



**Annual Report and Accounts
for the Year Ended 31 March 2019**

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Education Act (Northern Ireland) 2014 by the Department of Education on
Friday 26 June 2020

OGI

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Education Authority, 40 Academy Street, Belfast, BT1 2NQ

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Performance Report Chairperson's Reflection

I am pleased to present the Education Authority's (EA) Annual Report and Accounts for 2018-19.

It has been another year of significant change within EA. While the financial landscape has dominated many of the education headlines, EA has continued its journey of transformation as it seeks to re-think and revolutionise how it does business and delivers services.

During 2018-19 the EA One project continued working towards implementing a single integrated system for Finance, Procurement, Payroll and Human Resources. The Payroll system included DE Teachers' pay. EA One aims to transform how EA carries out a range of business functions through redesigning operating models and delivering a programme of training. The availability of modern, effective and efficient systems that maximise technology will allow staff to focus their efforts on supporting, challenging and inspiring our children and young people. Children and young people must be at the heart of our transformation.

Also, successfully introduced this year was the online process for pre-school and primary school admissions. For the first time parents were able to apply for a place at a pre-school or primary school from their own home, with information on all schools available to them on the EA website. A total of 45,357 applications were received online with approximately 18,500 of these applications being made by the second day of the process opening.

EA transport service built on the success of last year by refining the process for the 75,000 applicants for transport assistance and introducing an online eligibility checker which advises parents if their child will be eligible for transport assistance to their chosen school.

I thank all EA staff, who are embracing these new systems and processes, for driving transformation which leads to improved services and outcomes for schools and families.

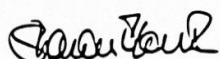
I would also like to pay tribute to the contribution of Gavin Boyd who retired from his role as Chief Executive on 31 March 2019.

Gavin led EA from its inception in April 2015, overseeing the merging of the five Education and Library Boards into one regional organisation, and spearheaded the largest structural and organisational change in education since the 1970s.

I thank Gavin for his unwavering commitment to improving the education of children and young people at a time when our education system has faced unprecedented levels of financial pressure.

Through his leadership, vision and dedication Gavin has made a hugely valuable contribution to the education sector which has undoubtedly helped to enrich the lives of thousands of children and young people across Northern Ireland.

Finally, I would like to wish our new Chief Executive Sara Long every success in her new position. Sara took over as Chief Executive on 1 April 2019 having been Director of Operations and Estates since EA was established in 2015. I have no doubt that Sara will continue to build on EA's vision 'to inspire, support and challenge all our Children and Young People to be the best that they can be'.



Sharon O'Connor
Chairperson

Performance Report

Chief Executives Foreword

Throughout 2018/19, Education Authority staff have continued to demonstrate their commitment to the Children and Young People of Northern Ireland. I commend our school leaders, teachers, classroom assistants, governors, bus drivers, cleaners, catering staff and all of those people who make a vital contribution to the lives of our young people every day. I wish to thank them for their dedication and for putting our young people at the heart of everything they do.

We are working in an extremely challenging financial environment which is now affecting all aspects of education. The impact of the budgetary pressure is most acutely felt by our schools. At the end of this year, 390 schools had accumulated deficits of over £43m and this continues to increase. To help address some of the challenges, we recently introduced a new model of support for schools to assist with their financial planning. This aims to help schools to reduce costs without impacting educational outcomes.

99% of our budget is spent directly in schools or on services supporting schools, children and young people. Despite having reduced costs by £17m we have reported an overspend of £14.6 million for 2018/19.

This is mainly due to increasing demand for statutory services such as support for children with special educational needs and transport, unavoidable costs such as rates and increasing school deficits. The education sector has experienced significant underfunding since 2010/11 and requires urgent, immediate investment to address the many pressures including the funding required for the teachers' negotiated pay settlement.

Despite the many challenges we face, we have continued to make progress against our strategic priorities. We have delivered many service improvements focused on the needs of children and young people, their parents and schools.

We have continued to invest in digital solutions to help streamline our processes. For example, our new digital admissions service now provides 24/7 access, a quicker and easier process for submitting applications. In addition, our new transport app allows parents to check eligibility for transport assistance instantly as they are applying for school places.

As part of our ongoing support for pupils and families, we implemented programmes to help schools embrace cultural diversity. 13 schools proudly became 'Schools of Sanctuary.' This demonstrates a commitment to developing inter-cultural awareness and making schools a welcoming environment for all pupils.

We also worked in partnership with the NI Anti Bullying Forum to help support schools and families dealing with bullying incidents and played a key role in Anti Bullying Week. We have seen great benefits from our Getting Ready to Learn Programme which empowers parents to support learning in the home.

Teacher professional development has also been a key focus this year. We delivered a range of leadership and learning opportunities for school staff and will continue to develop these programmes. Almost 500 school leaders and senior managers benefited from our induction for First Time Principals courses and a range of other training programmes throughout the year.

I very much look forward to 2019/20 which will be my first year in post as Chief Executive of the Education Authority. Whilst there are many challenges ahead, I remain focused on the needs of our

Performance Report

Chief Executives Foreword

children and young people. I am committed to continuing to work in partnership with school leaders and fostering a shared vision for the future of education.

We will continue to listen to our school leaders and teaching professionals who are delivering excellent educational experiences for our young people in very challenging circumstances. We are focused on a long term strategic recovery plan which aims to improve our financial stability and help put our school back on a sustainable financial footing. This will require everyone invested in education to work together to shape the scale and scope of education services for the future and for the benefit of our children and young people.

We will continue to work to reduce costs, make savings and support our schools to manage their finances. Our focus is to ensure that our education system is fit for purpose, financially stable and sustainable for the future.

A handwritten signature in black ink, appearing to read 'Sara Long', with a small dot at the end.

Sara Long
Chief Executive (from 1 April 2019)

Date 26 May 2020

Performance Report - Overview

About the Education Authority

EA was established on 1 April 2015 under the Education Act (Northern Ireland) 2014. It replaced the five Education and Library Boards (ELBs) and their Staff Commission as a regional authority with responsibility for the delivery of education services in Northern Ireland.

EA is a non-departmental public body sponsored by the DE and the Department for the Economy (DfE), responsible for ensuring that efficient and effective primary and secondary education and educational services are available to meet the needs of children and young people, and for ensuring the provision of efficient and effective youth services.

EA's duties and responsibilities include:

- providing a wide range of functions for the funding and delivery of local education and youth services;
- ensuring there are sufficient schools providing primary and post-primary education to meet the needs of all the people in Northern Ireland;
- providing all the finance for controlled schools (i.e. grant-aided schools under the direct control and management of EA);
- equipping, maintaining and meeting other running costs of maintained schools (i.e. grant-aided schools which are not under the direct control and management of EA);
- providing milk and meals, free books, and free transport for eligible pupils;
- enforcing school attendance;
- securing the provision of youth service facilities;
- securing an efficient primary and secondary education; and
- managing the third level student grant function for the DfE.

EA has a budget of approximately £1.9 billion. It is Northern Ireland's biggest employer with over 44,500 staff including 8,100 teachers, 23,300 school-based staff and around 13,100 non-school-based staff (including transport staff, youth workers and HQ staff). As the employing authority for teachers in controlled schools, EA is responsible for the management of the teaching appointments processes for teachers and principals and provision of learning and development opportunities for teachers.

EA has additional duties in relation to Shared Education and the community use of school premises, funding allocation responsibilities for youth services funded through the Youth Council for Northern Ireland (YCNI) and is funding authority for Voluntary Grammar and Grant-Maintained Integrated Schools.

