitoring of risks significant to the Department. This is monitored and reviewed on a regular basis throughout the year.

1.5 Key risks in 2015-16

Corporate Risks
Risk 1 - The delivery of DE policies does not consistently or adequately promote or support the factors that are necessary to deliver a good education for all children.
Risk 2 - The necessary work is not carried out within the Department and the Education Authority (EA) to facilitate the transition of the EA to a fully regional organisation delivering harmonised education services within budget.
Risk 3 –The education infrastructure is not planned and delivered to support the delivery of desired education outcomes.
Risk 4 - The Department does not take appropriate action to align its resources (including its internal staffing resources) to ensure the delivery of its strategic priorities within budget.
Risk 5 – There is an ineffective framework to ensure the safety of children and young people in the care of education and youth providers.
Risk 6 – There are ineffective arrangements for managing major incidents or emergencies.
Risk 7 – Ineffective policies and procedures to protect departmental information from either accidental loss or malicious activities.
Risk 8 - Education Sector staff pay increases awarded and paid in the absence of appropriate approvals.
Risk 9 – Planned savings from staff reductions or from other non staff based budgets are not realised which means that the Department, and its NDPBs, are unable to deliver a balanced 2015-16 Resource Budget.

1.6 Key issues impacting on DE in 2015-16

During 2015-16 the Department managed a number of significant issues in relation to the areas listed below (more detail on these issues can be found in the 2015-16 Governance Statement):

- Restructuring of Education Administration
- Arm's Length Bodies Voluntary Exit Schemes
- Public Accounts Committee hearing
- Outworking of Area Planning
- Outstanding Pay remits
- Establishment of the Northern Ireland Teachers' Pension Scheme (NITPS) Pension Board and the NITPS Scheme Advisory Board
- Teachers' Superannuation Scheme

- Teachers' Pension administrative system
- Teachers' Pay and Pensions Team - impact of the Voluntary Exit Scheme
- End of Key Stage (KS) Assessment
- School Workforce Review
- Governance Issues in the General Teaching Council for Northern Ireland (GTCNI)
- Governance of the Council for the Curriculum, Examinations and Assessment (CCEA)
- Safeguarding and child protection
- Human Resources (HR) Strategy
- Staff absence
- Early Years functions
- Issues in relation to the Youth Council for Northern Ireland (YCNI)
- Governance issues in Comhairle na Gaelscolaíochta (CnaG)
- Use of Digital Technologies Strategy
- Increased forecast spend in respect of Special Educational Needs (SEN) in the former Belfast Education and Library Board (BELB)
- Data Security Lapses
- Fraud Prevention and Whistle-blowing
- Information and Communications Technology Programme Board
- Centre of Procurement Expertise (CoPE) status of the Education Authority
- De La Salle College, Belfast
- Strule Programme Delivery Unit

1.7 Future issues which may impact on DE performance

The extent and impact of the key challenges in the coming year(s) is somewhat uncertain and will be dependent upon:

- the outworkings of the next Programme for Government (PfG);
- the vision and direction of the new Education Minister;
- the need to embed and take forward the functions transferring in from the Executive Office (EO) (formerly the Office of the First Minister and Deputy First Minister (OFMDFM));
- continuing the transition of the Education Authority into a single organisation with the recent appointments of senior management; and
- working within a constrained budget and the outworkings of a reduced education workforce due to Voluntary Exit Schemes.

1.8 Going concern

The statement of financial position at 31 March 2016 shows negative taxpayers equity of £41m. This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from grants of Supply approved annually by the Northern Ireland Assembly, to meet the Department of Education's Net Cash Requirement. Under the Government Resources and Accounts Act (Northern Ireland) 2001, no money can be drawn from the fund other than required for the service of the specified year or retained in excess of that need. All unspent monies,

including those derived from the Department's income, must be surrendered to the Fund.

In common with other government departments, the future financing of the Department of Education's liabilities is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by the Northern Ireland Assembly. Such approval for amounts required for 2016-17 are to be voted by the Northern Ireland Assembly and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.9 2015-16 Performance summary

The annual *Department of Education Business Plan 2015-16* sets out the commitments and actions that the Department will undertake to deliver on the corporate goals. There are a total of 92 commitments/targets contained in the Business Plan 2015-16, including educational attainment targets which are outlined in greater detail in the Performance Analysis section of this Annual Report. The table below sets out a summary of performance against 2015-16 Business Plan targets/commitments:

Year-End Status of Business Plan Targets/Commitments	Number	%
Achieved	59	64
Substantially achieved	20	22
Likely to be achieved but with some delay	9	10
Not achieved	4	4
Total	92	100

2 PERFORMANCE ANALYSIS

2.1 The Department's performance management arrangements

The annual DE Business Plan is drafted by Senior Management for review by the Departmental Board. Once cleared by the Departmental Board, the Business Plan is submitted to the Education Minister for comment and approval. Throughout the year, DE officials monitor progress against Business Plan targets and commitments and report to both the Departmental Board and the Minister. Business Plan monitoring primarily focuses on those targets and commitments which have been assessed at 'Red' rating or for which the rating has changed since the last report to the Departmental Board (i.e. both those which report a worsening and an improving position).

2.2 Analysis of 2015-16 performance against attainment targets

The table provided below sets out the latest position where available on progress towards achieving the attainment targets contained in the Department of Education Business Plan 2015-16 and against the published long term targets contained in *Count, Read: Succeed – A Strategy to improve outcomes in Literacy and Numeracy (March 2011)* with actual performance updated to reflect latest available data.

	Actual Performance 2014-15 academic year ¹	Milestones		Long Term Target
		2014-15	2015-16	2019-20
Key Stage 2 Communication in English (% of pupils at expected level)	76.8	82.2	84.2	90%+
Key Stage 2 Maths (% of pupils at expected level)	77.4	82.9	85.1	90%+
Key Stage 3 Communication, in English (% of pupils at expected level)	74.0	76.9	79.3	85%+
<u>Key Stage 3:</u> Maths (% of pupils at expected level)	77.3	79.1	80.8	85%+

¹ Due to the effects of Industrial Action, 2014-15 Key Stage data has been weighted to account for non-response bias. The estimates provided in the table represent the mean figures drawn from the sample and are subject to associated confidence intervals.

	Actual Performance 2014-15 academic year	Milestones		Long Term Target 2019-20
		2014-15	2015-16	
School leavers with at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths	66.0%	66%	67%	70%+
School leavers with at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths – Free School Meal Entitlement (FSME) pupils only	41.3%	49%	49%	65%+
School leavers with at least 3 A levels at A*-C (or equivalent)	38.2%	35%+	35%+	
School leavers achieving at least 2 A levels at grades A*-E (or an equivalent Level 3 qualification)	57.7%	56%	59.3%	

The Department of Education Business Plan 2015-16 also sets a number of other quantifiable targets summarised in the table below:

Key Success Indicator/Commitment/Action	Actual levels (academic years)		
Sufficient pre-school places available so that every child can be offered a place	99.8% of children obtained a funded pre-school place*		
Unauthorised absence Reduce the % of half days missed because of unauthorised absence in primary schools by 0.5% and in post primary schools by 0.5%	2013-14	Primary 1.4%	Post-primary 2.5%
	2014-15	1.1%	2.1%
	Reduction	0.3%	0.4%
Secure an increase in the overall attendance rate to: 94.3% in 2014-15	2013-14		94.6%
	2014-15		94.6%
Secure an increase in the overall attendance rate in schools with currently less than 90% attendance	Of the schools with less than 90% attendance: 61% of schools improved attendance; 10% remained static; and 29% had a decrease in attendance.		

Notes: * Measured in October 2015

2.3 Analysis of 2015-16 performance against corporate goals and commitments

The 2015-16 Budget allocation from the previous NI Executive saw a reduction in the overall amount of Block Grant allocated to DE. The then Minister for Education indicated his commitment to the protection of front line education services and advised that any required resource budget cuts would be managed to minimise the impact on individual schools.

To aid the management of the reduced budget, the Department's Human Resources team co-ordinated work on the voluntary exit scheme and facilitated the delivery of savings of approximately £841,000 in 2015-16.

On 1 April 2015, the EA became operational and marked the next step in the Department's commitment to review and redesign the delivery of education services within a single structure.

The Directorates within the Department all have a role to play in delivering the Department's goals and the key achievements for each Directorate were as follows:

Education Authority Delivery Directorate

The EA became operational on 1 April 2015. The focus throughout 2015-16 has been on ensuring continuity of service whilst planning for the review and redesign of service delivery within a single new structure, building on best practice within the former Education and Library Boards.

Work on the establishment of a Controlled Sector Support Body has progressed during 2015-16 and it is intended that the body will be operational by September 2016.

Curriculum, Qualifications and Standards Directorate

Pupil attainment levels have continued to rise, with data published in 2015 showing an overall improvement in key performance indicators around GCSE and A-level results, both within the system as a whole, and amongst those entitled to Free School meals (FSME).

There were increased entries at A level and GCSE in STEM subjects; at A level there has been a 3.25% growth in STEM entries and at GCSE a 3% increase. Maths is now the most popular A level with local students; entries for Maths rose by 8.6%, meaning it now accounts for one in ten of all A level entries.

2015-16 has seen continued progress in the delivery of the Entitlement Framework, which since September 2015 has required all post-primary schools to offer 24 courses at Key Stage 4, and 27 courses at Post-16, to every learner.

2015-16 saw the ongoing implementation of the school improvement policy 'Every School a Good School' and the literacy and numeracy policy 'Count, Read: Succeed'. During the year, 29 schools that were re-inspected improved by at least one level, including three schools that exited the Formal Intervention Process.

Following a review of the shared Careers Strategy, the Department worked with the Department for Employment and Learning (DEL) jointly to launch the new Careers Strategy, *Preparing for Success 2015-2020* and establish the Careers Advisory Forum.

To supplement strategic efforts to improve performance overall, 310 recently qualified teachers were employed to support literacy and numeracy in primary and post-primary schools, as part of the OFMDFM/DE Delivering Social Change Programme and a subsequent Legacy Programme. The two years of the programme saw 61.6% of pupils supported by the programme achieve a grade C or above in GCSE English and 57.2% achieve a grade C or above in GCSE Maths. In primary schools, 76.2% achieved a level 4 or above in literacy and 78.2% in numeracy.

The Literacy and Numeracy Key Stage 2/3 Continuous Professional Development (CPD) Programme has provided ongoing development for teachers in addressing learning-related issues between primary and post-primary school.

Access, Inclusion and Well-being Directorate

The Addressing Bullying in Schools Bill was introduced to the Assembly on 30 November 2015, successfully passed its Final Stage on 15 March 2016 and is currently awaiting Royal Assent. This legislation will see the introduction of a common definition of bullying and put in place requirements to record all incidents and for schools to develop, implement, monitor and review anti-bullying policies and procedures.

The Special Education Needs and Disability (SEND) Act received Royal Assent on 23 March 2016. Associated Regulations were published for consultation on 22 February 2016 and a SEN Code of Practice is being developed through focussed consultation and engagement with key stakeholders.

Ongoing work on addressing barriers to learning, in relation to attendance, has seen overall attendance reach 94.6% in 2014-15. A draft strategy for improving pupil attendance was published for consultation on 24 March 2016. Work is also ongoing to develop a best practice guide on managing attendance in schools, due to be published in 2016.

Funding was secured for the continued delivery of 30 nurture units and an evaluation of nurture provision was completed. Work was taken forward to develop proposals on the future position of nurture group provision, which will be subject to consideration and decision by the new Minister.

Families and Communities Directorate

In terms of the pre-school commitment, the number of applications from pre-school places grew by over 400, when compared with 2014-15, and almost 450 more children were placed, with 99.8% of children, whose parents engaged with the process to the end, obtaining a place for the 2015-16 school year. To help achieve this, an additional 201 places in nursery schools and units to primary schools were approved through temporary flexibility in class size.

Funding of around £25m was provided to enable Sure Start service provision to (at least) the top 20% most disadvantaged wards. Expansion of the Sure Start programme to increase the Sure Start geographical provision to the top 25% most disadvantaged wards progressed substantially. Services are now provided via 39 Sure Start projects (increased from 35 projects in 2012-13).

The Extended Schools (ES) Programme continued to help deliver the Department's vision to ensure that every learner fulfils their potential at each stage of their development. In 2015-16, almost 550 schools were eligible for ES funding.

The implementation of key actions in 'Learning to Learn' and 'Priorities for Youth' continued during 2015-16, and, following the creation of the EA as a regional body, responsibility for youth services funding and support transferred from the Youth Council Northern Ireland (YCNI) to EA on 1 April 2016.

As part of the Delivering Social Change – Early Intervention Transformation Programme, the 'Getting Ready to Learn' programme was launched to help all funded pre-school settings support parents of pre-school children to improve their home learning environment.

Education Workforce Development Directorate

The reform of the Northern Ireland Teachers' Pensions Scheme in April 2015 required the Department to introduce legislation and new administration processes to manage the new scheme effectively.

2015-16 saw substantial progress on the recruitment of the Director structure for the EA. The Department also worked with the EA to deal with a wide range of employment issues, to ensure effective establishment and operation of the organisation.

Investment and Infrastructure Directorate

2015-16 saw the completion of six new build schools and a further ten projects progressing to on site construction stage.

Alongside the new build schools, the School Enhancement Programme, which sees major capital investment in existing schools to improve their accommodation standards, has moved forward in line with its proposed schedule. During 2015-16, ten of these projects have been completed; with a further twenty projects currently seeing ongoing work on site. A further sixteen projects have been approved to move to construction stage in early 2016-17. This leaves only seven projects from this ambitious programme where work has not yet commenced, and, as the remaining schemes are all at final design stage, it is hoped that there will be further progress towards completion of this programme of school accommodation and facilities enhancement during 2016-17.

The Minor Capital Works programme is a significant annual commitment to the rolling maintenance and improvement of individual school sites and 2015-16 saw a total investment of £44m in ongoing works to a large number of schools.

Area Planning Directorate

Significant progress has been made on the development of the DE Area Planning policy and processes through the embedding of revised Area Planning governance at Strategic Working and Local Planning Group level; and implementation of the Area Planning Cycle. Revised guidance on Area Planning and the Development Proposal process were also developed.

A significant number of Development Proposals (DPs) were processed and advice provided, which allowed the previous Minister to take decisions on 59 DPs, 33 of which were DPs published in 2015-16. A number of Judicial Review proceedings relating to DPs were successfully concluded. The Northern Ireland Audit Office (NIAO) Report on the Sustainability of Schools was published in June 2015 followed by a Public Accounts Committee (PAC) hearing in November 2015. A Programme Board has been established to take forward the agreed recommendations.

As part of the Together: Building a United Community (T:BUC) strategy to commence ten shared education campuses by 2018, funding has now been secured under the Fresh Start: Stormont House Agreement. Of the first three projects, the Limavady business case has been approved and the Moy and Ballycastle projects are at an advanced stage of Business Case development. Two additional projects, Brookeborough and Duneane/Moneynick, were announced to proceed in planning in March 2016.

Strule Shared Education Campus Directorate

2015-16 saw continuing work on the Strule Shared Education Campus (SSEC) Programme, including significant progress on the construction of the first school on the site, Arvalee School and Resource Centre; launch of the new name, brand and website; appointment of a new Integrated Consultancy Team; and ongoing work to agree ownership, governance and management arrangements; and to develop the educational model for the Campus. Arvalee is expected to open in September 2016 and completion of the overall Programme remains on track to complete in 2020.

Collaborative Education and Practice Directorate

2015-16 has seen the publication of *Sharing Works: a policy for advancing Shared Education* in September 2015; the publication of *Learning Leaders: A strategy for Teacher Professional Learning*; and the successful progression of the Shared Education Bill through the Assembly. The Directorate has also continued to take forward the proactive implementation of the Department's statutory duties in relation to integrated and Irish-medium education.