In 2018-19 the Chairperson and Chief Executive were located at 40 Academy Street, Belfast with five main offices in Armagh, Ballymena, Belfast, Dundonald and Omagh.

Performance Report - Overview

Vision, Mission, Values and Strategic Priorities

Our Vision

To 'Inspire, support and challenge all our Children and Young People to be the best that they can be'.

Our Mission

To provide a high quality education for every child.

Our Values

Openness

We will promote a culture of openness and will be transparent and honest in our dealings with the public, our partners and colleagues.

Respect

We will listen to and respect those we serve, as well as each other and will recognise effort, achievement and contribution.

Reflection

We will be a learning organisation, reflecting and taking on board the lessons learned from our own experiences and from comparable organisations.

Responsibility

We will act responsibly and acknowledge that our actions will impact on others. We will be helpful, conscientious, reliable and accountable for all our actions.

Excellence

We will strive for quality in everything we do. We will behave professionally and take pride and ownership for everything we say and do.

Strategic Priorities

Meeting the *learning needs* of our children and young people

Providing *excellent* education support services

Developing *all our people* to carry out their jobs successfully

Managing our *resources* effectively and efficiently

Nurturing leadership across EA to give clear direction in a dynamic and complex environment

Performance Report - Overview

Principal Risks and Uncertainties

The Corporate Risk Register reflects:

- the functions EA is required to provide under statutory legislation and Ministerial/Departmental direction;
- EA's corporate aims and objectives;
- the business processes adopted; and
- the key risks which have impacted on the achievement of results and the execution of functions.

It also details how the Chief Executive, supported by Directors, strategically managed risks associated with:

- achieving education targets;
- the transformation and regionalisation of structures;
- delivering consistency and equity of treatment to customers and stakeholders;
- oversight of governance, training and information flows; and
- the timely and appropriate management of finance which includes budgetary control and the implementation of a voluntary severance scheme.

EA's key risk related to the failure to achieve DE's five strategic targets as detailed in the Business Plan, within the budget allocated.

The Corporate Risk Register, which was aligned to DE's Corporate Risk Register, was regularly updated during the period under review and was presented to the Audit and Risk Assurance Committee (ARAC) at each quarterly meeting and shared with the DE at each Governance and Accountability Review (GAR) meeting.

The DE has reviewed EA's Corporate Risk Register and made some recommendations which have been implemented. EA's Corporate Risk Register fully complies with DE recommended format and practice, and key risks to the achievement of business objectives have been identified. Risks and management actions to mitigate risks are a standing item on the agenda for the ARAC quarterly meetings. Some EA key risks remain high and are kept under close review.

Performance Report - Overview

Equality Statement

EA's Equality Scheme is a statement of EA's commitment to fulfil its statutory obligations in compliance with Section 75 and Schedule 9 of the Northern Ireland Act 1998. This Act places a duty on EA to promote equality of opportunity and good relations.

Statutory compliance for EA is a minimum standard. EA has placed Equality as central to what it does, as one of EA's core values. EA welcomes diversity, recognising that difference brings value to the organisation. During 2018-19, EA has continued to take steps to promote equality and to engage and empower stakeholders (both internal and external) to be involved in shaping the delivery of EA services as EA continues to move forward and transform.

Following a full public engagement and consultation exercise EA have produced an Equality Action Plan (2018-2022) and Disability Action Plan (2018-2022). Both plans lay out EA's priorities around diversity and inclusion over the next four years and reach across the entire organisation, delivering change and support for schools and non-school based staff as well as children and young people. EA's priorities focus on gender, sexual orientation, disability and age.

During 2018-19, EA placed particular emphasis on reinvigorating engagement on equality and disability with staff across all parts of the organisation. To this end, EA have rolled out an extensive training programme - 380 people attended classroom based training in 2018-19 including EA HQ staff, Principals and Education partners. The training raises awareness of diversity and inclusion, the needs and experiences of EA's stakeholders and provides a summary of equality legislation, its key concepts, requirements and significance to the services EA provides.

EA began the development of Transgender Guidance for Schools and Youth Services to support schools to make informed decisions around supporting marginalised young people. This work was carried out with a cross sectoral working group involving extensive community engagement and guidance was distributed to schools in October 2019.

EA strive to be an employer of choice, based on EA values of respect and equality. EA are keen to attract and retain the best talent to ensure EA deliver the best outcomes for all our children and young people.

EA signed up to become a Stonewall Diversity Champion. This is a leading employers' programme for ensuring all Lesbian, Gay, Bisexual and Transgender (LGBT) staff are accepted without exception in the workplace.

EA also signed up to Northern Ireland's Mental Health Charter highlighting EA's commitment to promoting positive mental health and wellbeing in the workplace. In addition to the confidential counselling service EA provides through Inspire, in the last year, EA trained 60 Mental Health First Aiders to help challenge mental health stigma in the workplace and provide 'front line' support to those in need.

EA held an event to recognise International Women's Day on Friday 8 March 2019. Over 100 women from across EA attended the event which was hosted by senior leaders from within the organisation. The theme was on breaking down barriers to progressing in the workplace.

EA appointed its first ever Disability Champion at Board level to highlight the strategic importance and strong commitment from senior leaders to Disability. In addition, EA signed up to Employers for

Performance Report - Overview

Equality Statement

Disability NI and are working closely with them in developing policy, raising awareness and best practice.

EA established a Disability Staff Network, holding the first meeting on International Day of Persons with a Disability. Over 50 EA staff joined the network. Progress to date includes an agreed terms of reference, appointment of a chair and vice chair, and development of an activity plan for the year ahead.

During 2018/19 EA also held a series of events around:

- World Down Syndrome Day '#LotsofSocks'; and
- Autism Awareness Month.

Significant progress has been made in the last year to mainstream equality and make it a key strategic priority for the organisation, both now and in the future. This work is central to what EA does and how EA delivers services and is centrally coordinated and delivered through a cross directorate Equality Forum.

Performance Report - Overview

Rural Needs Statement

The Rural Needs Act (NI) 2016 provides a statutory duty on public authorities to have due regard to rural needs when developing, adopting, implementing or revising policies, strategies and plans, and when designing and delivering public services.

In 2018-19 EA delivered the following:

- Development of a range of tools for staff and guidance to support EA senior officers in ensuring the needs of people living in rural communities are considered when making decisions and delivering EA services.
- Facilitation of dedicated rural needs awareness training, in which over 100 senior EA officers attended. This training covered details of the Act and how to deliver it. The training was kindly facilitated by the Rural Development Council on behalf of the Department of Agriculture, Environment and Rural Affairs (DAERA), and has since been integrated into EA's mainstream equality screening training, equality screening template and guidance tools.
- Organisation and hosting of a Joint Consultative Forum Event in November 2018 which focused exclusively on rural issues. The event was attended by representatives from the Statutory, Community, Voluntary and Trade Union Sectors. At this event, participants learned of a number of EA Services dealing specifically with the needs of rural stakeholders, such as EA Youth Service, Digital Transformation and Transport.
- Completion of specific Rural Needs Research on the needs of young people living in rural communities, through EA Youth Service. With approximately one third of young people in NI living in rural areas, it is key that EA understands and responds to the needs of these communities. To date, research has highlighted concerns with rural respondents around a lack of public transport, social isolation and loneliness, mental health and wellbeing, mobility and deprivation.

Performance Report - Overview

Going Concern Statement

Management has reviewed the appropriateness of the preparation of the financial statements on a 'going concern' basis. The Education Act (Northern Ireland) 2014 enabled EA to assume the functions and responsibilities of the former organisations and will continue to be funded by DE and DfE for the foreseeable future. For these reasons, EA has adopted the going concern basis in preparing the annual report and financial statements.

Performance Report - Overview

Performance Overview – Key Themes in 2018-19

Celebrating Success

EA made significant progress in 2018-19 and many key successes were delivered throughout the year through services, projects, programmes and initiatives. Some of the highlights from the year are detailed below.

Transforming the Schools Admissions Service

In September 2017, the school admissions service was restructured with three of the former five EA school admissions offices taking on the responsibility of single phases of admissions. In addition to this streamlining of the admissions process, EA's website was further developed as a communications tool for parents and schools, and by November 2017 the service had introduced an Admissions Helpline Contact Centre for parents. This central contact centre provided an efficient communication network for parents with information being communicated in respect of pre-school, primary and post primary from one location. The consultation then began moving towards an online application process called Digital Admissions.

The challenge for the Digital Admissions project was to provide a modern, efficient and easy to use School Admissions service. Approximately 75,000 applications are considered annually for admissions across the Northern Ireland. A series of engagement workshops was held in June 2018 for pre-school providers and primary schools across Northern Ireland. The following key project goals were identified from consultation and engagement workshops:

- Reduce paper usage. For January 2019 the aim was to ensure that 65% of parents applied online, with the remainder applying via a paper application form.
- Improve data quality by managing pupil addresses and their usage.
- Ensure the new process was compliant with General Data Protection Regulations (GDPR).
- Provide parents with the ability to apply securely online with chosen preferences, with email confirmation.
- Provide parents/guardians with relevant, helpful and accurate information to assist them through the journey.
- Provide schools with the ability to view and manage applications to their schools in real time.
- Assist users, as required, to use the new service online.

With hard work, skill and expertise the team delivered the following:

- Digital Admissions for Pre-School and Primary - 45,000 (97% of parents) applied online.
- New EA Web Site and new Portals for Parents, Schools and providers.
- New Admissions Telephony service.
- New programme of assisted digital support for parents.
- Innovative social media campaign.
- Extensive stakeholder engagement.
- Improved data quality.
- Rapid agile development and implementation that prioritised prototyping, development releases and iterations.

Performance Report - Overview

Performance Overview – Key Themes in 2018-19

- Technology upgrades.
- Demonstrable EA Values in operation.
- Real opportunities for benefits, learning, organisational growth and future development.

The project delivered widespread benefits to parents/providers.

Benefits for parents

- 24/7 access to service.
- Meet the expectations of parents regarding use of modern technology.
- Quick and easy completion of application.
- Digital assistance and help with accessibility.
- Access available via various channels including Broadband, mobile network, schools and other locations.
- Ability for parents to review/amend application until closing date.
- A new app to allow parents to check if eligible for school transport in advance of making an application for a school place.

Benefits for providers

- More timely access to information on applications.
- Increased speed of processing of applications.
- Enhanced data quality and manipulation of information.
- Ability for face to face contact with parents retained as part of the process.
- Improved accessibility to Digital Admissions service.
- Potential to continue to reduce bureaucracy.
- Further opportunities for co-design of the future transformation of the admission process.
- The service is accessible outside of C2k network.
- Potential for real time/ live admissions information for EA, schools and DE.

Addressing bullying in schools

In 2018-19, EA worked together with the Northern Ireland Anti-Bullying Forum (NIABF) to promote the reduction of bullying incidents in school, and to support schools and families should incidents occur. 2018 saw 830 schools and centres register to participate in Anti-Bully week, recognising the contributions from young people in making their schools and communities safe.

The initial school training for the Addressing Bullying in Schools Act (NI) 2016 is underway across EA for all grant aided primary, post primary and special schools. The Act introduces changes in how all schools and boards of governors respond to bullying incidents or complaints and in how they set and monitor the effectiveness of the school's anti-bullying policies and practices. By June 2019, 1043 schools attended the training sessions provided by EA.

Performance Report - Overview

Performance Overview – Key Themes in 2018-19

Getting Ready to Learn (GRtL)

There were further developments with the Early Intervention Transformation Programme - Getting Ready to Learn (GRtL) in 2018-19 - a programme to support staff within early years and pre-school settings to engage and empower parents and help them create and sustain positive home learning environments was created. Over the last 3 years, £3.1 million has been provided to help establish programmes for parents that can be sustainable in the future, at low or no cost.

Programmes have been developed around four themes:

1. *Education Works* - exploring the pre-school curriculum and the importance of play
2. *Happy Healthy Kids* – increasing physical activity and reducing screen-time
3. *Ages and Stages* - increasing understanding of developmental milestones
4. *The Big Bedtime Read* – encouraging a love of reading, establishment of good bedtime routines and use of library services.

Is Anyone Better Off? – Impact of GRtL		
Before		After
52%	of parents with a good knowledge of how to help their child develop learning at home	80%
65%	of parents play, talk and read with their children at least 5 times per week	80%
63%	of parents with a good understanding of the importance of physical activity for their child's development	84%
60%	of children participate in physical activity at least 5 times per week	75%
70%	of children participate in screen time activities for no more than 2 hours per day	81%

With support being provided to settings by a central team within EA, a dedicated website, cluster sessions and Transforming Practice days. The key focus was on encouraging practitioners to share practice and develop networks of support. The EA team works in collaboration with Health and other Early Years' services to agree consistent messages and develop a co-ordinated approach.

In 2018-19, DE was awarded the Northern Ireland Civil Service Collaboration Award, for GRtL. To date, 619 DE funded Pre-school settings and in excess of 13,000 families have taken part.

Pre-School Education Programme (PEG) Early Years Training 2018-19

During 2018-19, EA SEN Early Years Inclusion Service (SENEYIS) offered the Leadership and Management of Special Educational Needs (SEN) and Inclusion in the Pre-school setting as part of their In-Service Teacher training (INSET) programme in 2019 for non-statutory pre-school leaders; there are 386 pre-school settings across NI. This Leadership & Management training is a structured 4 day programme. Days 1 and 2 focus on identification, assessment and intervention for the pre-school child with SEN. Days 3 and 4 focus on self-evaluation and action planning for SEN provision in the pre-school setting as well as sharing best practice for promoting an inclusive environment. Participants who have completed all 4 trainings receive exemplars to build and enhance their SEN tool-kit.

Performance Report - Overview

Performance Overview – Key Themes in 2018-19

Training has taken place in 8 different locations regionally, with 46% of settings taking part in the training. One participant commented:

“The training was very important for me as a leader to be able to implement changes within my team for the benefit of the child with SEN.”

Children and Young Peoples’ Services online registration for training

2018-19 saw the launch of the online registration for all centre based training for schools, with over 6,000 teachers and adult assistants registering for more than 250 courses across 15 venues in Northern Ireland.

On line registration was used to support training in:

- Language and Communication;
- Learning and Medical Needs;
- Autism;
- Behaviour Support;
- Critical Incidents;
- Literacy; and
- The Implementation of the new Special Educational Needs and Disability (SEND) Code of Practice.

Regional Cluster Support Programme developed for specialist provisions attached to mainstream schools

Primary and Post-primary teachers from specialist Learning Support and Autism Specific provisions across EA attended Cluster Support sessions as part of a new regional programme of Special Education support.

Initial cluster support sessions were held in December 2018 in three locations across EA. The programme content was co-designed with participants, with a regional training event in June 2019 for all Primary Post-Primary teachers in specialist Learning Support and Autism provisions attached to mainstream schools.