The Directorate has also managed the commissioning and implementation of an independent review of the future planning, growth and development of integrated education. The review panel will report on 30 June 2016. The £25m Delivering Social Change Shared Education Signature Project has been successfully implemented to further embed shared education in schools that had previously engaged in sharing.


Education and Training Inspectorate

During 2015-16, ETI completed 202 whole-school inspections of school and pre-school settings and 10 youth settings. In addition, ETI completed: 28 inspections of nursery units as part of primary school inspections; 12 baseline visit inspections of pre-school settings and 2 baseline visits of nursery units within primary schools; 19 planned specialist follow-up inspection visits; 39 sustaining improvement pilot inspections of school and pre-school settings and 2 youth settings; and 46 follow-up inspections of school and pre-school settings, 3 youth settings and 4 nursery units.

2.4 Summary of the Department's financial performance

Statement of Comprehensive Net Expenditure

A summary of the Statement of Comprehensive Net Expenditure for the year to 31 March 2016 is set out below:

	2015-16 £000	2014-15 £000	Variance £000	Variance %
Net operating cost for the year ended 31 March	2,129,138	2,118,778	10,360	0.5% 

In 2015-16, the Department paid a total of £2,068m in Grant-in-Aid to its NDPBs to fund recurrent and capital expenditure on schools and youth services. The bulk of this grant funding, £1,637m was paid to the Education Authority. £395m was paid to Voluntary and Grant Maintained Integrated Schools. £2,057m was paid in Grant-in-Aid to NDPBs in 2014-15.

In 2015-16, £39m was paid in grant by the Department to other organisations. £39.5m was paid in 2014-15.


Total staff costs in 2015-16 amounted to £31.9m of which £31.2m was Resource. This includes £3.7m in respect of the Voluntary Exit Scheme (VES). Adjusting for VES results in a figure of £27.5m for staff costs in 2015-16 compared to £29.5m spent on staff costs in 2014-15.

Purchase of goods and services amounted to £4.4m in 2015-16 which is a £3.5m decrease from £7.9m in 2014-15 (these figures exclude notional costs which amounted to £3.4m in 2015-16 and £3.6m in 2014-15).

A number of graphs which analyse 'Long-term expenditure trends' for the years 2013-14 to 2016-17 are included in the 'Assembly Accountability and Audit Report'. The graphs are based on budget outturn and budget forecast data.

Statement of Financial Position

A summary of the Statement of the Statement of Financial Position for the year to 31 March 2016 is set out below:

	2015-16 £000	2014-15 £000	Variance £000	Variance %
Total assets less current liabilities	(40,724)	(60,766)	20,042	33% 

The Department capitalised spend of £7.6m in 2015-16. £7.4m of this capital was in respect of developing the Strule (previously Lisanelly) Shared Education Campus in Omagh. £2m was capitalised in 2014-15 of which £1.9m was in respect of developing the Strule site.

Trade and other receivables increased from £4.9m at March 2015 to £5.5m at March 2016.

Trade and other payables decreased from £79.0m at March 2015 to £65.5m at March 2016.

2.5 Commentary on significant variances between Estimates and outturn

The Department's Net Resource Outturn for the year shows an underspend of £165.4m (7.2%) against the Estimate for the year. This was mainly due to underspends in the following areas:

- £154.3m underspend due to lower than anticipated drawdown of grant in aid by the Department's NDPBs to fund recurrent and capital expenditure on schools and youth services, largely as a result of lower than anticipated payments to creditors in respect of maintenance and capital projects and the ongoing teachers' pay negotiations;
- £3.0m underspend for impairments due to a higher than anticipated valuation for land;
- £1.7m underspend on Youth Services due to slower than anticipated construction in a number of voluntary youth capital schemes;
- £1.0m underspend on notional charges owing to lower than expected costs for accommodation, ICT services and other professional services; and
- £0.5m underspend for provisions owing to lower than expected costs for legal cases.

The Net Cash Requirement shows a total underspend of £168.6m (7.3%) against the Estimate for the year. This was due to:

- resource outturn being less than the Estimate by £165.4m, as noted above;
- acquisition of property, plant and equipment and intangible assets was lower than the Estimate by £1.5m due to delays and lower than expected construction costs for the Strule Shared Education Campus;

- the following non-cash items: depreciation and amortisation were £3.0m lower than the Estimate due to a higher than anticipated valuation for land;
- the following non-cash items: new provisions, and adjustments to previous provisions were £0.5m lower than the Estimate owing to lower than expected costs for legal cases;
- other non-cash items were £1.0m less than the Estimate due to lower than expected notional costs; and
- changes in working capital balances were less than the Estimate by £6.0m due to a lower than expected decrease in “trade payables”. The decrease in liabilities is mainly due to the timing of both resource and capital grant payments.

2.6 Future development and performance

The published long term attainment targets are already included in the tables above (in the *Analysis of 2015-16 performance against attainment targets* section of this report). The next Programme for Government for the period 2016-20 is to be developed following the NI Assembly elections and will set out other long term targets and commitments for the Department of Education which will be incorporated into the future Corporate and Business Planning documents.

In terms of budget allocation, the Executive agreed Budget 2016-17 on Thursday 17 December 2015 and this was subsequently passed by the Assembly on 19 January 2016. The Department published the final Budget 2016-17 document on 9 March 2016(<https://www.education-ni.gov.uk/sites/default/files/publications/de/department-of-education-budget-2016-17-pdf.pdf>), setting out the then Minister’s decisions on the final 2016-17 Resource Budget allocations and indicative 2016-17 Capital Budget allocations by capital programme.

2.7 Other matters

Environmental issues

The Northern Ireland government estate is centrally managed by the Department of Finance (DoF) (formerly Department of Finance and Personnel (DFP)).

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

- the use of 100% recycled paper for printing and photocopying;
- cardboard, glass, plastic, polystyrene, paper plates and aluminium are segregated and recycled;
- double sided printing where equipment permits;
- IT equipment and consumables (including monitors, hard drives, peripherals and toner cartridges) are sent for recycling;

- removal of a number of under desk waste bins throughout the Department and the introduction of centralised waste collection areas;
- waste bags filled to the required level to reduce bag wastage;
- staff awareness has contributed to a decrease in waste being produced;
- waste storage on site is now at minimal levels and waste is removed through less frequent collections; and
- daily and nightly checks are made of the office environment in order to ensure that lights and office equipment which are not in use are turned off.

Social, community and human rights issues

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

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

During 2015-16, a Shared Education Bill was successfully taken through the Assembly and is awaiting Royal Assent; 'Sharing Works: A policy for Shared Education' was published; funding to advance Shared Education was made available through the Delivering Social Change: Shared Education project; and a call for Shared Education applications under Peace IV was launched.

A formal review of the Department's Community Relations, Equality and Diversity in Education (CRED) Policy undertaken in late 2014 indicated that the policy was fit for purpose. A number of recommendations were made to further embed the effectiveness of CRED work and work to develop an addendum to the new policy to reflect the finding of the review was undertaken in 2015-16.

As part of the T:BUC programme, the Department leads on a number of commitments, including the commencement of ten shared education campuses by 2018. Funding has now been secured under the Fresh Start: Stormont House Agreement and the first project's business case has been approved to proceed; while two other business cases are at an advanced stage of development; and a further two projects were recently announced to proceed in planning.

Sustainable Development

The Department is committed to ensuring that sustainable development is incorporated both into the curriculum and also into the design of all its building projects. This fulfils its obligations under Objectives 2.4 and 3.3 of the Executive's "*Sustainable Development Strategy*" (<http://www.ofmdfmi.gov.uk/sustainable-develop.pdf>) and associated Action Plan (http://www.ofmdfmi.gov.uk/focus_on_the_future.pdf).

Education for Sustainable Development (ESD) is included in the curriculum across all key stages. Through ESD, pupils explore issues such as societal change, including global poverty and inequality, environmental and climate change, bio-diversity and the need to manage the human impact on the environment. The aim is to develop pupils as contributors to the environment so that they come to understand the interdependence of society, the economy and the environment; to develop respect for the needs of both present and future generations; and to act towards promoting an improved environment.

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

Biodiversity

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

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

All schools in Northern Ireland are currently registered for the Eco-Schools programme, making it the first region in the world to achieve every school an Eco-School. Eco-Schools is an international environmental education programme which offers a means for schools to take environmental issues from the curriculum and apply them to the day-to-day running of the school.

Climate Change

The Department is represented on the Cross Departmental Working Group on Climate Change (CDWGCC), which is chaired by the Environment Minister, as well as its mitigation and adaptation subgroups. This ensures a proactive, interdepartmental approach is taken towards achieving greenhouse gas emissions reductions targets in line with the Department's corporate responsibilities as outlined in its Corporate Goal 6.

To contribute to the 2015-16 Business Plan target, the Department is taking forward actions, together with the EA, to implement energy efficiency measures in schools.

Through the incorporation of sustainable development into the curriculum, future generations are being made aware of the role they must play in respect of energy efficiency and the reduction of emissions.

Alongside mitigation strategies, the CDWGCC has also been developing complementary strategies to adapt to the changing climate. The first Northern Ireland Climate Change Adaptation Programme was laid in the Assembly in January 2014. Under the Programme, the Department is committed to ensuring that schools are prepared for flood events. During 2015-16 the Department participated in workshops and discussions to inform an evidence report for the next Climate Change Risk Assessment, which is due to be published by July 2016.

Energy

Although the Department has no specific targets in relation to the promotion of renewable energy, it does have strategic objectives outlined in the former Executive's *'Sustainable Energy Action Plan 2012-15 and beyond'* (the drafting of which was led by the former Department of Enterprise, Trade and Investment given their responsibility for energy policy). The report can be accessed at <https://www.economy-ni.gov.uk/sites/default/files/publications/deti/Sustainable%20energy%20action%20plan%202012-15.pdf>. The objectives are all ongoing and reflect the Department's responsibilities for the curriculum in relation to sustainable development and the provision of sustainable accommodation for educational establishments.

Across the education estate, consideration is given to the use of renewable energy sources, where economically feasible. During 2014-15, DE implemented a £10m schools' energy efficiency programme, and work continued into 2015-16. This 'spend to save' initiative involved investment in a range of energy efficiency measures, including the installation of photovoltaic (solar) panels on over 300 schools; boiler upgrades and gas conversions. This initiative will be fully evaluated in 2016-17.

Carbon Reduction Commitment

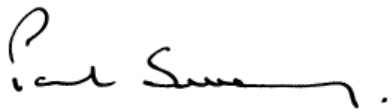
The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a mandatory UK scheme aimed at reducing carbon dioxide emissions in large public and private sector organisations. Measures to simplify the scheme were brought into law in Northern Ireland on 20 May 2013, through the CRC Energy Efficiency Scheme Order 2013. The Department complied fully with its commitments under the legislation during 2015-16.

Sustainability in procurement and construction

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

During 2015-16, the Strategic Investment Board (SIB) undertook a Strategic Review of Social Clauses, with the aim of making recommendations on how to ensure social clauses better achieve the social elements of the Sustainable Development Policy. The key thrust of the recommendations from the Strategic Review is to incorporate into Northern Ireland Public Procurement Policy (NIPPP) the SIB Buy Social Model.

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



Signed: _____
Accounting Officer

Date: 23 June 2016

DEPARTMENT OF EDUCATION ANNUAL REPORT

ACCOUNTABILITY REPORT

3. CORPORATE GOVERNANCE REPORT

3.1 Directors' report

Ministerial responsibility

During the 2015-16 financial year, the Minister with responsibility for the Department of Education was Mr John O'Dowd MLA.

Senior officers

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

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

Non-executive directors

Mr John Smyth
Mrs Fiona Keenan

Pension liabilities

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

Financial instruments

Financial instruments are not material for the assessment of the Department's assets, liabilities, financial position and net expenditure (see note 11 in the Financial Statements section).

Company directorships

There are no company directorships or significant interests held by any of the senior management team members which conflict with their management responsibilities. Mrs Fiona Keenan is a director of Keenan HR Consulting Limited and has confirmed that this role has not conflicted with her position as an independent non-executive director of the Department of Education.

Auditor

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

The audit of the financial statements for 2015-16 resulted in a notional audit fee of £88k which is included in the administration costs in the Statement of Comprehensive Net Expenditure.

Equality statement

The Department in carrying out its functions has a statutory responsibility, to have due regard to the need to promote equality of opportunity:

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- between men and women generally;
- between persons with disability and persons without; and
- between persons with dependants and persons without.

In addition, without prejudice to the above obligation, the Department should also in carrying out its functions, have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

Complaints handling

Details of the Department's complaints procedure are available on the Department's internet site at <https://www.education-ni.gov.uk/complaints-procedure-3>.

In 2015-16, 12 complaints were received under the procedure.

All complaints are analysed and lessons learned compiled into a year-end report which is considered by the Departmental Board. Complaints are centrally monitored for any emerging trends. Any such issues identified are raised with Senior Management for consideration and resolution.

Personal data related incidents

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

Table: Summary of protected personal data related incidents formally reported to the Information Commissioner’s Office (ICO) in 2015-16.

Month of Incident	Nature of Incident	Nature of Data Involved	Number of People potentially Affected	Notification Steps
November 2015	Data was inadvertently disclosed to a member of the public.	Personal Information.	1	Affected person and ICO notified.

Events occurring since the end of the financial year

Voluntary Grammar (VG)/Grant Maintained Integrated (GMI) Schools

The then Education Minister decided, on 23 March 2016, to transfer the administrative arrangements of the VG/GMI schools’ funding authority function from the Department to the Education Authority. The necessary legislative amendments were made on 24 March 2016, taking effect from 1 April 2016. However, the then Education Minister agreed that the Department will continue to fund VG/GMI schools during 2016-17, with a planned handover date to the Education Authority of 1 April 2017.

Youth Council for Northern Ireland (YCNI)

In line with the previous Education Minister’s statement on 10 December 2015, the Education Authority (EA), from 1 April 2016, will administer the funding for the regional voluntary youth organisations. Prior to 1 April 2016 this was carried out by the YCNI.

Transfer of functions from The Executive Office (formerly Office of the First Minister and Deputy First Minister) to the Department of Education

The Stormont House Agreement contained a commitment to reduce the number of NICS departments from 12 to 9 following the Assembly election in May 2016. The names and high level functions of the new departments were agreed by Ministers and details can be found in The Departments (Transfer of Functions) Order (Northern Ireland) 2016. The 9-departmental model constitutes a Machinery of Government change. The name of the Department of Education did not change and the Department has received additional functions from The Executive Office. Staff working in the affected areas, have moved with the function.

Payment of suppliers

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

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

During 2015-16, 90.49% of invoices were paid within 10 days and 97.59% of invoices were paid within 30 days.

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

http://www.accountni.dfpni.gov.uk/nics_prompt_payment_table_2015-2016_march16.pdf

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

Disclosure of information to auditors

So far as the Accounting Officer is aware, there is no relevant audit information of which the Department's auditors are unaware, and the Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

3.2 Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance (DoF) has directed the Department of Education to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

3.3 Governance Statement

3.3.1 Introduction

This Governance Statement is a key feature of the Department's annual report and accounts. It provides details of how I, as Accounting Officer, have ensured effective management and control of resources during the 2015-16 year, and of the action taken to ensure effective risk management and a high standard of corporate governance.

The Head of Internal Audit has provided me with a report on internal audit activity within the Department during the year and a 'satisfactory' opinion on the Department's governance, risk management and internal control system. It is noted that a 'limited' overall opinion was awarded to five reviews namely:

- Exceptional Circumstances Body;
- Comhairle na Gaelscolaíochta;
- Follow up of The Deloitte Report;
- School Governance;
- Grant Allocation; and
- Business Continuity Planning.

Internal Audit is assured that management is taking appropriate action to address the issues raised within these reviews and has scheduled to follow up within the 2016-17 audit plan. I am also happy to report that the one limited area within the Major Works Programme review has been subsequently raised to satisfactory.