Performance Report - Overview

Performance Overview – Key Themes in 2018-19

Schools of Sanctuary – Promoting wellbeing for Asylum Seekers, Refugees and Other children in need

In September 2018, 13 schools from across Belfast and Derry/Londonderry were recognised for achieving the ‘School of Sanctuary’ award. Schools of Sanctuary are supported by EA and the Executive Office through the Urban Villages Initiative. The development work leading up to the Award helped schools to strengthen their welcoming ethos, to develop intercultural awareness across the curriculum and to strengthen connections with the wider community. EA’s Intercultural Education Service, with funding from the Urban Villages Initiative, provided training and support by using the Schools of Sanctuary Resource Pack to help schools become places of sanctuary.

Education support for resettling Syrian Refugees

EA’s Intercultural Education Service (IES) and Education Welfare Service helped families and supported partner organisations to enrol over 450 Syrian pupils in 121 schools across Northern Ireland. 73 members of staff from 65 schools attended specialist seminars to develop their knowledge and skills in relation to trauma-informed practice. Schools requesting assistance were offered advice, guidance and training around the pastoral, language, cultural and social needs of Syrian pupils. Refugees were and are a particularly vulnerable group and training has been important for building whole-school capacity to help pupils settle, learn and have a sense of belonging within their community.

Nurturing approaches in schools service

The Nurturing Approaches in Schools Service (NASS) leads the development and implementation of whole school nurturing approaches in primary schools, as well as building the capacity of the current 31 DE funded nurture groups, established in 2013 through the Delivering Social Change Nurture Unit Signature Project. This project provided capacity building to 151 teaching and non-teaching staff from within the 31 DE funded nurture groups, promoting a whole school nurturing approach including:

- the Principles of Nurture;
- Emotional Health & Regulation Strategies; and
- Therapeutic Play: Activities to Build Attachment.

2018 saw the first school in NI to achieve the National Nurturing School Award, with 18 schools achieving the Marjorie Boxall Quality Mark Award (MBQMA) for excellence in nurture approaches.

Youth Service Oscars

The Youth Service Oscars was the first regional event to celebrate the positive work being undertaken by EA Youth communities across Northern Ireland. The Youth Oscars Committee, led by young people asked applicants to submit a video, photograph, or music production that they had undertaken in 2018 as part of EA Youth Services. Themes included educational, mental health, online safety, cyberbullying, drugs, alcohol, health and wellbeing. After reviewing 40 submissions involving the work of over 500 children and young people, the films were then showcased at the Oscars, giving an opportunity and platform for children and young people to be heard on key and important issues affecting their daily life in Northern Ireland. This helped to inform education and youth work

Performance Report - Overview

Performance Overview – Key Themes in 2018-19

providers on how to best improve and develop services to meet their needs. The initiative was celebrated at a red carpet ceremony hosted by children and young people from EA Youth Groups in the Assembly Buildings, Belfast on Monday 25 March 2019.

Facilitating Life and Resilience Education Team

The Facilitating Life and Resilience Education (FLARE) team was established in April 2018 as an expression of a very successful programme in the Northern Trust delivered within the North Eastern Region Youth Service, targeting young men with significant mental health issues. EA in partnership with the Public Health Agency extended this programme to support and facilitate inclusion of referred young people aged 11 – 25, who require development in their confidence, building their self-esteem and support for mental health and wellbeing.

In the last year the FLARE programme has been embedded within the Youth Service and extended to the Schools community to support young people effectively, with a total of 656 young people engaged. This model of social inclusion, which governs youth service practice, facilitates a pathway of support that extends long after the initial referral to build confidence and self-esteem of each young person based on their assessed need. The model of delivery centres on personal and social development taking young people along a pathway, from one-on-one, through to peer group support, and increased social engagement in small groups.

More than 90% of young people report feeling their personal knowledge, confidence and skills have increased from completing the group work programme. Parents, teachers and key referral agents report FLARE has been important to the resilience and the improved positive wellbeing of their young people.

Learning Together Programme

The Learning Together Programme (LTP) was established in September 2012 across over 30 schools. The purpose was to effectively co-ordinate the Youth Service input into formal education. The programme has developed across EA and now engages 50 schools with clear opportunities for future development.

The methodologies employed are wide ranging and include team building, developing self-confidence, and cultural awareness. 947 young people were registered in the first cohort, with over 80% achieving a 'B' grade equivalent in accredited training.

Many schools have noted their appreciation of the Youth Service support.

“The greatest benefit of working with the Youth Service is the additional support for young people with a designated worker; their flexible approach in looking at the needs of the school; devising programmes that seek to address those needs, and the ability of the Youth Service to be able to engage with young people in a positive and affirming way.”

Board of Governors Reconstitution

The 2018-19 year marked the start of a new term of office for all boards of governors in Controlled, Maintained and Irish Medium schools, and for the first time in its existence as a single authority, EA worked with schools and with all key stakeholders to facilitate the reconstitution process. In total EA

Performance Report - Overview

Performance Overview – Key Themes in 2018-19

is responsible for appointing more than 2,400 EA representative governors onto the boards of Controlled, Maintained and Irish Medium schools. By 31 March 2019, 94% of vacancies had been successfully filled. Throughout 2018-19 EA provided training for governors in all schools - the statistics below highlight the training provided, with 931 new governors trained.

During 2018-19 the following courses were provided.

Course	Total Number of Governors Trained
Area Planning	118
Child Protection and Safeguarding	406
Developing Shared Education	54
Effective Governance	21
Employee Relations	128
Finance Induction Training for School Governors	78
Induction for new Governors	931
Managing Attendance	57
Managing Health and Safety in Schools	177
Managing Redundancies	79
Recruitment and Selection	319
Special Educational Needs and Disability Act (NI)	92
The Role of the Chair of Governors	159
TOTAL	2,619

Performance Report - Overview

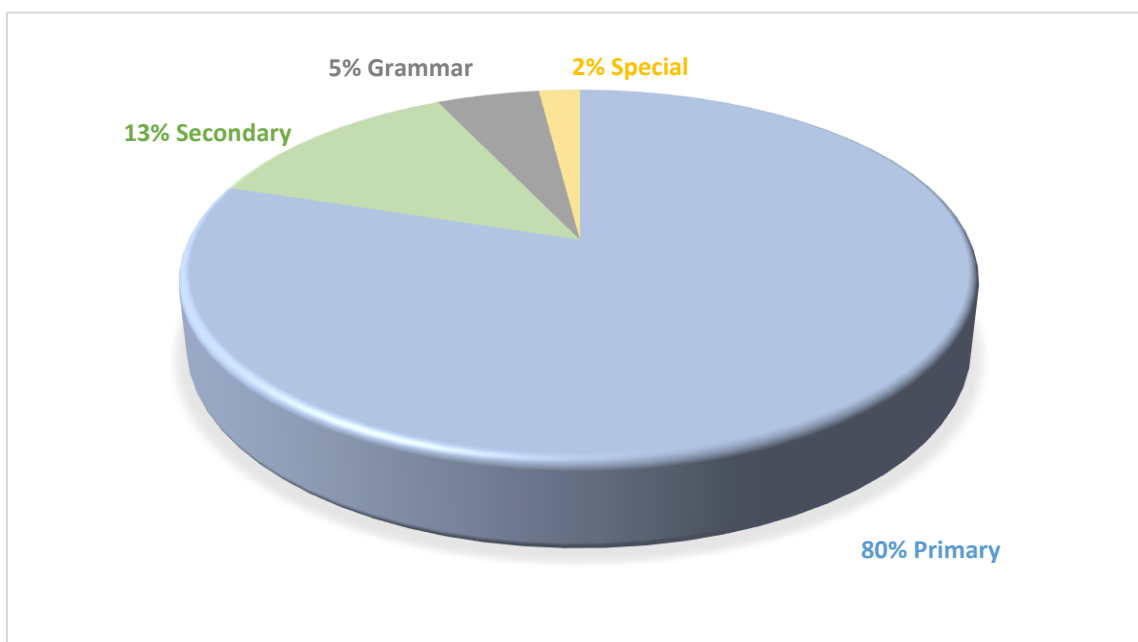
Performance Overview – Key Themes in 2018-19

Music Service

EA Music Service exists to offer access to the world of music-making, providing potentially life-changing musical experiences that are relevant and engaging. Every week, 22,930 pupils receive instrumental lessons; tuition is provided in 714 schools and nurseries across NI, and 2,456 hours of music tuition are provided. Chart 1 below illustrates the music service provision across the various schools, with 80% of provision provided to Primary schools.

In 2018-19, 2,700 pupils attended an orchestra, band or ensemble group, performing at 58 concerts throughout the year, to an estimated audience of 18,000.

Chart 1: Music Service Provision



Referring to the provision of the music service one principal commented:

*“Absolutely wonderful!
This has added a new dimension to pupil learning & self-esteem”*

In 2018-19, the Music Service Wider Access Programmes were delivered to approximately 14,000 children and young people. Approximately 54,800 people across EA and NI access the music service in either an educational or public setting.

The AmmA Centre

The AmmA Centre in Armagh has been working with schools and teachers to develop skills in digital storytelling and creativity for almost 15 years. AmmA is one of three creative learning centres in NI, offering a variety of support to schools, youth organisations and young people with regard to the creative use of technology. The work focuses on creating digital content, whether it be in short film, an animation, writing code, developing a computer application or building a soundscape. The emphasis is on creativity and the opportunities that present to develop thinking skills and personal capabilities, skills in literacy and numeracy and knowledge of science, technology, engineering and mathematics (STEM) subjects.

Performance Report - Overview

Performance Overview – Key Themes in 2018-19

In 2018-19, AmmA worked in partnership with 30 primary and post primary schools, supporting 93 teachers in their classrooms as they develop their competence and confidence in providing creative learning opportunities for 814 young people using digital technology. Throughout the year a total of 1,269 teachers were supported through extended programmes, courses and other activities in schools. The school based work has involved 3,229 young people, including 193 training sessions specifically provided to develop their skills and understanding of digital technology.

Leadership and Management development

In 2018-19, the Leadership, Management and Governance Team in the School Development Service organised two leadership programmes during the academic year to meet the professional learning needs of First-Time principals and vice-principals in all types of schools in Northern Ireland. A total of 110 First-Time principals and 83 vice-principals were registered on the induction programmes last year.

“This training was excellent- it is really beneficial, as a new principal, to be given time during a training session to engage in professional dialogue with other principals. It was also beneficial to be afforded the time to reflect on the importance of school vision and values.” – Nicola

The content of the courses combined a range of leadership and management modules which were facilitated by a range of personnel from four of the directorates within EA. Building on feedback from previous cohorts the programme initially focused on operational issues with the latter parts of the programme being devoted to strategic development. The First-time Principal Programme comprised nine days of training which included areas such as finance, human resources, legal issues, the inspection process, building leadership capacity, vision and values, developing self and others, coaching and mentoring and leading and managing change. The First-Time principals also had access to a mentor to support them through their first year of induction.

“It’s encouraging to know that everyone is facing the same challenges and we are all starting out on this journey together. It’s great to know that there is support from colleagues, from EA and from our newly appointed mentors.” – Margaret

In addition to this, the Leadership, Management and Governance Team organised and facilitated two significant programmes to meet the professional learning needs of senior and middle leaders in all types of schools in Northern Ireland, namely the STEPS and SENIOR programmes.

The content of these courses were research driven, combining face-to-face training as well as an expectation for self-study. All participants had to complete a school improvement project, the focus of which is agreed with the principal prior to enrolment. The programme covered the following areas identified as the most relevant for developing leadership capacity: Leadership Behaviours; Vision and Values; Developing Self, Emotional Intelligence and Working with Others; Effective Learning and Teaching; Strategic Planning; Communication, Coaching and Mentoring, and Change Management. There were 275 teachers registered on the programmes with a reserve list of over 150 for next year.

The courses, were facilitated by a small team from the School Development Service and were evaluated positively with many participants acknowledging their experience as being significant in improving their leadership capacity.

Performance Report - Overview

Performance Overview – Key Themes in 2018-19

“The course really helps one to see school life from a much broader perspective; as we develop our emotional intelligence as leaders, we consider others.

This was a fantastic session for me.” – Paula

School Improvement

The School Development Service (SDS) provides tailored guidance and support to schools, actively engaging and deploying resources to more effectively support schools on their individual school improvement journey. SDS continues to work intensively with schools that require post-inspection support as well as those who, as a result of Action Short of Strike, have not engaged in the follow-up inspection process. 2018-19 saw a range of SDS pathfinder projects piloted across Northern Ireland. Teachers and school leaders engaged in action research to develop capacity and promote school improvement in their individual contexts, with 180 individual projects being undertaken across over 30 schools.

In addition, SDS facilitated and supported the strategic development of high quality teaching and learning in schools, initiated through Teacher Professional Learning Conferences being rolled out across the local council districts. In 2018/19, five such conferences took place, with six planned for the coming year.

School Inspections

During 2018-19, EA continued to support the implementation of DE’s ‘Every School a Good School’ (ESaGS) Policy in relation to school improvement, pupil attainment, formal intervention and school development planning.

Ongoing industrial action short of strike includes non-co-operation with the Education and Training Inspectorate (ETI). The ETI has a statutory duty to monitor, inspect and report on the quality of education under Article 102 of the Education and Libraries (Northern Ireland) Order 1986. Therefore inspections proceeded on this basis.

The following tables note the inspection outcome conclusions and planned follow up by ETI.

Performance Report - Overview

Performance Overview – Key Themes in 2018-19

Nursery & Primary Inspections

April 2018 – March 2019

Inspection Outcome Conclusions and follow up	%
The school has a high level of capacity for sustained improvement in the interest of all the learners. Education Training Inspectorate will monitor how the school sustains improvement.	65
The school demonstrates the capacity to identify and bring about improvement in the interest of all the learners. ETI will monitor how the school sustains improvement.	23.5
The school needs to address (an) important area(s) for improvement in the interest of all the learners. ETI will monitor the report on the school's progress in addressing the area(s) for improvement. There will be a formal follow-up inspection	9
The school needs to address urgently the significant areas for improvement identified in the interest of all the learners. It requires external support to do so. ETI will monitor and report on the school's progress in addressing the areas for improvement. There will be a formal follow-up inspection.	2.5

Post-Primary & Special School Inspections

April 2018 – March 2019

Inspection Outcome Conclusions	Post – Primary %	Special %
The school has a high level of capacity for sustained improvement in the interest of all the learners. ETI will monitor how the school sustains improvement.	64	60
The school demonstrates the capacity to identify and bring about improvement in the interest of all the learners. ETI will monitor how the school sustains improvement.	38	20
The school needs to address (an) important area(s) for improvement in the interest of all the learners. ETI will monitor the report on the school's progress in addressing the area(s) for improvement. There will be a formal follow-up inspection	0	0
The school needs to address urgently the significant areas for improvement identified in the interest of all the learners. It requires external support to do so. ETI will monitor and report on the school's progress in addressing the areas for improvement. There will be a formal follow-up inspection.	0	20

Performance Report - Overview

Performance Overview – Key Themes in 2018-19

EA signs the Mental Health Charter

In June 2018, EA signed up to Northern Ireland's Mental Health Charter, an organisation-wide commitment to developing best practice around mental health in the workplace. During 2018/19 the Equality Team were striving to raise awareness of mental health at work and ensure staff get the right support, at the right time and in the right place. As Northern Ireland's largest employer, EA have been working to create a culture where mental health is a stigma-free topic of conversation at work and staff have a strong network of people they can turn to when they need help or advice. To date, EA have trained over 60 Mental Health First Aiders, with plans in place to do more and improve further.