Significant issues identified by the Head of Internal Audit for inclusion in the Governance Statement, are included at section 3.3.8.

The following statement primarily focuses on the Department, as each of its eight sponsored NDPBs provides equivalent statements within their published reports and accounts.

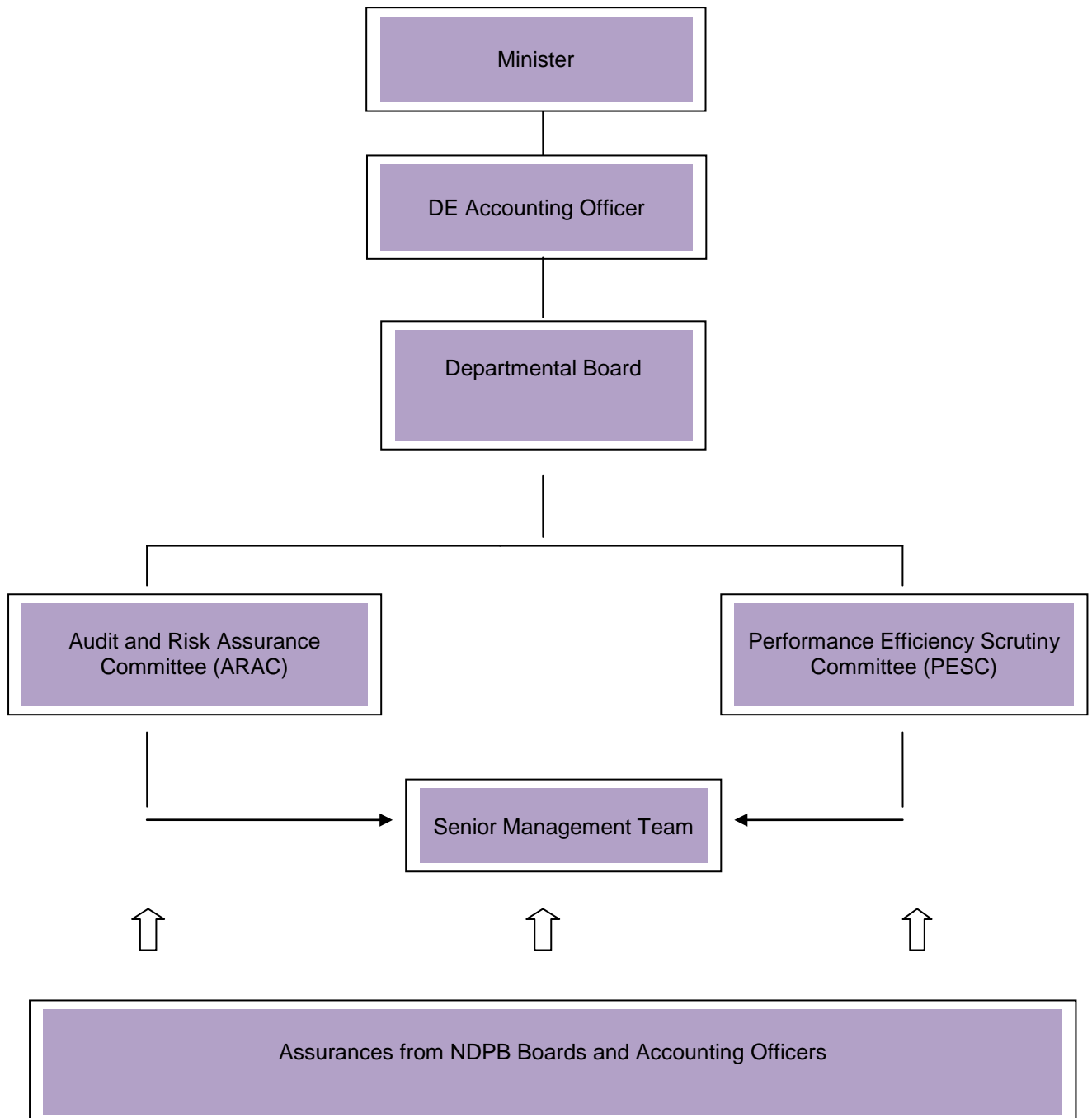
3.3.2 DE's Governance Framework

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

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

The Department operates a detailed governance and accountability framework designed to help it oversee and hold to account the NDPBs which it sponsors. This is described more fully in section 3.3.9 below.

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



The Departmental Board

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

The Departmental Board is chaired by me and comprises two Deputy Secretaries; the Chief Inspector of the Education and Training Inspectorate (ETI); the Director of Finance; the Director of Equality and All Ireland; and two independent non-executive directors. The role of the independent non-executive directors is to: provide an independent and external perspective on the work of the Departmental Board; to bring some specific expertise to its discussions; and to provide a constructive challenge across the Departmental Board's business. Other Departmental Directors have been invited to attend meetings where agenda items relevant to their business areas required their attendance to inform discussion. The Departmental Board's work is guided by a corporate governance framework which is reviewed regularly, most recently in January 2016.

During 2015-16, the Departmental Board met on 8 occasions.

Departmental Board Membership and Attendance 2015-16

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

Board Member	Meetings Attended	Out of a possible
Paul Sweeney (Chair)	8	8
Noelle Buick (Chief Inspector, ETI)	6	8
Katrina Godfrey (Deputy Secretary)	8	8
Fiona Hepper (Deputy Secretary)	7	8
Trevor Connolly (Director of Finance)	5	8
Barry Jordan (Director of Equality and All Ireland)	7	8
Fiona Keenan Independent Non-Executive Director	7	8
John Smyth Independent Non-Executive Director and Chair of ARAC	8	8

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

It includes the following elements:

- Taking the lead in communicating a system-wide strategy and vision.
- Leading on the implementation of that strategy and vision through:
 - setting the Department's standards and values;
 - ensuring delivery of the Department's Business Plan objectives;
 - the development of policy, under the direction of the Minister, and the directing of change; and
 - the allocation and management of resources.
- Monitoring the implementation of that strategy by:
 - tracking delivery progress against targets and expenditure;
 - holding the Department and its delivery partners to account for this progress;
 - safeguarding against and managing risk; and
 - maintaining internal controls.
- Managing, monitoring and improving the performance of the Department, leading organisational change where necessary.
- Ensuring that there are robust governance arrangements within each of the Department's NDPBs.

During 2015-16, there were five categories of routine Board business. These again reflected the areas set out in the corporate governance framework:

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

Board sub-committees

During 2015-16, the Departmental Board was supported by two sub-committees: the Audit and Risk Assurance Committee (ARAC) and the Performance Efficiency Scrutiny Committee (PESC).

Audit and Risk Assurance Committee (ARAC)

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

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

During 2015-16 ARAC meetings were also attended by a number of DE staff, including me as Permanent Secretary; the Deputy Secretary with responsibility for finance and performance management; the Director of Finance; the Head of Internal Audit; and representation from the Department’s external auditors, the NIAO.

Throughout the year the Committee considered the findings from Internal and External Audit activity along with the outcomes of key governance processes such as risk management, governance and accountability review meetings and the bi-annual NDPB governance statements. In addition, the Committee invited various risk owners (Directors) to attend and provide assurance on their areas of responsibility.

Particular attention was focused on the programme for eliminating the pay remit issues which resulted in the DE Resource Accounts having been qualified in previous years.

Attendance 2015-16

Name	Meetings Attended	Out of a possible
John Smyth Chairperson	5	5
Deborah Brown	5	5
Fiona Keenan	4	5
Colin Lewis	3	5

A key role of the ARAC during 2015-16 was to provide independent advice, scrutiny and challenge on:

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

Performance Efficiency Scrutiny Committee (PESC)

During 2015-16, PESC was chaired by the Deputy Secretary with responsibility for finance and performance management. Membership also comprised the Deputy Secretary with responsibility for human resources; the Director of Finance; the Director of Planning and Performance Management; the Director of Education Workforce Development; and the Director of Families and Communities. Other senior staff attended PESC meetings to facilitate oversight and/or the carrying out of particular tasks.

Attendance 2015-16

Name and Position	Meetings Attended	Out of a possible
Fiona Hepper Chairperson Deputy Secretary with responsibility for finance and performance management	6	6
Katrina Godfrey Deputy Secretary with responsibility for human resources	6	6
Trevor Connolly Director of Finance	6	6
Gary Fair Director of Planning and Performance Management	6	6
La'Verne Montgomery Director of Education Workforce Development	5	6
Linda Wilson Director of Families and Communities	4	5 (retired 29 Feb 2016)

The key roles for PESC during 2015-16 were:

- Strategic financial planning and effective financial management
 - overseeing input to the planning and preparation phase for the next Executive's Budget Process;
 - reviewing budget structures on an annual basis to ensure that financial resources are allocated in a manner that reflects and responds to the Minister's strategic priorities as set out in the Corporate Plan for Education and the Department's annual business plan;
 - on an ongoing basis, scrutinising and critically reviewing the nature of spending in all areas to ensure effective financial management and to examine the scope for improving value for money, delivery and performance within the Department and across the education sector;
 - oversight of the 2015-16 DE Savings Delivery Plan and any other savings requirements including ensuring that any savings remain deliverable and are capable of realising the projected levels of savings within the expected timescales and can be objectively monitored; and
 - oversight of governance and accountability arrangements, and any issues arising, in relation to the Department's NDPBs.

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

3.3.3. Departmental Board Performance

I consider that the Departmental Board operated effectively during 2015-16, meeting regularly and considering relevant issues at the appropriate time. The Departmental Board fulfilled its role as set out at section 3.3.2 above.

2015-16 Review of Board Effectiveness

In accordance with the Board's terms of reference, a review of its effectiveness was conducted during 2015-16. This had independent input from two senior officers from DFP. The Board will consider the outcome of the review at its June 2016 meeting but there are no significant issues presenting. The Board will determine the action to be taken in response to the review.

3.3.4 Highlights of Board Committee reports

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

A report on key issues discussed at ARAC meetings was provided for each Departmental Board meeting and full minutes were circulated to Departmental Board members when finalised. ARAC also completed its annual report for 2015-16, summarising the work of the committee and providing its opinion on the comprehensiveness and reliability of the assurances available to support the Departmental Board and, particularly, to support the DE Accounting Officer in his accountability obligations.

ARAC also carried out an assessment of its own effectiveness during 2015-16. The outcome indicated that, in overall terms, ARAC continued to operate effectively, and will seek to further enhance its operational effectiveness during 2016-17. The key area of focus in 2015-16 was on the establishment and bedding in of the Education Authority (EA) during the year.

During 2015-16 PESC monitored progress on the delivery of, and reporting on, the Department's Savings Delivery Plan. PESC also commissioned the Department's Internal Audit Team to carry out a review of DE Corporate Governance Framework

and Management Information with a view to identifying opportunities to streamline existing arrangements.

3.3.5 Corporate Governance

As noted above, the Department has in place a Corporate Governance Framework which aligns with the 2013 DFP Corporate Governance Code. This was reviewed and updated by the Departmental Board during 2015-16.

3.3.6 Quality of the data used by the Departmental Board

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

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

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

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

The inspection data presented to the Departmental Board is prepared from the ETI's Management and Recording System (MARS). A MARS record is completed for each inspection and is subject to internal scrutiny and annual audit by designated ETI inspectors.

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

3.3.7 Ministerial Directions

Arrangements exist to respond to a situation where an Accounting Officer believes that he/she is being asked by a Minister to take a course of action that could potentially result in irregular expenditure, impropriety, or poor value for money. In

such circumstances, the Accounting Officer may seek a formal Ministerial Direction to proceed. During 2015-16 no Ministerial Directions were sought or given.

3.3.8 Risk Assessment

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

The DE Risk Management Framework (RMF) sets out the Department's approach to risk and the mechanisms through which potential risks to the achievement of the Departmental objectives are identified and evaluated. The RMF was last revised in September 2015 and minor amendments were made.

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

Risk management

The Departmental Board agrees the risks to be included in the Department's Corporate Risk Register (CRR) and agrees ownership of each risk. The risk management process is integrated with normal management processes and informs the annual business planning cycle so as to link risk management and internal control with the Department's ability to fulfil its business objectives.

During 2015-16 the Departmental Board identified nine corporate risks that could, if not managed effectively, have reduced the Department's ability to deliver progress in key priority areas. The areas of risk related to educational attainment, governance, resources and business continuity. The risk associated with non-realisation of the planned savings from staff reductions, or from other non staff based budgets, not being released, was kept under continual review. The risk rating was reduced as the actions to address them were progressed throughout the year. The Departmental Board reviewed its corporate risks regularly throughout the year, identifying changes that needed to be made to ensure effective categorisation and management of risk. The Departmental Board particularly ensured that risks were reviewed in the context of progress in delivering corporate and business plan commitments within the challenging environment of tightening economic and budgetary constraints.

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

Significant issues arising during 2015-16

During 2015-16 the Department managed a number of new significant issues in relation to:

- De La Salle College, Belfast
- Governance Issues in the General Teaching Council for Northern Ireland (GTCNI)
- Governance issues in Comhairle na Gaelscolaíochta (CnaG)
- NDPB Voluntary Exit Schemes (VES)
- Public Accounts Committee hearings
- Establishment of the Northern Ireland Teachers' Pension Scheme (NITPS) Pension Board and the NITPS Scheme Advisory Board
- Teachers' Superannuation Scheme
- Teachers' Pension administrative system
- Teachers' Pay and Pensions Team (TPPT) impact of VESs
- Data Security Lapses
- Fraud Prevention and Whistle-blowing
- Information & Communications Technology (ICT) Programme Board
- Centre of Procurement Expertise (CoPE) status of the EA
- HR Strategy
- Staff absence
- Strule Programme Delivery Unit

De La Salle College, Belfast

Towards the end of 2015-16 the Department was made aware of a serious situation within De La Salle College in Belfast. Very high absence rates amongst teaching staff had been recorded at specific times of the year and concerns had been raised about the impact on teaching and learning within the school, particularly in relation to those pupils about to sit the GCSE and A level examinations. The Council for Catholic Maintained Schools had, along with representatives of the Board of Governors and several teaching unions, established a strategy group to address a range of issues within the school and an Associate Principal was appointed to assist. At the beginning of April 2016, the Minister decided that an independent investigation should be carried out to determine the circumstances that caused the situation to arise. An independent panel is currently taking this forward as a matter of urgency.

Governance Issues in the GTCNI

DE and GTCNI jointly commissioned DFP's Business Consultancy Service (BCS) to undertake a Board Effectiveness Review of GTCNI. The Review Team concluded that the Council was underperforming in the areas essential for good governance and had significant issues affecting its performance that needed to be addressed as a matter of urgency. On 29 September 2015 the Council concurred with the recommendations made by BCS. However, progress to address matters through positive action had not been secured in 2015-16. Action is now being taken forward in 2016-17 - Council members attended dedicated Corporate Governance Workshops on 26 May and 7 June 2016. On 13 June 2016 the Council unanimously endorsed a

revised corporate governance framework and proposals for revised Committee Structures to help the organisation to move forward.

DE introduced a range of special measures, including monthly Governance and Accountability Review meetings, into GTCNI on 22 December 2015, subject to review after 6 months, the removal of all delegations and the secondment of a senior Departmental official as the interim Accounting Officer on a temporary basis as the GTCNI Registrar is currently absent.

In the GTCNI Governance Statement, the interim Accounting Officer has stated that he considers that during 2015-16 the Council did not fulfil its expected governance role in an effective manner and, as designated interim Accounting Officer, he has concluded that he cannot at this time provide the necessary assurance that the Council's current risk management and governance approach provides anything more than a limited assurance that the organisation is operating effectively. However, he has also advised that he is confident that there is now a commitment on the part of the Council to move quickly to address the identified issues and that substantive progress can be made over the coming months. His aim as interim Accounting Officer is to actively support the Council in the development and implementation of an improvement plan which will take the organisation out of special measures.

The interim Accounting Officer has also asked the GTCNI internal audit team to do some further testing in the area of procurement and contract management.

There are a number of whistle blowing cases in respect of GTCNI which are being considered by the Department's Head of Internal Audit.

Governance issues in CnaG

In December 2014, DE commissioned a Deloitte Review of Organisation and Governance Structures in CnaG. The Review concluded that governance and organisation in CnaG were no longer fit for purpose and made a series of recommendations for change. In May 2015, DE agreed CnaG's response to the report, including an Action Plan for improvement. Subsequently, DE officials monitored progress against the Action Plan on a monthly basis prior to a formal review by DE Internal Audit, which was carried out between November 2015 and January 2016. The Internal Audit Review confirmed that there had been some positive actions taken by CnaG in relation to the Deloitte Recommendations. However, the overall finding continued to be one of Limited Assurance. As a result, DE has introduced a range of special measures to strengthen the current governance framework for oversight of CnaG. This includes increased frequency of Governance and Accountability Review meetings from six-monthly to bi-monthly. Officials continue to work with the organisation to take forward the implementation of the Deloitte Recommendations as quickly as possible. DE's Internal Audit will review the organisation again formally in six months time.

In the absence throughout the year of the CnaG Chief Executive, the role of the Accounting Officer was undertaken by the Chief Finance Officer.

NDPB VES

DE monitored the voluntary severance programme throughout the 2015-16 year. Full year savings from the respective schemes is around £14m.

In respect of exits of non-teaching staff located in schools, the Department wrote to the then Chief Executives of the Education and Library Boards on 25 February 2015 setting out the process to be followed. As at the 31 March 2016 the Department has received and approved 251 non-teaching school based applications at a cost of £3.03m. These were funded from the Public Sector Transformation Fund (PSTF).

The EA initiated their voluntary severance programme for headquarters staff (non-school based) in May 2015. As at 31 March 2016 the total number of accepted offers was 206 at a total cost was £13,649,309. These were funded from the PSTF. The EA Scheme for headquarters staff will carry on into 2016-17 and DE will continue to monitor EA progress towards achieving the required savings.

The Council for the Curriculum, Examinations and Assessment (CCEA) and the Youth Council for Northern Ireland (YCNI) advised that they would operate a Voluntary Exit Scheme late in 2015-16. At 31 March 2016 the combined number of accepted offers for CCEA and the YCNI was 29 and the total cost was £1.6m.

Public Accounts Committee hearings (Pupil Attendance and Sustainability of Schools)

A Pupil Attendance Strategic Oversight Group representative of DE, ETI and EA was established to progress the commitments outlined in the August 2014 Memorandum of Reply (MoR) to the PAC report on improving pupil attendance. An update was provided in October 2015 to the PAC setting out progress against the commitments, including the development of an attendance strategy. In March 2016 the Department published for public consultation its attendance strategy *Miss School = Miss Out: A Strategy for Improving Pupil Attendance*. The Department and the EA will continue to work together to improve pupil attendance and seek opportunities to collaborate with other relevant agencies, including the 11 new Councils.

In June 2015 the NI Audit Office (NIAO) published its report on the Sustainability of Schools and made eight recommendations which were accepted by the Department. A programme of projects has been established to take forward the implementation of the agreed recommendations. In November 2015 PAC heard evidence on the report from the Department and the EA. PAC published its report on 2 March 2016 and made ten recommendations; a Memorandum of Reply is being developed in response.

Establishment of the NITPS Pension Board and the NITPS Scheme Advisory Board

The Public Service Pensions Act (NI) 2014 (“the 2014 Act”) requires each public service pension scheme (including the NITPS) to establish a Pension Board to assist the scheme manager (i.e. the Department) in securing the effective and efficient administration of the pension scheme and a Scheme Advisory Board for considering major changes to scheme rules.

The NITPS Pension Board and NITPS Scheme Advisory Board were accordingly set up and became operational from 1 April 2015.

Pension Board

Primary and secondary legislation does not prescribe the constitution of the Pension Board beyond the requirement that employer representatives and member representatives are equal in number. The Pension Board is comprised of 12 members and includes:

- an independent chairperson (recruited following the principles of the Public Appointments Process);
- a pensions official from the public sector pensions arena;
- 4 pension scheme member representatives;
- 4 employer representatives; and
- 2 DE officials at Directorate level drawn from the pensions policy area of business and from the area with overall responsibility for the Department’s internal audit function.

Scheme Advisory Board

The Scheme Advisory Board is chaired by a Department official and the other members are nominated by a defined list of organisations representing members and employers. Attendance at meetings is limited to two attendees per organisation.

Teachers’ Superannuation Scheme

The Department manages the Teachers’ Superannuation Scheme (TSS). Issues relevant to the TSS are reported in the governance statement included in the 2015-16 TSS Annual Scheme Statements.

Teachers' Pension administrative system

The Department of Finance (DoF) recently decided not to approve increased (mainly retrospective) costs on the Teachers’ Pension Administrative system from October 2010 to March 2017 associated with posting and printing outsourcing and pension reform changes. The implications for the Departmental accounts regarding this decision are £507k for 2015-16 and in the region of £278k for 2016-17. The Department will review the oversight and monitoring of large IT contracts and will provide the DoF with renewed assurance, including details of systems to be put in place to better monitor IT contracts going forward.

TPPT impact of VESs

TPPT has lost approximately 15% of its workforce as a result of VES. While work is ongoing to mitigate the impact on the business of the team, paying teachers' salaries and teacher pensioners is a critical function which will remain under close scrutiny, in conjunction with Departmental HR, while the normalisation of staffing is rolled out across the Department.

Data Security Lapses

On 18 November 2015 the Department notified the Information Commissioner's Office (ICO) of a potential data security breach regarding an inadvertent disclosure to a member of the public. The ICO investigated the circumstances of the incident and concluded on 1 December 2015 that no further action was necessary on this occasion. In response to the incident, Departmental staff were reminded of their legal obligations under the Data Protection Act.

Since April 2016 there have been two data security breaches which have both been actioned appropriately and one has been reported to the ICO.

Fraud Prevention and Whistleblowing

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

Fraud monitoring and reporting arrangements have been effectively maintained throughout the year and there were three frauds reported within the Department during 2015-16.

ICT Programme Board

During the year, the Department re-established the ICT Programme Board in a post-EA context, for the purpose of ensuring that appropriate systems and procedures relating to ICT procurement were in place and being adhered to in the Department and across its NDPBs.

CoPE status of the EA

The Department worked with the EA to agree the appropriate action towards establishing its CoPE status in relation to both its Supplies & Services and Construction Works and Services procurement functions. This work will continue into 2016-17.

HR Strategy

The Department employs around 570 employees who play an important role in the delivery of services to the Minister, the education sector and citizens. The Board has therefore given a significant time commitment at meetings throughout 2015-16 to the Department's strategic management approach in this area. The Board agreed a HR

Action Plan for 2015-16, the second year of DE's HR Strategy 2014-2017, recognising that improvement across all aspects of the Department's approach to people management needed a sustained focus. In its review of progress the Board has closely monitored the Department's use of VES to reduce staff numbers in response to budget reductions and has paid particular attention to continuity of service provision. The Board will formally assess progress on all 2015-16 HR Action Plan commitments at its June 2016 meeting.

The Board is keen to sustain momentum in this area, not least because of the considerable people management challenges presented by the reductions to the Department's staffing budget and the loss of a significant number of staff under the NICS VES (over 90 by 31 May 2016).

Staff absence

Final validated staff absence figures for 2015-16 will not be available until autumn 2016, although provisional information from NISRA suggests that the target average of 7.8 days sickness absence per employee will not be met. NISRA estimates that the Department will record 8.8 days lost per full time equivalent member of staff for 2015-16. This is an improvement on the 2014-15 outturn position of 10.2 days. A sustained management focus in this area has been in place throughout 2015-16, together with a Health and Well Being Programme for staff. This will continue in 2016-17. The overall sickness absence throughout the NICS in 2015-16 was estimated to be 11.6 days lost per full time equivalent member of staff against a target of 8.5.

Strule Programme Delivery Unit

The Department received DFP approval to appoint three external members to the Strule Programme Delivery Unit (PDU) and engaged with the Strategic Investment Board (SIB) to appoint these external PDU staff. The Construction Programme Manager was appointed in June 2014 at a salary cost above that approved in the business case, as the salary was commensurate with experience. In line with the Department's understanding of DFP's conditions of approval the Department had deemed this cost to be within the overall aggregate approval limit for the three posts and therefore did not seek DFP approval at that time. DFP subsequently deemed this expenditure to be irregular, but, as a result of further evidence being provided to DFP, the expenditure has been regularised moving forward. The amount of irregular spend in 2015-16 was £24,600.

Update on remaining prior year significant issues

The remaining prior year significant issues were as follows.

- Restructuring of Education Administration
- Public Accounts Committee hearing
- Outworking of Area Planning
- Outstanding Pay remits
- End of Key Stage (KS) Assessment
- School Workforce Review

- Governance of CCEA
- Safeguarding and child protection
- Early years' functions
- Issues in relation to the Youth Council NI (YCNI)
- Use of Digital Technologies Strategy
- Increased forecast spend in respect of Special Educational Needs (SEN) in the former Belfast Education and Library Board (BELB)

Restructuring of Education Administration

The Education Act (NI) 2014, which became law in December 2014, provided for the establishment of the EA to replace the five Education and Library Boards (ELBs) and their Staff Commission with effect from 1 April 2015. The establishment of the Authority was required to provide a sound legal basis for education administration by making it compatible with the new 11-council model of local government. The Act confers new duties on the EA in relation to Shared Education and the community use of school premises. Otherwise, the functions and responsibilities of the Authority are the same as those of the ELBs.

In managing the transition from five organisations to a single authority, business continuity has been the priority. This has been achieved through the retention, for an interim period, of the existing operational structures and procedures of the former ELBs.

The work to manage the EA's transition to a single regional authority has continued to be delivered through a formally constituted Programme, utilising a project management system. An overarching Programme Management Board (PMB) met monthly to monitor progress and drive forward the delivery of all of the strands of the Programme. The PMB also monitored the Programme Risk Register and Issues Log. Work has been undertaken to define and implement the governance framework within which the EA operates and to establish new organisational structures within the EA which will help shape regional service delivery in the wake of a large-scale voluntary severance programme. Following the appointment of five second tier Directors in the spring of 2016, work will now be progressed to review and redesign the delivery of services within a single structure, building on best practice that existed within the previous ELBs.

Outworking of Area Planning

The Department has been working with the EA, Council for Catholic Maintained Schools and support sector bodies to embed the Area Planning governance structures and the Area Planning Cycle at: Steering Group; Working Group; and Local area Planning Group levels. The first Annual Action Plans were received in October 2015 and feedback was provided to the EA. The increased number of Development Proposals (DPs) continued with 55 DPs published this business year, including a number of complex cases involving multiple schools and accommodation issues. This has resulted in the time taken to process DPs has, in the majority of cases, taken longer than the 6 week target from the end of the statutory consultation period. Area Planning and DP guidance has been revised and reissued and Amalgamations Guidance was published in May 2015. A number of complex Judicial Review cases

have concluded in the Department's favour and two protracted cases remain outstanding.

Outstanding pay remits

The Pay Remit Team (PRT) made considerable progress during 2015-16 addressing the backlog of pay remit business cases requiring approval – there were 3 outstanding at 31 March 2016, compared with 14 at 31 March 2015 (some new pay remit business cases were also completed in year). PRT also refined the pay remit approval process to enable education sector staff to receive their contractual entitlements in a timely manner and to quicken the approval process.

During 2015-16, Internal Audit followed up on recommendations raised as part of its report on Pay Remit Systems Issues published in May 2013. Its February 2016 report noted that *“the implementation of the majority of previous audit recommendations has resulted in an improved Pay Remit process, resulting in an overall assurance of ‘Satisfactory’ ”*. (Of the 12 recommendations, 10 were fully implemented, 1 was in progress and 1 was not applicable.)

End of KS Assessment

2015-16 was the fourth year of revised statutory arrangements for assessing pupils' progress in Communication and Using Mathematics at the end of each Key Stage from KS1-3. While the Department remains satisfied that the policy approach is in line with international best practice, there continues to be union and wider professional opposition. Necessary evaluation and review has been undertaken, including a period of intense negotiations with the teaching unions. While progress was made and most of the unions suspended their action in part, the level of engagement with the statutory process remains low. It has, nevertheless, been possible to measure system-level performance on a sampling basis. The Minister confirmed in September 2015 that assessment and reporting of Using ICT using the Levels of Progression will become fully statutory for all schools from September 2016.

School Workforce Review

The Minister asked that the action relating to the School Workforce Review be removed from the 2015-16 DE Business Plan. The data collection exercise relating to the establishment of a baseline with regard to the workforce data was included in the EA's 2015-16 Business Plan. Work has also progressed via the Strategic Forum work-stream on Future Professional Development. The report was completed and signed off by the Minister in November 2015.

Governance of CCEA

A Board Effectiveness Review was conducted within CCEA in February 2015. No significant issues were identified and recommendations were taken forward during 2015-16. Following clarification by the Teacher Negotiating Committee (TNC) regarding the practice of teachers also being remunerated as examiners/moderators, the Department is continuing to monitor the mitigation of this risk by CCEA in terms of its capacity to deliver its statutory and non-statutory work.

Safeguarding and child protection

The Department's risk appetite when it comes to safeguarding and child protection issues is 'averse'. There are 3 components to the Department's overall strategy in relation to child protection: arrangements for ensuring an appropriate response to child protection/safeguarding concerns; pre-employment criminal record checks to ensure only suitable persons work with children; and encouraging pupils to develop strategies to keep safe through the curriculum and other support. The publication of the Marshall Report in November 2014 brought a new focus to the child protection work of the Department and beyond. It is worth noting that ETI, which was enjoined to the inquiry, found that many schools are effectively teaching children and young people about healthy relationships and delivering keeping safe messages. The Marshall Report contained one key recommendation and a number of supporting recommendations for the Department and the Department has published its own action plan to address these, alongside a composite action plan for those recommendations which are cross-cutting. The Department continues to work with the EA, Safeguarding Board for Northern Ireland, Department of Health and Department of Justice in implementing Marshall Action Plans and has made good progress to date. The second progress report will shortly be published.

Early Years' functions

An independent review of the Early Years' Fund highlighted a number of issues concerning the governance and focus of the Fund in its current form, particularly its closed format. A decision was subsequently taken to end the Fund and to replace it with the Pathway Fund from 1 April 2016. The Pathway Fund is open to application from all eligible providers of Early Years learning and education. Transition funding has been made available for recipients of the Early Years Fund to the end of June 2016.

The YCNI

Public consultation on proposals for the future of the YCNI took place from April until July 2015. Following careful consideration of the responses to the consultation the Minister set out the approach he intended to take in relation to the YCNI and the future administration and funding of regional youth services within the EA in a written statement to the Assembly (10 December 2015).

The Department has overseen and implemented a number of structural changes to support the implementation of the new arrangements within the current legislative framework from 1 April 2016. The appointments of all members of the Board of the YCNI were extended and a formal direction issued in March 2016 to the YCNI Chair directing YCNI to undertake the following functions:

- Advise the Department, Education Authority and other bodies on the development of the youth service;
- Encourage cross-community activity by the youth service;
- Encourage the provision of facilities for the youth service and facilities which are especially beneficial to young persons; and

- Encourage and assist the co-ordination and efficient use of resources by the youth service.