As part of EA's new Health and Well-being Strategy, it is planned to provide mental health training to people managers across the organisation, focused on enabling staff to better support the individuals and teams. EA's new Mental Health Champions network will undertake an impressive range of mental health initiatives, with an emphasis on making good mental health a priority for staff across EA; ultimately creating a healthier, more resilient workforce for the future.

International Women's Day 8 March 2019

As part of EA's committed to being a great place to work, EA ran a networking event to mark International Women's Day on 8 March 2019. 100 Women from across EA attended representing all roles and grades. Inspiring female leaders within the organisation including EA Chairperson, Sharon O'Connor and EA's new Chief Executive, Sara Long, shared their professional experiences and what motivates and inspires them. The other issues discussed at the event included perceived barriers to promotion, confidence building and engaging in personal development.

Research has shown that internal women's networking and acknowledging gender issues within a company can propel awareness, improve the working environment and boost employee confidence, highlighting the importance of events of this nature.

Organisational Development and Learning

During 2018-19, EA successfully established its dedicated Organisational Development & Learning (OD&L) team with a remit for building a learning organisation, and implementing a systemised and corporate approach to professional development and capacity building. To meet the strategic priorities and build a high performance culture. In addition to establishing the new team, OD&L developed an extensive strategy, with a number of dedicated work streams and priorities over the next three years. This resulted from a broad employee and stakeholder engagement/ consultation with implementation of the plan now underway.

The strategy will provide a framework to address issues supporting structures, systems, behaviours, attitudes, culture and leadership primarily through people. Despite the team being in its infancy, it supported capacity development and engagement through Development Days, Engagement Days, Conferences and dedicated Capacity Building workshops and programmes, engaging approximately 500 employees to date.

Performance Report - Overview

Performance Analysis

NI Key Stage 1, 2 and 3

Educational Performance for Academic Years 2013-14 to 2017-18

(NI average levels of progression in Communication, Using Maths, and Using IT)

% pupils achieving the expected level ¹			2013-14 ²	2014-15 ²	2015-16 ²	2016-17 ²	2017-18 ²
Key Stage 1 (Age 6 to 8)	Level 2 +	Communication (English)	91.1	88.7	87.5	88.2	86.8
		Using Maths	92.2	90.3	88.4	89.3	88.0
		Using IT	-	-	-	89.9	89.9
Key Stage 2 (Age 8 to 11)	Level 4 +	Communication (English)	79.8	76.8	78.0	78.8	77.7
		Using Maths	80.3	77.4	78.7	79.6	78.6
		Using IT	-	-	-	84.2	84.5
Key Stage 3 (Age 11 to 14)	Level 5 +	Grammar & Non-Grammar: Communication (English)	74.1	74.0	78.2	75.8	70.8
		Using Maths	77.1	77.3	78.7	75.9	74.3
		Using IT	-	-	-	68.4	68.4
		Grammar: Communication (English)	98.6	98.4	97.6	96.5	97.2
		Using Maths	99.4	99.7	98.0	96.0	99.2
		Using IT	-	-	-	93.7	97.6
		Non-Grammar Communication (English)	59.3	58.5	64.1	63.3	64.6
		Using Maths	62.1	63.5	63.6	64.2	66.8
		Using IT	-	-	-	57.1	60.2

Notes:

1. Key Stage Assessments exclude Special and Independent schools
2. From 2013-14 onwards data has been weighted to account for non-response bias

Performance Report - Overview

Performance Analysis

NI GCSE and GCE A Level Achievements

Educational Performance for Academic Years 2013-14 to 2017-18

GCSE and A Level Achievements	2013-14	2014-15	2015-16	2016-17	2017-18
	NI%	NI%	NI%	NI%	NI%
GCSE					
GCSE 5+ A*-C (Non Grammar)	70.6	72.0	72.7	74.4	77.3
GCSE 5+ A*-C (Grammar)	97.2	97.8	96.5	96.5	96.0
GCSE 5+ A*-C incl. English & Math (Non Grammar)	44.0	46.8	47.0	49.9	52.4
GCSE 5+ A*-C incl. English & Maths (Grammar)	94.5	95.0	94.1	94.1	94.0
GCE A Level					
GCE A Level 3+ A*-C (Non Grammar)	47.7	47.8	51.5	55.0	57.2
GCE A Level 3+ A*-C (Grammar)	75.7	77.0	76.3	78.1	78.1
GCE A Level 2+ A*-E (Non Grammar)	95.4	95.8	96.1	97.0	96.4
GCE A Level 2+ A*-E (Grammar)	99.6	99.7	99.5	99.7	99.5

Performance Report - Overview

Performance Analysis

Business Plan Targets

EA identified 50 key actions/targets in the 2018-19 Corporate Business Plan across its 5 Strategic Priorities. All actions/targets were either Achieved, Substantially Achieved or Likely to Achieved with some delay.

Status	Number
Green (Achieved)	39
Amber/Green (Substantially Achieved)	5
Amber (Likely to be Achieved but with some delay)	6
Red (Not Achieved)	0
Total	50

Long Term Trend Analysis

EA Total Outturn

EA's total DE recurrent budget allocation for 2018-19 was £1,942.7M (including Youth £36.6m).

EA total spending is comprised of:

- Aggregated Schools Budget (ASB) funding, which is delegated to schools with Board of Governors and Principals responsible for managing the school finances and staffing decisions;
- VGS/GMI schools, for which EA assumed responsibility from 1 April 2017¹ (including some additional transactional services to VGS/GMI schools which transferred to EA on 1 April 2018);
- Block Grant which covers a range of policy, statute and contract based services for school, children and young people:
- Earmarked funding which cover specific initiatives including the costs of voluntary exit and maintenance; and
- Youth covering a range of provisions for children and young people involved in the statutory and voluntary sectors.