Use of Digital Technologies Strategy

A Gateway Review of the delivery of the C2k service through the Education Network for Northern Ireland (EN(NI)) contract was commissioned and took place in February 2015, primarily to seek assurance regarding the existing contract, but also to receive direction regarding the Use of Digital Technologies Strategy, given the creation of the EA from April 2015. The resulting report provided the necessary assurances and made specific recommendations regarding the Strategy. The recommendations have been reviewed by the EA and it is its view that setting out the vision for the way in which ICT can be used to enhance the delivery of education and the development of a digital strategy to implement the vision will require the establishment of a working group across the Education sector. The terms of reference of the working group were reviewed in February 2016.

Increased forecast spend in respect of SEN in the former BELB

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

Subsidiary Directorate Governance Statements

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

3.3.9 NDPB Governance Framework

The chief executive of each of the Department's NDPBs is designated by the Departmental Accounting Officer as the Accounting Officer for his or her organisation. The allocation of accounting officer responsibilities is set out in the Statement of Accounting Officers' Responsibilities on page 28.

During 2015-16, the Department adopted a robust framework for ensuring effective governance within its existing NDPBs and to provide the Accounting Officer with assurance that designated accounting officers were fulfilling their responsibilities. Key features of this framework included:

- a requirement to ensure compliance with statute and with the body's Management Statement and Financial Memorandum;

- arrangements to ensure that NDPB business plans reflected and supported the delivery of the Education Minister’s strategic priorities, particularly those related to raising standards and closing the attainment gap;
- monitoring of progress in delivering agreed business plan targets;
- regular, formal Governance and Accountability Review meetings chaired by the Permanent Secretary and attended by the respective chief executives and chairs;
- the completion of mid-year governance statements which provided confirmation (and, where necessary evidence) that required processes were being followed;
- regular engagement between DE directors and senior NDPB counterparts; and
- the regular attendance of a senior DE member of staff as an observer at meetings of each NDPB’s audit committee and routine and timely feedback from these meetings.

Following an internal audit review of ALB oversight arrangements, a revised governance framework ‘Governance and Accountability Arrangements for the Oversight of Arm’s Length Bodies’ was developed during 2015-16 and implemented in the Department from March 2016.

NDPB governance statements

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

As a first step, in order to ensure good standards of governance in its NDPBs and in consideration of the guidance on compliance and content contained in Annex 3.1 of Managing Public Money NI, the related fact sheet provided by NIAO and the 2014-15 feedback provided by DE, the Department carried out an analysis of the initial draft Governance Statements submitted by each NDPB and provided feedback accordingly. Most of the initial draft statements complied with the above guidance and had taken on board the previous year’s feedback. Some minor suggestions for improvement, including a small number of factual inaccuracies, were provided to a small number of bodies.

Bodies were required to submit their final draft Statements to DE by 6 May. This date was met by most of the bodies and all except the EA had submitted their final draft Statements by 11 May. A subsequent analysis by DE indicated that the feedback provided had largely been taken account of by the bodies prior to submitting the final draft Statements. The Department also used its analysis of the draft Governance Statements to ensure that its own statement captures all relevant significant issues (see section 3.3.8).

The EA only provided a very early first draft of its governance statement prior to the Department’s feedback deadline of 29 April, therefore only very limited feedback

could be provided. A further draft was provided to DE on 19 May; the EA Accounting Officer agreed the draft on 25 May; it was considered by the EA ARAC on 27 May; and was issued to the NIAO on 3 June with the EA draft Annual Report.

3.3.10 Conclusion

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

4. REMUNERATION AND STAFF REPORT

Remuneration Report

4.1 Remuneration policy

The Minister of Finance approves the pay remit for Senior Civil Service (SCS) staff. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. This was subsequently reduced to 10 points in 2014 and 9 points in 2015 to allow progression through the pay scales within a reasonable period of time.

4.2 Service contracts

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

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

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

4.3 Salary and pension entitlements

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

4.4 Remuneration (including salary) and pension entitlements (Audited)

Minister	2015-16			2014-15		
	Salary £000	Pension Benefits* £000	Total £000	Salary £000	Pension Benefits* £000	Total £000
Mr John O'Dowd MLA	38	13	51	38	12	50

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

Officials	2015-16			2014-15		
	Salary £000	Pension Benefits* £000	Total £000	Salary £000	Pension Benefits* £000	Total £000
Mr Paul Sweeney Permanent Secretary	115-120	58	175-180	110-115	48	160-165
Mrs Katrina Godfrey Deputy Secretary	85-90	50	135-140	80-85	79	160-165
Mrs Fiona Hepper Deputy Secretary	85-90	33	115-120	80-85	111	190-195
Mrs Noelle Buick Chief Inspector	95-100	39	135-140	90-95	29	120-125
Mr Trevor Connolly Director	65-70	34	100-105	65-70	14	80-85
Mr Barry Jordan Director	65-70	(124)	(55)-(60)	65-70	(21)	45-50
Mr Gavin Boyd** Interim Chief Executive EA	145-150	49	195-200	145-150	47	190-195
Mr John Smyth*** Non-executive director	5-10	-	-	5-10	-	-
Mrs Fiona Keenan*** Non-executive director	5-10	-	-	5-10	-	-
Band of Highest Paid Director's Total Remuneration	115-120			145-150	****	
Median Total Remuneration	30,258			28,879		
Ratio	3.8			5.1		

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

***Mr Boyd is not a member of the DE Board. He is the interim Chief Executive of the Education Authority. His salary is paid by the Department.*

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

***** Mr Boyd was an additional Accounting Officer for DE during 2014-15.*

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Department of Education in the financial year 2015-16 was £115,000 - £120,000 (2014-15: £145,000 - £150,000). This was 3.8 times (2014-15: 5.1 times) the median

remuneration of the workforce which was £30,258 (2014-15: £28,879). The reduction in the ratio is due to the fact that in 2014-15 the highest paid director was an additional Accounting Officer who did not hold this responsibility during 2015-16.

In 2015-16, 1 employee (2014-15: no employees) received remuneration in excess of the highest paid director. Remuneration ranged from £10,000 to £146,000 (2014-15: £10,000 to £113,000) excluding the highest paid director.

4.5 Salary

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

The Department of Education was under the direction and control of Mr John O’Dowd MLA during the financial year. His salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this account. These amounts do not include costs relating to the Minister’s role as MLA which are disclosed elsewhere.

4.6 Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were no such benefits in kind made in 2014-15 and 2015-16.

4.7 Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no such bonuses payments made in 2014-15 and 2015-16.

4.8 Pension Benefits (Audited)

Minister	Accrued pension at pension age as at 31 March 2016 £000	Real increase in pension at pension age £000	CETV at 31 March 2016 £000	CETV at 31 March 2015 £000	Real increase in CETV £000
Mr John O’Dowd MLA	0.5	0-2.5	47	37	6

4.9 Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members’ Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA’s pension under the AMPS (details of

which are not included in this report). The pension arrangements for Ministers provide benefits on a “contribution factor” basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

Benefits for Ministers are payable at the same time as MLAs’ benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 7% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 20.6% of the Ministerial salary.

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

4.10 The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. It is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme, or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

4.11 The real increase in the value of the CETV

This is the increase in accrued pension due to the Department’s contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period. Prior to October 2015, the CETV factors were calculated using a net discount rate of 3%, which was the rate set by HM Treasury for the major public service pension schemes. Following the completion of the 2014 funding valuation of the AMPS the assumptions used to calculate the scheme’s factors were reviewed. The AMPS is not covered directly by the financial assumptions set by HM Treasury for other public service pension schemes, and the Trustees instead decided to adopt the financial assumptions used in the scheme’s funding valuation to calculate CETVs (a net discount rate of 3.5%) rather than the HM Treasury rate. This has led to a reduction in CETVs in general and a difference between the closing CETVs reported in 2014-15, and the opening CETVs reported in 2015-16.

4.12 Pension Entitlements (Audited)

Officials	Accrued pension at age as at 31 March 2016 and related lump sum £000	Real increase/(decrease) in pension and related lump sum at pension age £000	CETV at 31 March 2016 £000	CETV at 31 March 2015* £000	Real increase/(decrease) in CETV £000	Employer contribution to partnership pension account (nearest £100)
Mr Paul Sweeney Permanent Secretary	50-55 plus lump sum of 160-165	2.5-5 plus lump sum of 10-12.5	1,248	1,165	57	-
Mrs Katrina Godfrey Deputy Secretary	25-30 plus lump sum of 75-80	2.5-5 plus lump sum of 0-2.5	500	439	29	-
Mrs Fiona Hepper Deputy Secretary	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 5-7.5	644	579	28	-
Mrs Noelle Buick Chief Inspector	30-35	0-2.5	685	611	39	-
Mr Trevor Connolly Director	15-20 plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	280	236	18	-
Mr Barry Jordan Director	30-35 plus lump sum of 90-95	(5)-(7.5) plus lump sum of (15)-(17.5)	664	734	(115)	-
Mr Gavin Boyd Interim Chief Executive EA	20-25	2.5-3	446	386	48	-
Mr John Smyth Non-executive director	-	-	-	-	-	-
Mrs Fiona Keenan Non-executive director	-	-	-	-	-	-

*The figures for CETV at 31 March 2015 have changed from those published in the 2014-15 accounts due to a change in the factors used in the calculation.

4.13 Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of

annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

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

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2015 was negative (-0.1%) and HM Treasury has announced that there will be no increase to public service pensions from April 2016. Therefore public service pensions will remain at their current level.

Employee contribution rates for all members for the period covering 1 April 2016 – 31 March 2017 are as follows:

4.14 Scheme Year 1 April 2016 to 31 March 2017

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
From	To	From 1 April 2016 to 31 March 2017	From 1 April 2016 to 31 March 2017
£0	£15,000.99	3.8%	4.6%
£15,001.00	£21,210.99	4.6%	4.6%
£21,211.00	£48,471.99	5.45%	5.45%
£48,472.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 14.7% (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 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

4.15 Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme, or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme, or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

4.16 Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The actuarial factors used to calculate CETVs changed during the 2015-16 year and, consequently, CETV figures increased even without any further pension accrual. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Staff Report

4.17 Staff costs (Audited)

Staff costs comprise:

	Permanently employed staff** £000	Others £000	Ministers £000	2015-16 Total £000	2014-15 Total £000
Wages and salaries***	24,077	1,439	38	25,554	24,024
Social security costs	1,664	-	4	1,668	1,709
Other pension costs	4,672	-	8	4,680	4,260
Total net costs*	30,413	1,439	50	31,902	29,993

*Of the total, £626k has been charged to capital.

**Permanently employed staff includes the cost of the Department's Special Adviser, who was paid in the pay band £59,627-£91,809 (2014-15: £59,037-£91,809).

***Wages and salaries include voluntary exit costs of £3,748k.

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but the Department of Education is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2016.

For 2015-16, employers' contributions of £4,666,463.54 were payable to the NICS pension arrangements (2014-15: £4,246,733.68) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2016-17, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £5,309.73 (2014-15: £5,234.63) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 14.7% (2014-15: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £314.70, 0.5% (2014-15: £328.09, 0.8%) of pensionable pay, were payable to the NICS pension arrangements to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

During 2015-16, three individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £7,605.51 (2014-15: £4,761.87).

4.18 Average number of persons employed (Audited)

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

Activity	Permanently employed staff Number	Others Number	Ministers Number	Special advisers Number	2015-16 Total Number	2014-15 Total Number
Education EA	438	32	1	1	472	508
Education Other	127	9	-	-	136	145
Youth EA	9	1	-	-	10	11
Youth Other/ Community Relations	2	-	-	-	2	2
Staff engaged on capital projects	10	-	-	-	10	7
Total	586	42	1	1	630	673

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

4.19 Number of senior civil service staff by grade (Audited)

The number of senior civil service staff employed as at 31 March 2016 was as follows:

Grade (including Analogous Grades)	Number
Grade 2	2
Grade 3	4
Grade 5	12

4.20 Staff composition - breakdown of employees by gender (Audited)

The analysis of the Department's employees by gender at 31 March 2016 was as follows:

	Male	Male %	Female	Female %	Total	Total %
Executive Directors	3	50	3	50	6	100
Non-executive Directors	1	50	1	50	2	100
Total Directors*	4	50	4	50	8	100
Senior Managers**	6	50	6	50	12	100
Other employees	198	36	352	64	550	100
Total	208	36	362	64	570	100

*Directors include members of the DE Board as at 31 March 2016.

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

Note: this table is based on the number of staff in post rather than full time equivalents, and excludes those on career break.

4.21 Exit package – the NICS Voluntary Exit Scheme

The NICS Voluntary Exit Scheme (VES) launched on 2 March 2015 and closed in February 2016 following notification of the final tranche of offers to applicants. Almost all permanent NICS staff in all grades and disciplines (up to and including NICS Grade 3 and analogous) in all departments could apply for the Scheme, but a number of exceptions were agreed by the Permanent Secretaries Group who also considered any quotas that departments wished to propose.

The objective of the Scheme was to effect an immediate and permanent pay bill reduction to allow departments to live within their 2015-16 budget allocations. The Scheme was required in addition to a range of personnel interventions already deployed, including: an embargo on recruitment and substantive promotion and the suppression of vacancies.

In DE, 170 staff applied for exit under the Scheme and, of these, 78 accepted offers of exit and left on a phased basis during 2015-16. A further 20 staff will leave on 31 May 2016 under the final tranche. Following notification of the final tranche of offers, the VES closed in February 2016 and no further offers will therefore be made. During 2015-16, the Department focused on managing exits and ensuring business continuity as staff left. The process of restructuring the Department with remaining staff has commenced and will be completed during 2016-17.

4.22 Reporting of compensation and exit packages for all staff (Audited)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2015-16	Number of compulsory redundancies	Number of other departures agreed	2014-15
			Total number of exit packages by cost band			Total number of exit packages by cost band
Less than £10,000	-	5	5	-	1	1
£10,000 - £25,000	-	29	29	-	1	1
£25,000 - £50,000	-	43	43	-	4	4
£50,000 - £100,000	-	21	21	-	1	1
£100,000-£150,000	-	1	1	-	-	-
Total number of exit packages	-	99	99	-	7	7
Total resource cost	£nil	£3,747,772	£3,747,772	£nil	£198,266	£198,266

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

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

4.23 Sickness absence

Information available from the Northern Ireland Statistics and Research Agency estimates that for the period April 2015 to March 2016 the Department will record an average of 8.8 days lost per full time equivalent member of staff against a target of 7.8 days (in 2014-15, the outturn was 10.2 days). The overall sickness absence throughout the NICS in 2015-16 is estimated to be 11.6 days lost per full time equivalent member of staff against a target of 8.5.

It is important to note that these figures are provisional and are subject to change between now and the publication of the Financial Year Northern Ireland Civil Service (NICS) absence report for the year 2015-16 in autumn 2016. Historically, though, changes between provisional and final figures have been minimal.

A sustained management focus in this area has been in place throughout 2015-16 together with a Health and Well Being Programme for staff – this will continue in 2016-17.

4.24 Staff policies

At 31 March 2016, the Department employed 570 staff, who play an important role in the delivery of services to the Minister, the education sector and citizens. In June 2015 the HR Action Plan was launched for 2015-16, which is the second year of the Department's HR Strategy for the period 2014-2017. The Action Plan built on the improvements to people management made during 2014-15.

The Department recognises that people management and engagement will have an increasing relevance in 2016-17 not least because of the considerable challenges presented by reductions to the Department's staffing budget, and the loss of a significant number of staff under the NICS Voluntary Exit Scheme.

Equal opportunities

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

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

We aim to foster a culture that encourages every member of staff to develop their full potential and which rewards achievement. Creating a working environment where individual differences are valued and respected enables all staff to give of their best and helps us to respond more effectively to the needs of the people we serve.

Employment of people with disabilities

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

Health and safety

To comply with the Health and Safety at Work (NI) Order 1978, the Department has a duty to ensure the health, safety and welfare of its employees. The Department is fully committed to the pursuit of its obligations in this area.

4.25 Expenditure on consultancy

External consultancy spend during 2015-16, based on provisional outturn figures, is currently recorded as £107k on 3 individual projects (final outturn figures for 2015-16 will not be available until August 2016, following agreement of overall DE final outturn with DoF).

Final external consultancy outturn figures for 2014-15 noted overall spend of £167k on 8 individual projects.

4.26 Temporary staff

Departmental temporary staff costs in 2015-16 amounted to £1,439k (2014-15: £2,746k). The majority of these costs are for staff on loan from DoF working in the specialist areas of Statistics and Building Advisory Team. The remainder of the costs were spent on agency workers and secondees.

The 2015-16 expenditure on temporary staff is 48% less than in 2014-15. The main reason for this reduction is that the Education Authority has now been established and there are no longer any supporting staffing costs in the Department. There has also been a reduction in the costs for staff on loan from DoF and there has been a review of administration expenditure across the Department.

4.27 Off-payroll engagements

There were no 'off-payroll' engagements at a cost of over £58.2k per annum in place during 2015-16.

DEPARTMENT OF EDUCATION ANNUAL REPORT

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

5 STATEMENT OF ASSEMBLY SUPPLY

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

5.1 Summary of Resource Outturn 2015-16

Request for Resources	Note	Estimate			Outturn			2015-16	2014-15
		Gross expenditure £000	Accruing Resources £000	Net total £000	Gross expenditure £000	Accruing Resources £000	Net total £000	Net total outturn compared with Estimate: saving/ (excess) £000	Net total £000
Request for Resources A	SOAS1	2,261,451	(14,020)	2,247,431	2,103,537	(13,993)	2,089,544	157,887	2,080,497
Request for Resources B	SOAS1	50,175	-	50,175	42,650	-	42,650	7,525	41,568
Total resources	SOAS2	2,311,626	(14,020)	2,297,606	2,146,187	(13,993)	2,132,194	165,412	2,122,065
Non-operating cost Accruing Resources		-	-	-	-	-	-	-	-

5.2 Net Cash Requirement 2015-16

Net cash requirement	Note	Estimate £000	Outturn £000	2015-16	2014-15
				Net total outturn compared with Estimate: saving/ (excess) £000	Outturn £000
Net cash requirement	SOAS3	2,318,685	2,150,115	168,570	2,106,429

5.3 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 2015-16 Income £000	Forecast 2015-16 Receipts £000	Outturn 2015-16 Income £000	Outturn 2015-16 Receipts £000
Total	SOAS4.1	5,211	<i>5,211</i>	3,056	<i>3,471</i>

Explanations of the variances between Estimate and outturn are given in note SOAS1 and in the Performance Report.

The notes on pages 83 to 109 form part of these accounts.

5.4 SOAS1. Analysis of net resource outturn by function

							2015-16			2014-15
							Outturn	Estimate		
									Net total outturn compared with Estimate, adjusted for virements	Prior-year outturn
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing Resources £000	Net total £000	Net total £000	Net total outturn compared with Estimate £000	£000	£000
Request for Resources A										
Departmental Expenditure in DEL:										
1. Education Authority – Departmental overheads	11,148	14,224	-	25,372	(143)	25,229	28,150	2,921	2,921	-
Education and Library Boards – Departmental overheads	-	-	-	-	-	-	-	-	-	26,516
2. Non-Departmental Public Bodies – Departmental overheads	706	5	-	711	-	711	764	53	53	777
3. Voluntary and Grant Maintained Integrated Schools – Departmental overheads	5,037	46	-	5,083	-	5,083	5,461	378	378	5,637
4. Centrally Financed Services	837	2,632	7,387	10,856	-	10,856	11,812	956	956	12,152
5. Early Years Services	148	12	26,821	26,981	-	26,981	27,497	516	516	29,480
6. Further Education and Student Support (from Department for the Economy (formerly Department for Employment and Learning))	-	-	-	-	(13,850)	(13,850)	(13,909)	(59)	(59)	(15,049)
7. European Union Programme for Peace and Reconciliation	-	-	-	-	-	-	-	-	-	-
8. Shared Education (from Atlantic Philanthropies)	-	-	-	-	-	-	-	-	-	-
Annually Managed Expenditure										
9. Provisions	48	(13)	-	35	-	35	500	465	465	145
10. Impairments	-	-	-	-	-	-	3,000	3,000	3,000	(600)
Non-Budget:										
11. Education Authority	-	-	1,604,843	1,604,843	-	1,604,843	1,745,248	140,405	140,290	-
Education and Library Boards	-	-	-	-	-	-	-	-	-	1,600,321
12. Voluntary and Grant Maintained Integrated Schools	-	-	395,445	395,445	-	395,445	403,517	8,072	8,072	390,844

	2015-16						2014-15			
	Outturn			Estimate			Net total outturn compared with Estimate, adjusted for virements			Prior-year outturn
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing Resources £000	Net total £000	Net total £000	Net total outturn compared with Estimate £000	Net total outturn compared with Estimate, adjusted for virements £000	Prior- year outturn £000
13. Council for the Curriculum, Examinations and Assessment (CCEA)	-	-	24,115	24,115	-	24,115	24,000	(115)	-	20,197
14. Council for Catholic Maintained Schools (CCMS)	-	-	4,194	4,194	-	4,194	4,228	34	34	3,753
Staff Commission for Education and Library Boards	-	-	-	-	-	-	-	-	-	243
15. General Teaching Council for Northern Ireland	-	-	-	-	-	-	70	70	70	55
16. Comhairle na Gaelscolaíochta	-	-	769	769	-	769	802	33	33	756
17. Northern Ireland Council for Integrated Education	-	-	638	638	-	638	700	62	62	683
18. Middletown Centre for Autism Ltd	-	-	1,181	1,181	-	1,181	1,316	135	135	1,078
19. Notional Charges	3,314	-	-	3,314	-	3,314	4,275	961	961	3,509
Total	21,238	16,906	2,065,393	2,103,537	(13,993)	2,089,544	2,247,431	157,887	157,887	2,080,497
Request for Resources B										
Departmental Expenditure in DEL:										
1. Education Authority – Departmental overheads	577	-	-	577	-	577	762	185	185	-
Education and Library Boards – Departmental overheads	-	-	-	-	-	-	-	-	-	500
2. Youth Council – Departmental overheads	98	-	-	98	-	98	106	8	8	113
3. Youth Services	262	-	4,842	5,104	-	5,104	6,782	1,678	1,678	1,607
4. Voluntary Bodies and Other Services supporting Community Relations	-	-	-	-	-	-	-	-	-	-
5. European Union Programme for Peace and Reconciliation	-	-	-	-	-	-	-	-	-	-
Non-Budget:										
6. Education Authority	-	-	32,326	32,326	-	32,326	37,000	4,674	4,674	-
Education and	-	-	-	-	-	-	-	-	-	34,048

	Outturn						Estimate			2015-16	2014-15
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing Resources £000	Net total £000	Net total £000	Net total outturn compared with Estimate £000	Net total outturn compared with Estimate, adjusted for virements £000	Prior- year outturn £000	
Library Boards											
7. Youth Council for Northern Ireland	-	-	4,371	4,371	-	4,371	5,300	929	929	5,116	
8. Notional Charges	174	-	-	174	-	174	225	51	51	184	
Total	1,111	-	41,539	42,650	-	42,650	50,175	7,525	7,525	41,568	
Resource Outturn	22,349	16,906	2,106,932	2,146,187	(13,993)	2,132,194	2,297,606	165,412	165,412	2,122,065	

Explanation of variance between Estimate and outturn

Request for Resources A

Request for Resources A shows a total underspend of £157.9m (7.0%) against the Estimate for the year. The underspend was due to lower than anticipated drawdown of grant-in-aid by the Education Authority in respect of schools, largely as a result of lower than anticipated payments to creditors in respect of maintenance and capital projects and the ongoing teachers' pay negotiations.

Request for Resources B

Request for Resources B shows a total underspend of £7.5m (15.0%) against the Estimate for the year. The underspend was due to lower than anticipated expenditure in Youth Services and in drawdown of grant-in-aid by the Education Authority in respect of youth.

Detailed explanations of the variances between Estimate and outturn are given in the Performance Report.

Key to Request for Resources

Request for Resources A

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

Request for Resources B

Promoting, through the youth service, the personal and social development of children and young people and assisting them to gain knowledge, skills and experience to reach their full potential as valued individuals: and, through

community relations measures for young people, encouraging the development of mutual understanding and promoting recognition of and respect for cultural diversity.

5.5 SOAS2. Reconciliation of net resource outturn to net operating cost

		2015-16			2014-15
	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net resource outturn	SOAS1	2,132,194	2,297,606	165,412	2,122,065
Non-supply income (CFERs)	SOAS4.1	(3,056)	(5,211)	(2,155)	(3,287)
Net expenditure for the year in the Statement of Comprehensive Net Expenditure		2,129,138	2,292,395	163,257	2,118,778

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

The notes on pages 83 to 109 form part of these accounts.

5.6 SOAS3. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	2015-16 Net total outturn compared with Estimate: saving/ (excess) £000
Resource Outturn	SOAS1	2,297,606	2,132,194	165,412
Capital:				
Acquisition of property, plant and equipment and intangible assets	7, 8	9,049	7,586	1,463
Non-operating Accruing Resources				
Proceeds of asset disposals	SOAS6	-	-	-
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items:</i>				
Depreciation and amortisation	4.1	(3,165)	(158)	(3,007)
New provisions, and adjustments to previous provisions	4.1	(500)	(35)	(465)
Other non-cash items	4.1	(4,500)	(3,488)	(1,012)
<i>Adjustments to reflect movements in working capital balances</i>				
Decrease in receivables	14	-	(85)	85
Decrease in payables falling due within one year	15	20,000	14,040	5,960
Use of provision	16	195	61	134
Net cash requirement		2,318,685	2,150,115	168,570

Detailed explanations of the variances between Estimate and outturn are given in the Performance Report.

The notes on pages 83 to 109 form part of these accounts.

5.7 SOAS4. Income payable to the Consolidated Fund

SOAS4.1 Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2015-16		Outturn 2015-16	
		Income £000	Receipts £000	Income £000	Receipts £000
Other operating income and receipts not classified as Accruing Resources		5,211	<i>5,211</i>	3,056	<i>3,471</i>
	SOAS5	5,211	<i>5,211</i>	3,056	<i>3,471</i>
Non-operating income and receipts – excess Accruing Resources	SOAS6	-	-	-	-
Total income payable to the Consolidated Fund		5,211	<i>5,211</i>	3,056	<i>3,471</i>

SOAS4.2 Consolidated Fund Income

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

5.8 SOAS5. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2015-16 £000	2014-15 £000
Operating income	6	17,049	18,642
Gross income		17,049	18,642
Income authorised to be Accruing Resources	SOAS1	(13,993)	(15,355)
Operating income payable to the Consolidated Fund	SOAS4.1	3,056	3,287

5.9 SOAS6. Non-operating income – Excess Accruing Resources

	2015-16 £000	2014-15 £000
Proceeds on disposal of assets	-	-
Non-operating income – excess Accruing Resources	-	-

The notes on pages 83 to 109 form part of these accounts.

5.10 OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURE NOTES

Departmental accounting boundary (Audited)

These accounts have been prepared in accordance with directions given by the Department of Finance (formerly Department of Finance and Personnel) in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001 and relate to the activities of the Department of Education and the Exceptional Circumstances Body.

For resource accounts purposes, with the exception of the Exceptional Circumstances Body, all other Non-Departmental Public Bodies (NDPBs) fall outside the Departmental accounting boundary, defined within the *Government Financial Reporting Manual (FReM)*, 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

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

Tribunals

Exceptional Circumstances Body

Other Public Sector bodies

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

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

The notes on pages 83 to 109 form part of these accounts.

Losses and special payments (Audited)

Losses statement

	2015-16 Number of cases	2015-16 £000	2014-15 Number of cases	2014-15 £000
Bookkeeping losses	-	-	9	31
Loss arising from a failure to make adequate charges	-	-	1	9
Losses of pay, allowances and superannuation benefits	-	-	1	23
	-	-	11	63

No individual cases in 2015-16 or 2014-15 exceeded £250,000.

Special Payments

	2015-16 Number of cases	2015-16 £000	2014-15 Number of cases	2014-15 £000
	147	974	153	83

During 2015-16 one special payment was in excess of £250,000. A company undertook a legal challenge against the Department in relation to a procurement framework. The Court ordered the Department to reimburse the company an amount of £720,000.

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

Other notes

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

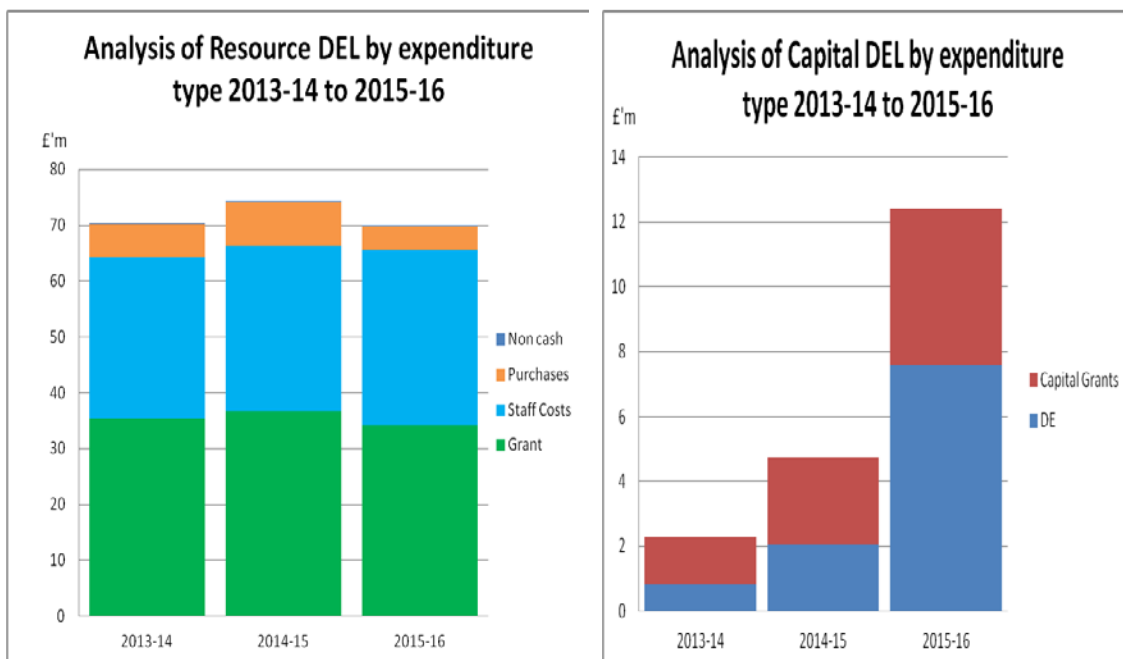
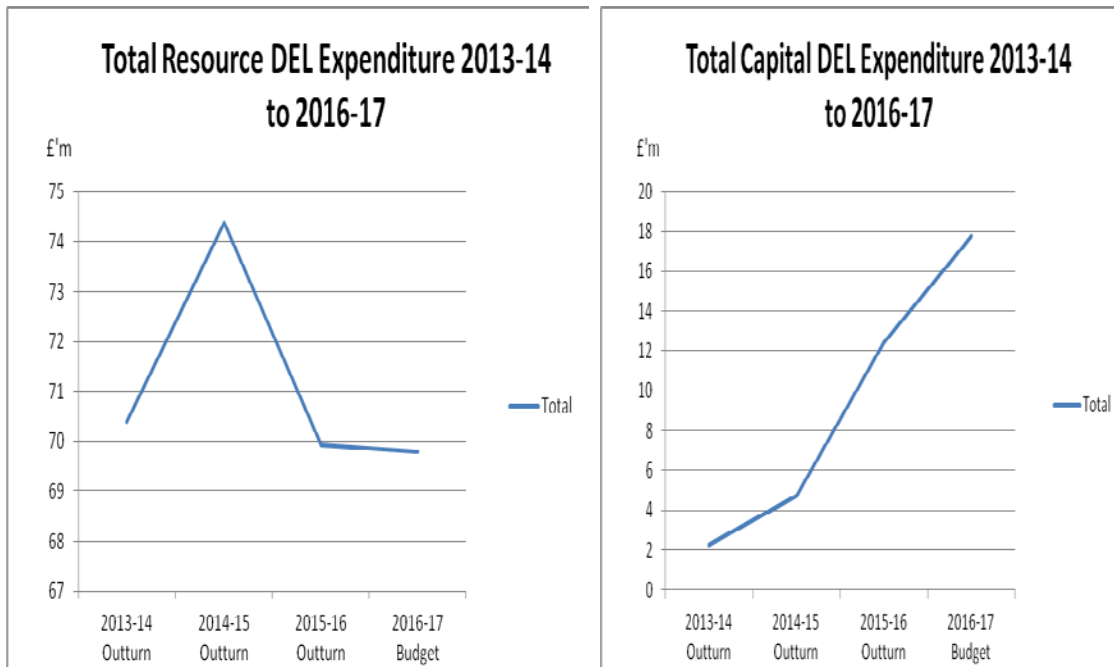
Remote contingent liabilities (Audited)

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

The notes on pages 83 to 109 form part of these accounts.