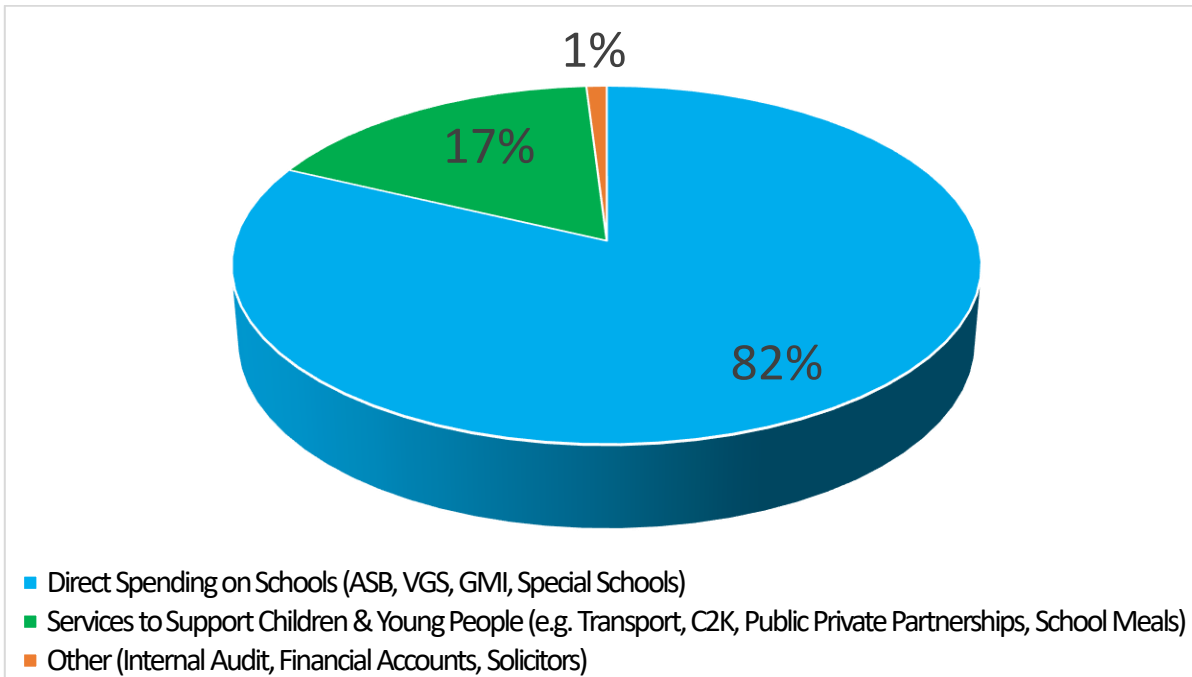
As per Chart 2 below, 99% of EA's outturn is spent directly in schools or [spent] directly supporting schools and services to children and young people. The remaining 1% includes costs required to meet statutory responsibilities, corporate governance, HR and legal including claims and solicitors.

¹ VG and GMI schools have direct control of their finances and are subject to separate arrangements operated under Financial Memoranda. Any overspend on their annual budget must be financed by the school from their own resources and/or bank overdrafts/loans with any underspends remaining with the school. Overspends and underspends for VG and GMI schools are not recorded in EA's accounts.

Performance Report - Overview

Performance Analysis

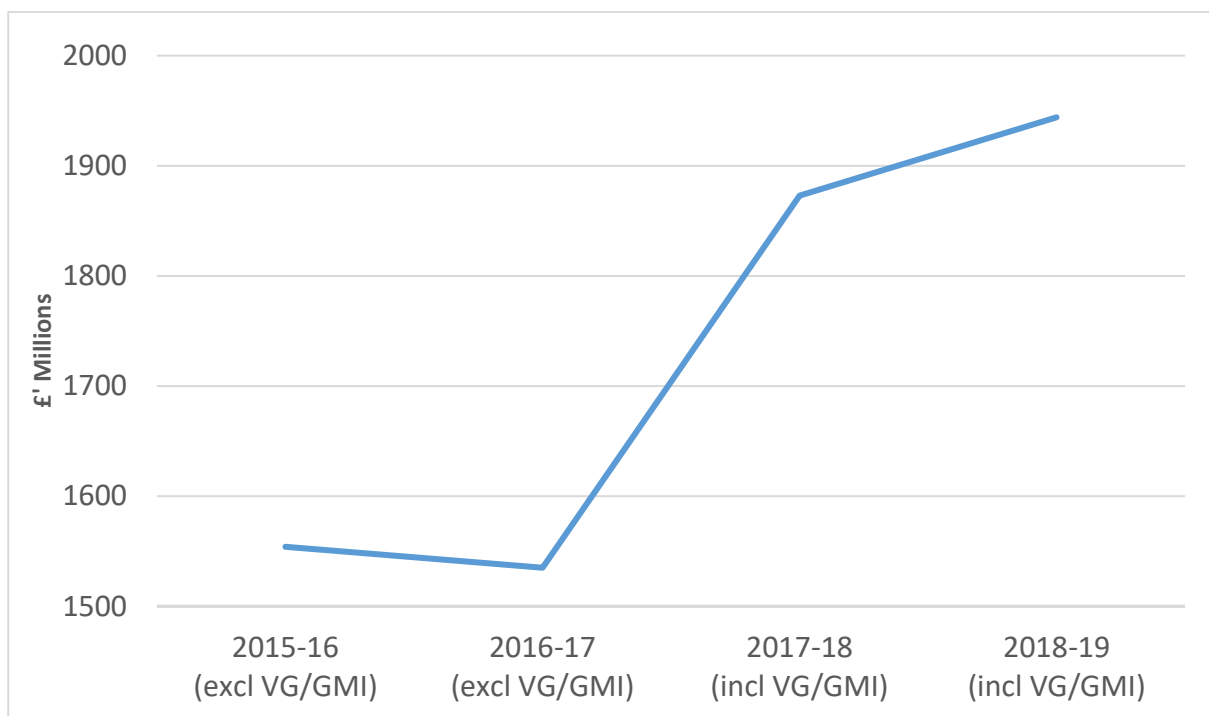
Chart 2: EA Outturn Analysis for 2018-19



Total spend has increased since 1 April 2015 mainly driven by increases in demand for policy, statute and contractual based services, inflationary pressures, the transfer of new responsibilities (such as VGS/GMI schools) and new statutory requirements such as the Apprenticeship Levy.

Chart 3 below shows the trend in total recurrent outturn reported over the four years from 2015-16 including VG/GMI.

Chart 3: EA Total Recurrent Outturn 2015-16 to 2018-19 (including VG/GMI)



Performance Report - Overview

Performance Analysis

EA's outturn has increased by £390M from 2015 to 2019. This includes £5.4M relating to the introduction of the Apprenticeship Levy from 1 April 2017, £309M relating to the transfer of VGS/GMI schools from 1 April 2017 and £18.6M relating to the transfer of additional transactional services to VGS/GMI schools from 1 April 2018.

EA has been operating in a challenging financial environment due to ongoing budget constraints and has experienced a real terms reduction of approximately £250M in budget since 2010-11 and, alongside this, has delivered savings of over £80M since its establishment.

EA's outturn has increased by 3.8% on a comparative basis over the four years excluding VGS/GMI new responsibilities. Without over £80M of savings during this period², outturn would have increased by 8.9%.

Total School Spend

At over £1.1billion (60% of total outturn including VGS/GMI) the Aggregated Schools' Budget outturn is the largest element of total EA outturn.

Since 2015 schools have been managing their financial positions at increased financial risk of spending more than funding allocations. The combined impact of increasing demand, inflationary pressures and insufficient budget allocations and reduced spending power has had a detrimental impact on the financial health of schools.

Schools' overall financial positions are deteriorating and 2017-18 marked the first year when the total value of deficits exceeded surpluses for controlled and maintained schools. Schools in the VGS/GMI sector are also experiencing considerable financial pressures.

In 2018-19 the position has continued to decline with 390 schools closing the financial year in deficit compared with 314 in 2017-18 and 630 schools ending the year in a surplus position compared with 712 in 2017-18.

In schools and in EA, while budgets have been falling in real terms, cost pressures have continued to increase as has demand for statute and contract-based services. This has led to ongoing issues with the sustainability of the education sector.