Long term expenditure trends

The graphs below include 3 years of budget outturn data and 1 year forecast data in relation to the Department's own spending.



Resource DEL expenditure

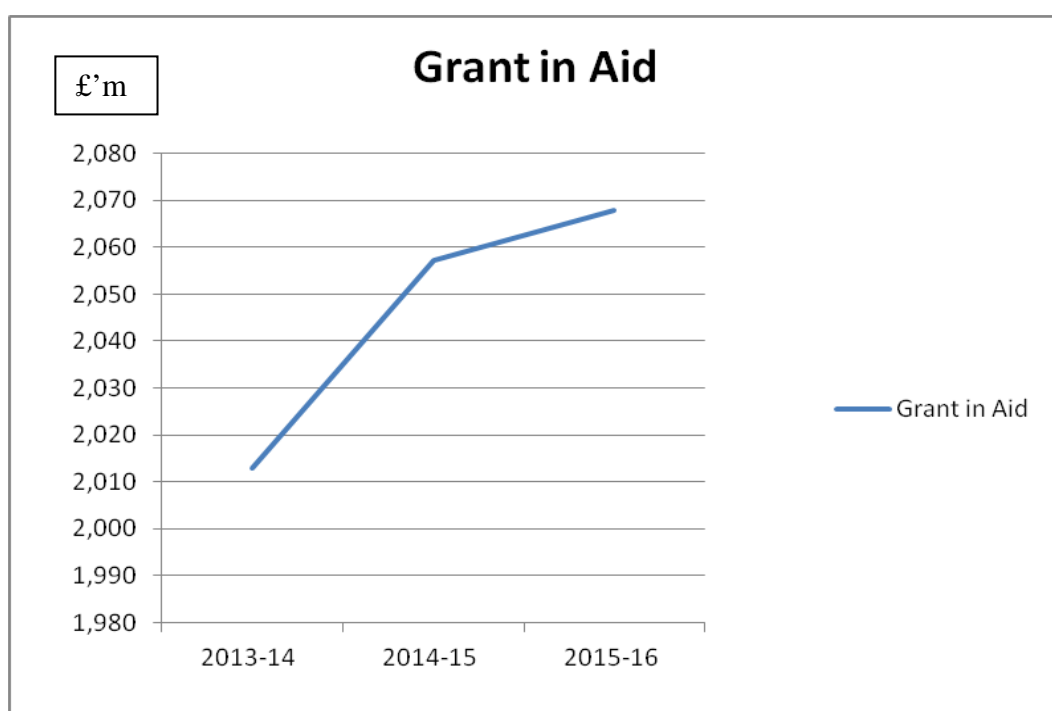
Resource DEL expenditure increased from £70.4m in 2013-14 to £74.4m in 2014-15 due to an increase in purchases and in grant paid to other organisations, excluding NDPBs. In 2015-16 Resource DEL expenditure decreased to £70m.

Staff costs in 2015-16 include £3.7m in respect of the Voluntary Exit Scheme.

Capital DEL expenditure

Capital grant paid by the Department to other organisations, excluding NDPBs, is classified as capital DEL for budget reporting.

Capital grant shows an upward trend from £2.3m in 2013-14 to £12.4m in 2015-16 due to the ongoing development of the Strule Shared Education Campus and also due to increased capital funding of Sure Start and Youth Services projects.



Grant-in-Aid

Grant-in-Aid is funding provided to the Department's NDPBs to fund recurrent and capital expenditure and is classified as non budget for budget reporting.

Signed: _____
Accounting Officer

Date: 23 June 2016

The notes on pages 83 to 109 form part of these accounts.

DEPARTMENT OF EDUCATION

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

I certify that I have audited the financial statements of the Department of Education for the year ended 31 March 2016 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply and the related notes and the information in the Remuneration and Staff Report and the Assembly Accountability Report that is described in these reports as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2016 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2016 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance (formerly Department of Finance and Personnel) directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Assembly Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Remuneration and Staff Report and Assembly Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

Report

I have no observations to make on these financial statements.

Handwritten signature of Kieran J. Donnelly in cursive script.

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

24 June 2016

DEPARTMENT OF EDUCATION

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

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

	Note	2015-16 £000	2014-15 £000
Other operating income	6	(17,049)	(18,642)
Total operating income		(17,049)	(18,642)
Staff costs	3	31,276	29,567
Purchase of goods and services	4.2	7,792	11,548
Depreciation, impairment charges and profit on disposal of non-current assets	4.2	152	(411)
Provision expense	4.2	35	145
Other operating expenditure	4.2	2,106,932	2,096,571
Total operating expenditure		2,146,187	2,137,420
Net operating expenditure		2,129,138	2,118,778
Net expenditure for the year		2,129,138	2,118,778
Other comprehensive net expenditure			
Items that will not be reclassified to net operating costs:			
Net loss/(gain) on revaluation of property, plant and equipment	7	1,465	(1,500)
Net gain on revaluation of intangible assets	8	(1)	(3)
Machinery of Government – transfer of the Education Authority Implementation Team from the Department to the Education Authority	21	(116)	-
Comprehensive net expenditure for the year		2,130,486	2,117,275

All income and expenditure are derived from continuing operations.

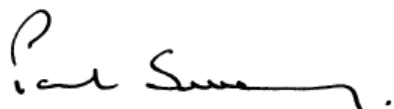
The notes on pages 83 to 109 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Financial Position as at 31 March 2016

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

	Note	£000	2016 £000	£000	2015 £000
Non-current assets:					
Property, plant and equipment	7	18,838		12,795	
Intangible assets	8	71		205	
Financial assets	12	565		565	
Total non-current assets			19,474		13,565
Current assets:					
Trade and other receivables	14	5,520		4,867	
Cash and cash equivalents	13	-		-	
Total current assets			5,520		4,867
Total assets			24,994		18,432
Current liabilities:					
Trade and other payables	15	(65,528)		(79,001)	
Provisions	16	(190)		(197)	
Total current liabilities			(65,718)		(79,198)
Total assets less current liabilities			(40,724)		(60,766)
Non-current liabilities:					
Provisions	16	(300)		(319)	
Total non-current liabilities			(300)		(319)
Total assets less total liabilities			(41,024)		(61,085)
Taxpayers' equity and other reserves:					
General fund			(41,070)		(62,616)
Revaluation reserve			46		1,531
Total equity			(41,024)		(61,085)



Signed: _____

Accounting Officer

Date: 23 June 2016

The notes on pages 83 to 109 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Cash Flows for the year ended 31 March 2016

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

	Note	2015-16 £000	2014-15 £000
Cash flows from operating activities			
Net expenditure for the year	SOAS2	(2,129,138)	(2,118,778)
Adjustments for non-cash transactions	4.1	3,675	3,405
Increase in trade and other receivables	14	(660)	(3,328)
<i>less movements in receivables relating to items not passing through the statement of comprehensive net expenditure</i>	14	1,160	2,760
(Decrease)/increase in trade and other payables excluding bank overdraft	15	(13,856)	16,024
<i>less movements in payables relating to items not passing through the statement of comprehensive net expenditure</i>	15	(581)	(474)
Use of provisions	16	(61)	(1,179)
Net cash outflow from operating activities		(2,139,461)	(2,101,570)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(7,185)	(1,816)
Purchase of intangible assets	8	(4)	(6)
Proceeds of disposal of property, plant and equipment		6	-
Net cash outflow from investing activities		(7,183)	(1,822)
Cash flows from financing activities			
From the Consolidated Fund (supply) – current year		2,145,681	2,103,155
From the Consolidated Fund (supply) – prior year	14	3,274	498
Net financing		2,148,955	2,103,653
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		2,311	261
Payments of amounts due to the Consolidated Fund		(2,872)	(2,986)
Net decrease in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	13	(561)	(2,725)
Cash and cash equivalents at the beginning of the period	13	(402)	2,323
Cash and cash equivalents at the end of the period	13	(963)	(402)

The notes on pages 83 to 109 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

This statement shows the movement in the year on the different reserves held by the Department of Education, analysed into "general fund reserves" (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation reserve (property, plant & equipment) £000	Revaluation reserve (intangible assets) £000	Taxpayers' equity £000
Balance at 31 March 2014		(50,694)	3	46	(50,645)
Net Assembly funding – drawn down		2,103,155	-	-	2,103,155
Supply receivable adjustment	14	3,274	-	-	3,274
CFERs payable to the Consolidated Fund		(3,287)	-	-	(3,287)
Comprehensive expenditure for the year	SOAS2	(2,118,778)	1,500	3	(2,117,275)
Non-cash charges – accommodation and other charges	4, 4.1	3,608	-	-	3,608
Non-cash charges – auditor's remuneration and expenses	4, 4.1	85	-	-	85
Transfers between reserves		21	(1)	(20)	-
Balance at 31 March 2015		(62,616)	1,502	29	(61,085)
Net Assembly funding – drawn down		2,145,681	-	-	2,145,681
Supply receivable adjustment	14	4,434	-	-	4,434
CFERs payable to the Consolidated Fund	SOAS4.1	(3,056)	-	-	(3,056)
Comprehensive expenditure for the year	SOAS2	(2,129,138)	(1,465)	1	(2,130,602)
Non-cash charges – accommodation and other charges	4, 4.1	3,400	-	-	3,400
Non-cash charges – auditor's remuneration and expenses	4, 4.1	88	-	-	88
Transfer of the EAIT from the Department to the Education Authority	21	117	(1)	-	116
Transfers between reserves		20	-	(20)	-
Balance at 31 March 2016		(41,070)	36	10	(41,024)

Under the Reinvestment and Reform Initiative, loans are made available to the Northern Ireland Block. The loans are financed by borrowing from the National Loans Fund and the funding is paid directly to the Northern Ireland Consolidated Fund. The associated cash, £7,506,000.00 (2014-15: £14,746,000.00) is deemed paid to Departments from the Northern Ireland Consolidated Fund through the normal supply process.

The notes on pages 83 to 109 form part of these accounts.

DEPARTMENT OF EDUCATION

ANNUAL REPORT AND ACCOUNTS 2015-16

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2015-16 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance (formerly Department of Finance and Personnel). The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Education for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department of Education are described below. They have been applied consistently in dealing with items considered material to the accounts.

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

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

1.1 Accounting convention

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

1.2 Basis of consolidation

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

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

A list of all those entities within the Departmental boundary is given at note 20.

1.3 Property, plant and equipment

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

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

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

- Land

Title to land shown in the accounts is held by the Department of Education. Land is stated at current value in existing use. It is valued in the year of purchase using a professional valuation provided by Land and Property Services (LPS), an agency of the Department of Finance (formerly Department of Finance and Personnel), in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards (January 2014) incorporating the International Valuation Standards, published in association with the Institute of Revenues Rating and Valuation (IRRV). Subsequently, a professional valuation is made by LPS every five years and in the intervening years interim valuations are obtained from LPS.

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

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

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

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

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

1.4 Depreciation

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

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

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

1.5 Intangible assets

Software and associated licences are capitalised as intangible assets where expenditure of £1,000 or more is incurred on the purchase of an individual or grouped asset. Intangible assets are measured at depreciated replacement cost using suitable indices compiled by the ONS.

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

1.6 Assets funded by government grants

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

1.7 Investments

In 2004-05 the Department invested in the ‘‘Middletown Centre for Autism (Holdings) Limited’’, which is a company registered in Northern Ireland and limited by guarantee. The Company is a joint venture between the Department of Education in Northern Ireland and the Department of Education and Skills in the Republic of Ireland and is funded equally by each department.

The primary object of the company is to purchase, acquire and hold the property located at Middletown, Co Armagh, Northern Ireland for the purpose of supporting the promotion of excellence throughout Northern Ireland and Ireland in the development and harmonisation of education and allied services to children and young people with autistic spectrum disorders.

An Oversight Committee of four members monitors the effectiveness and management of the company. The Department of Education in Northern Ireland and the Department of Education and Skills in the Republic of Ireland each appoint two members to the committee.

Although categorised as a joint venture in line with IAS 28, *Investments in Associates and Joint Ventures*, the company falls outside the Departmental accounting boundary and has therefore been treated as an investment in the Departmental Resource Accounts. In accordance with paragraph 9 of FD (DFP) 01/16 the investment has been valued at historical cost less impairment, within the Department’s Statement of Financial Position.

1.8 Inventories

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

1.9 Operating income

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

1.10 Administration and programme expenditure

The classification of expenditure and income as administration or as programme follows the definition of administration costs set by the Department of Finance (formerly Department of Finance and Personnel). Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery.

1.11 Foreign exchange

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

1.12 Employee Benefits including Pensions

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

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

1.13 Early departure costs

DE employees

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

Teachers

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

1.14 Leases

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

1.15 Grants payable

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

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

1.16 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the reporting period date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently minus 1.55 per cent for general provisions and plus 1.37 per cent for early departure provisions).

1.17 Contingent liabilities

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

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

1.18 Value Added Tax

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

1.19 Financial instruments

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

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

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

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

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

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

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

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

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

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

1.20 Third party assets

Third party assets are assets for which the Department acts as custodian or trustee but in which neither the Department nor government more generally has a direct beneficial interest. Third party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of the Department's third party assets are provided in note 19.

1.21 Currency and rounding

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

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

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

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

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

2. Statement of Operating Costs by Operating Segment

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

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

The key areas are the education and youth sectors.

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

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

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

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

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

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

	Education EA £000	Education Other £000	Youth EA £000	Youth Other/ Community Relations £000	Total £000
2015-16					
Gross expenditure	1,604,843	460,562	32,326	9,213	2,106,944
Income	(16,190)	(693)	(16)	-	(16,899)
Net expenditure	1,588,653	459,869	32,310	9,213	2,090,045

	Education ELB's £000	Education Other £000	Youth ELB's £000	Youth Other/ Community Relations £000	Total £000
2014-15					
Gross expenditure	1,600,321	455,812	34,048	6,445	2,096,626
Income	(16,818)	(951)	(415)	-	(18,184)
Net expenditure	1,583,503	454,861	33,633	6,445	2,078,442

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

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

	Note	Education EA £000	Education Other £000	Youth EA £000	Youth Other/ Community Relations £000	Total £000
2015-16						
Total net expenditure reported for operating segments	2	1,588,653	459,869	32,310	9,213	2,090,045
Reconciling items:						
Departmental Overheads						39,093
Total net expenditure per the statement of comprehensive net expenditure	SOAS2					2,129,138

	Note	Education ELB's £000	Education Other £000	Youth ELB's £000	Youth Other/ Community Relations £000	Total £000
2014-15						
Total net expenditure reported for operating segments	2	1,583,503	454,861	33,633	6,445	2,078,442
Reconciling items:						
Departmental Overheads						40,336
Total net expenditure per the statement of comprehensive net expenditure	SOAS2					2,118,778

3. Staff costs

	2015-16 £000	2014-15 £000
Wages and salaries*	25,554	24,024
Social security costs	1,668	1,709
Other pension costs	4,680	4,260
Total net costs	31,902	29,993
Analysed as:	2015-16 £000	2014-15 £000
Administration costs	18,169	16,362
Minister's costs (notional)	50	50
Total administration costs	18,219	16,412
Programme costs	13,057	13,155
Total charged to the Statement of Comprehensive Net Expenditure	31,276	29,567
Capitalised	626	426
Total net costs	31,902	29,993

*Wages and salaries include voluntary exit costs of £3,747,772.02.

A breakdown of the above costs into permanent staff, Minister's costs and others can be found in the Staff Report within the Accountability Report.

4. Other administration costs

	Note	£000	2015-16 £000	£000	2014-15 £000
Purchase of goods and services					
Rentals under operating leases		7		9	
Travel and subsistence		124		127	
Other staff related costs		137		199	
Accommodation costs		31		37	
Office services		301		364	
Contracted out services		563		539	
Other professional fees		34		111	
Managed services – information technology		30		19	
Other expenses		(589)		261	
			638		1,666
Non-cash items (Note 4.1)					
Depreciation		10		2	
Amortisation		2		2	
			12		4
Profit on disposal of non-current assets			(6)		-
Notional charges					
- auditor's remuneration and expenses		88		85	
- accommodation		1,153		1,367	
- others		2,197		2,191	
			3,438		3,643
Provision provided for in-year	16	57		156	
Provision not required written back	16	(9)		(17)	
			48		139
Total			4,130		5,452

During the year the Department did not purchase any non-audit services from its auditor, the Northern Ireland Audit Office.

4.1 Non-cash transactions included in the reconciliation of resources to net cash requirement in note SOAS3 and the Statement of Cash Flows

	£000	2015-16 £000	£000	2014-15 £000
Depreciation and amortisation (Note 4)	12		4	
Depreciation, amortisation and revaluation credit to SOCNE (Note 5)	146		(415)	
		158		(411)
New provisions, and adjustments to previous provisions (Note 4)	48		139	
New provisions, and adjustments to previous provisions (Note 5)	(13)		6	
		35		145
Other non-cash items				
Notional charges (Note 4)	3,438		3,643	
Notional Minister's salary (Note 3)	50		50	
		3,488		3,693
Total non-cash transactions (Note SOAS3)		3,681		3,427
Programme income – SIB contribution		-		(22)
Profit on disposal of non-current assets (Note 4)		(6)		-
Total non-cash transactions (Statement of Cash Flows)		3,675		3,405

4.2 Analysis of notes 4 and 5 for the Statement of Comprehensive Expenditure

	Other administration costs (Note 4) £000	Programme costs (Note 5) £000	2015-16 £000	2014-15 £000
Purchase of goods and services (including notional charges)	4,076	3,716	7,792	11,548
Depreciation, impairment charges and profit on disposal of non-current assets	6	146	152	(411)
Provision expense	48	(13)	35	145
Other operating expenditure	-	2,106,932	2,106,932	2,096,571
	4,130	2,110,781	2,114,911	2,107,853

5. Programme costs

	Note	£000	2015-16 £000	£000	2014-15 £000
Other operating expenditure					
Grants			2,106,932		2,096,571
Purchase of goods and services					
Rentals under operating leases		92		176	
Travel and subsistence		322		356	
Other staff related costs		79		83	
Accommodation costs		27		78	
Office services		918		2,903	
Contracted out services		27		341	
Other expenses		2,251		2,302	
			3,716		6,239
Non-cash items (Note 4.1)					
Depreciation		9		28	
Amortisation		137		157	
Revaluation credit to SOCNE		-		(600)	
			146		(415)
Provision provided for in-year	16	37		6	
Provision not required written back	16	(50)		-	
			(13)		6
Total			2,110,781		2,102,401

6. Income

	RfRA £000	RfRB £000	2015-16 Total £000	2014-15 Total £000
Further Education and Student Support (from Department for the Economy (formerly Department for Employment and Learning))	13,850	-	13,850	15,049
Sale of property, plant and equipment (NDPBs)	3,033	16	3,049	3,135
Other income	150	-	150	420
Capital Grant – SIB Contribution	-	-	-	38
	17,033	16	17,049	18,642

7. Property, plant and equipment

	Land £000	Transport equipment £000	Information technology £000	Plant and machinery £000	Asset under construction £000	Total £000
Cost or valuation						
At 1 April 2015	7,000	58	247	85	5,651	13,041
Additions	210	-	-	-	7,372	7,582
Transfer to EA	-	-	(104)	-	-	(104)
Disposals	-	(33)	-	(3)	-	(36)
Revaluations	(1,465)	-	-	-	-	(1,465)
At 31 March 2016	5,745	25	143	82	13,023	19,018
Depreciation						
At 1 April 2015	-	33	138	75	-	246
Charged in year	-	8	9	2	-	19
Transfer to EA	-	-	(49)	-	-	(49)
Disposals	-	(33)	-	(3)	-	(36)
At 31 March 2016	-	8	98	74	-	180
Carrying amount at 31 March 2016	5,745	17	45	8	13,023	18,838
Carrying amount at 31 March 2015	7,000	25	109	10	5,651	12,795
Asset financing						
Owned	5,745	17	45	8	13,023	18,838
Carrying amount at 31 March 2016	5,745	17	45	8	13,023	18,838
Fair value of assets funded by government grant	5,500	-	-	-	1,577	7,077

Land comprises a site at Strule (formerly Lisanelly), Omagh, which was transferred from the Ministry of Defence to the Department of Education on 15 April 2011. This land was “gifted” under the Hillsborough Agreement 2010, made 5 February 2010. The Department also owns land at Ormeau Road, Belfast which was purchased in July 2015.

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

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

8. Intangible assets

	Information technology £000	Software licences £000	Total £000
Cost or valuation			
At 1 April 2015	1,271	39	1,310
Additions	-	4	4
Transfer to EA	-	(21)	(21)
Disposals	(8)	-	(8)
Revaluations	15	-	15
At 31 March 2016	1,278	22	1,300
Amortisation			
At 1 April 2015	1,066	39	1,105
Charged in year	137	2	139
Transfer to EA	-	(21)	(21)
Disposals	(8)	-	(8)
Revaluations	14	-	14
At 31 March 2016	1,209	20	1,229
Carrying amount at 31 March 2016	69	2	71
Carrying amount at 31 March 2015	205	-	205
Asset financing			
Owned	69	2	71
Carrying amount at 31 March 2016	69	2	71

	Information technology £000	Software licences £000	Total £000
Cost or valuation			
At 1 April 2014	1,245	39	1,284
Additions	6	-	6
Revaluations	20	-	20
At 31 March 2015	1,271	39	1,310
Amortisation			
At 1 April 2014	893	36	929
Charged in year	156	3	159
Revaluations	17	-	17
At 31 March 2015	1,066	39	1,105
Carrying amount at 31 March 2015	205	-	205
Carrying amount at 31 March 2014	352	3	355
Asset financing			
Owned	205	-	205
Carrying amount at 31 March 2015	205	-	205

9. Impairments

The Department has incurred the following impairments to non-current assets during the financial year.

	Impairment taken through the revaluation reserve £000	Impairment charged to the Statement of Comprehensive Net Expenditure £000
Property, plant and equipment	1,500	-
Impairment charged for the year ended 31 March 2016	1,500	-
Impairment charged for the year ended 31 March 2015	-	-

10. Capital and other commitments

10.1 Capital commitments

	2016	2015
	£000	£000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	8,808	8,961
	8,808	8,961

10.2 Commitments under leases

10.2.1 Operating leases

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

	2016	2015
	£000	£000
Other		
Not later than one year	6	6
Later than one year and not later than five years	12	17
	18	23

10.2.2 Finance leases

The Department does not have any finance leases.

10.3 Other financial commitments

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

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

	2016	2015
	£000	£000
Not later than one year	3,765	5,137
Later than one year and not later than five years	1,044	5,867
	4,809	11,004

11 Financial Instruments

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

Classification of financial instruments

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

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

	From interest £000	From subsequent measurement			Net (gain)/loss	
		At fair value £000	Currency translation £000	Impairment /(reversal of impairment) £000	2015-16 £000	2014-15 £000
Held to maturity	-	-	-	-	-	-
Loans and receivables	-	-	-	17	17	7
Total	-	-	-	17	17	7

Risk management

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

Credit risk

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

Liquidity risk

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

Currency risk

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

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

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

Interest rate risk

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

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

12 Investments in other public sector bodies

	Middletown Centre for Autism (Holdings) Limited £000
At 1 April 2015	565
At 31 March 2016	565
At 31 March 2015	565

In the year to 31 March 2005 the Department invested in the "Middletown Centre for Autism (Holdings) Limited" as a joint venture with the Department of Education and Skills in the Republic of Ireland. Both parties fund the company equally.

Although categorised as a joint venture in line with IAS 28, the company falls outside the departmental accounting boundary and therefore has been treated as an investment in the Departmental Resource Accounts. In accordance with paragraph 9 of FD (DFP) 01/16 the investment has been valued at historical cost less impairment, within the Department's Statement of Financial Position.

13 Cash and cash equivalents

	2015-16 £000	2014-15 £000
At 1 April 2015	(402)	2,323
Net change in cash and cash equivalents	(561)	(2,725)
At 31 March 2016	(963)	(402)
The following balances at 31 March were held at:		
Commercial banks and cash in hand	(963)	(402)
At 31 March 2016	(963)	(402)
The balance comprises:		
Bank overdraft	(963)	(402)
	(963)	(402)

14 Trade receivables, financial and other assets

	2015-16 £000	2014-15 £000
Amounts falling due within one year:		
VAT	663	434
Trade receivables	183	193
Other receivables	75	106
Prepayments and accrued income	165	860
	1,086	1,593
Amounts due from the Consolidated Fund in respect of Supply	4,434	3,274
	5,520	4,867

There are no amounts within trade receivables (2014–15: £415,000.00) that will be due to the Consolidated Fund once the debts are collected.

There are no amounts falling due after more than one year at 31 March 2016 or 31 March 2015.

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

	2015-16 £000	2014-15 £000
At 1 April 2015	41	65
Impairment losses recognised on trade receivables	17	7
Amounts written off as uncollectible	-	(31)
At 31 March 2016	58	41

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

No interest is charged on the trade receivables. The Department has provided for trade receivables over six months old where there have been no cash receipts in the six months prior to the year end because historical experience is such that trade receivables that are past due beyond six months are generally not recoverable. The following table shows the ageing of receivables past due but not impaired; no provision has been made as there has not been a significant change in credit quality and the Department believes that the amounts are still fully recoverable:

	2015-16	2014-15
	£000	£000
Neither past due nor impaired trade receivables		
Less than 1 month	68	60
1 to 3 months	18	28
3 to 6 months	29	23
Past due but not impaired trade receivables	68	82
Impaired trade receivables	58	41
Gross carrying value	241	234
Less: impairment	(58)	(41)
Net carrying value	183	193

15 Trade payables and other current liabilities

	2015-16	2014-15
	£000	£000
Amounts falling due within one year:		
Bank overdraft (Note 13)	963	402
Other taxation and social security	15,487	15,699
Trade payables	36,650	48,795
Other payables	713	679
Accruals and deferred income	8,244	10,139
	61,094	75,312
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
received from other sources	3,471	2,872
receivable from other sources	-	415
	3,471	3,287
	65,528	79,001

There are no amounts falling due after more than one year at 31 March 2016 or 31 March 2015.

16 Provisions for liabilities and charges

	Early departure costs £000	Legal claims £000	Total £000
At 1 April 2015	349	167	516
Provided in the year	1	93	94
Provisions not required written back	(9)	(50)	(59)
Provisions utilised in the year	(27)	(34)	(61)
At 31 March 2016	314	176	490

Analysis of expected timing of cash flows

Not later than one year	14	176	190
Later than one year and not later than five years	55	-	55
Later than five years	245	-	245
At 31 March 2016	314	176	490

16.1 Early departure costs

The Department is required to meet the costs of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age (or, in the case of Injury Awards estimated life expectancy), and must provide in full for the cost of meeting pensions resulting from such early retirement schemes. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance (formerly Department of Finance and Personnel) Superannuation Vote. The Treasury discount rate of 1.37 per cent in real terms has been applied to early departure provisions where the time value of money is significant.

16.2 Legal claims

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

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

17 Contingent liabilities and contingent assets

17.1 Contingent liabilities

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

17.2 Contingent assets

The following contingent assets at 31 March 2016 have not been included in the financial statements:

Nature	Number of cases	Value £000
Probable recoupment of monies from school trustees following closure	15	6,204

18 Related-party transactions

The following list represents those bodies for which the Department had direct funding responsibility during this financial year. These bodies are regarded as related parties with which the Department has had material transactions during the year.

Executive NDPBs

Education Authority

Comhairle na Gaelscolaíochta

Council for Catholic Maintained Schools

General Teaching Council for Northern Ireland

Middletown Centre for Autism

Northern Ireland Council for Integrated Education

Northern Ireland Council for the Curriculum, Examinations and Assessment

Youth Council for Northern Ireland

Tribunals

Exceptional Circumstances Body

Other Public sector bodies

Grant Maintained Integrated Schools*

Voluntary Grammar Schools*

Health and Social Care Board in respect of the Sure Start programme

* Note: Other schools, maintained and controlled, were funded via the Education Authority.

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

of Education paid £13,658.63 in respect of the Middletown Centre for Autism (Holdings) Limited.

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

19 Third-party assets

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

	31 March 2016 £000	31 March 2015 £000
Monetary assets such as bank balances	18	6
Listed securities	646	688
Total	664	694

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

20 Entities within the departmental boundary

The entities within the boundary during 2015–16 were as follows:

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

21 Machinery of Government

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

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

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

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

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

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

The net liability position of the transferring assets and liabilities is recognised in “Other Comprehensive Expenditure” of the Department of Education. The impact on “Other Comprehensive Expenditure” as a result of the EAIT assets and liabilities transferring is £116k.

22 Events after the reporting period

Voluntary Grammar (VG)/Grant Maintained Integrated (GMI) Schools

The previous Education Minister decided, on 23 March 2016, to transfer the administrative arrangements of the VG/GMI schools' funding authority function from the Department to the Education Authority. The necessary legislative amendments were made on 24 March 2016, taking effect from 1 April 2016. However, the previous Education Minister agreed that the Department will continue to fund VG/GMI schools during 2016-17, with a planned handover date to the Education Authority of 1 April 2017.

Youth Council for Northern Ireland (YCNI)

In line with the previous Education Minister's statement on 10 December 2015, the Education Authority (EA), from 1 April 2016, will administer the funding for the regional voluntary youth organisations. Prior to 1 April 2016 this was carried out by the Youth Council for Northern Ireland (YCNI).

Transfer of functions from The Executive Office (formerly Office of the First Minister and Deputy First Minister) to the Department of Education

The Stormont House Agreement contained a commitment to reduce the number of NICS departments from 12 to 9 following the Assembly election in May 2016. The names and high level functions of the new departments were agreed by Ministers and details can be found in The Departments (Transfer of Functions) Order (Northern Ireland) 2016. The 9-departmental model constitutes a Machinery of Government change. The name of the Department of Education did not change and the Department has received additional functions from The Executive Office. Staff working in the affected areas, have moved with the function.

There are no other events after the reporting period relating to the 2015-16 financial year.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 24 June 2016.

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