Some Governors, Principals and teachers are under increasing stress and pressure to balance what they perceive as unrealistic budgets whilst also striving to maintain and further improve education standards. School leaders also highlighted that some changes are needed to the Common Funding Formula, the tools that are available for workforce planning and that making further cost savings is not possible without impacting upon educational outcomes.

The main cost in schools is staff with over 80% and in some cases 90% of schools' costs staff related. Significant savings would only be possible through a reduction in staffing numbers. There have been insufficient redundancies to meet the financial pressures and current schemes operate on a refresh and renew basis, which has not delivered the level of reductions required.

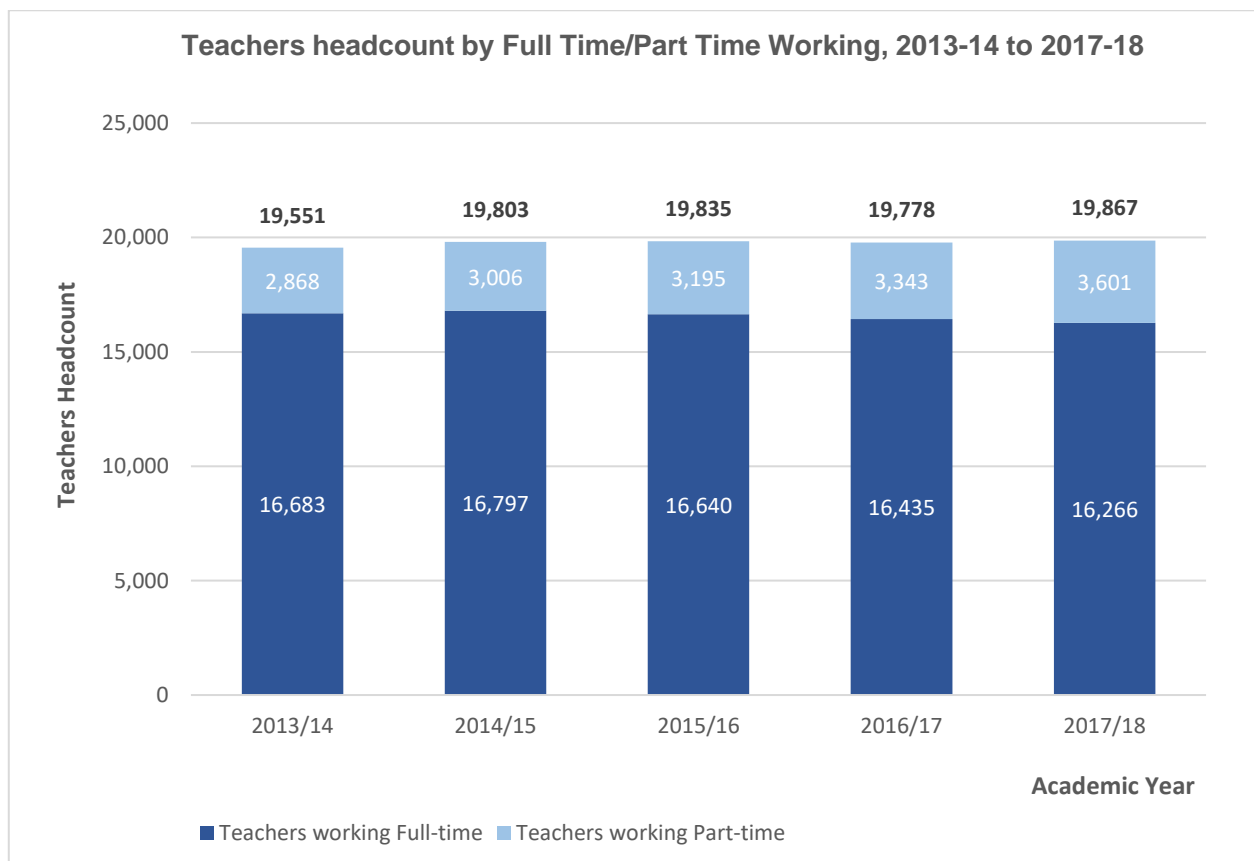
² approximately £47m had been one-off savings

Performance Report - Overview

Performance Analysis

Chart 4 below shows that the number of teachers working part time and full time in the system, based on actual headcount, has increased from 19,551 in 2013-14 to 19,867 in 2017-18. This is an increase of 1.6% since 2013-14.

Chart 4: Teacher Headcount by Full Time/Part Time Working 2013-14 to 2017-18



There has been a corresponding rise in terms of full time equivalent (FTE) teachers from 18,394 in 2013-14 to 18,490 in 2017-18, an increase of 0.5% since 2013, while pupil numbers have increased by 3.5% in the same period.

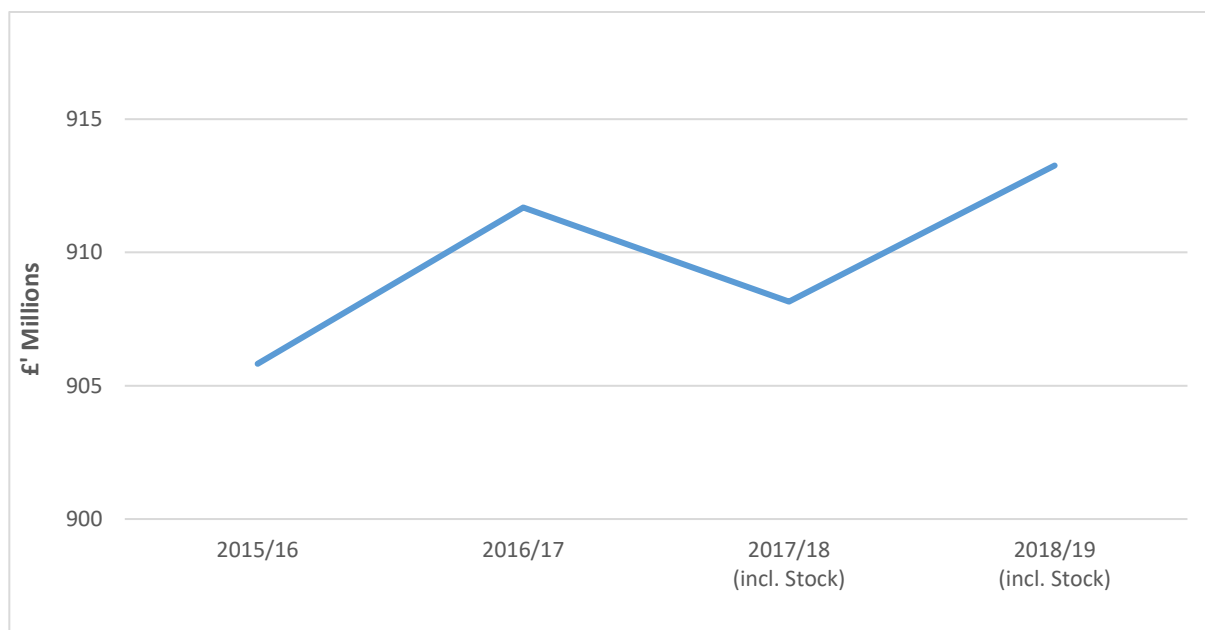
With EA's support, schools have been proactive in taking steps to mitigate the impact of financial pressures. The extension of financial management into schools provides better information on the assets used in the delivery of education and has improved the financial position of schools choosing to participate.

As per Chart 5 below, since 2017-18 when stock values were recognised for the first time schools' financial positions have improved by over £18M. Schools' Outturn has increased by 0.8% since 2015, however without stock savings schools' outturn would have increased by 1.8%.

Performance Report - Overview

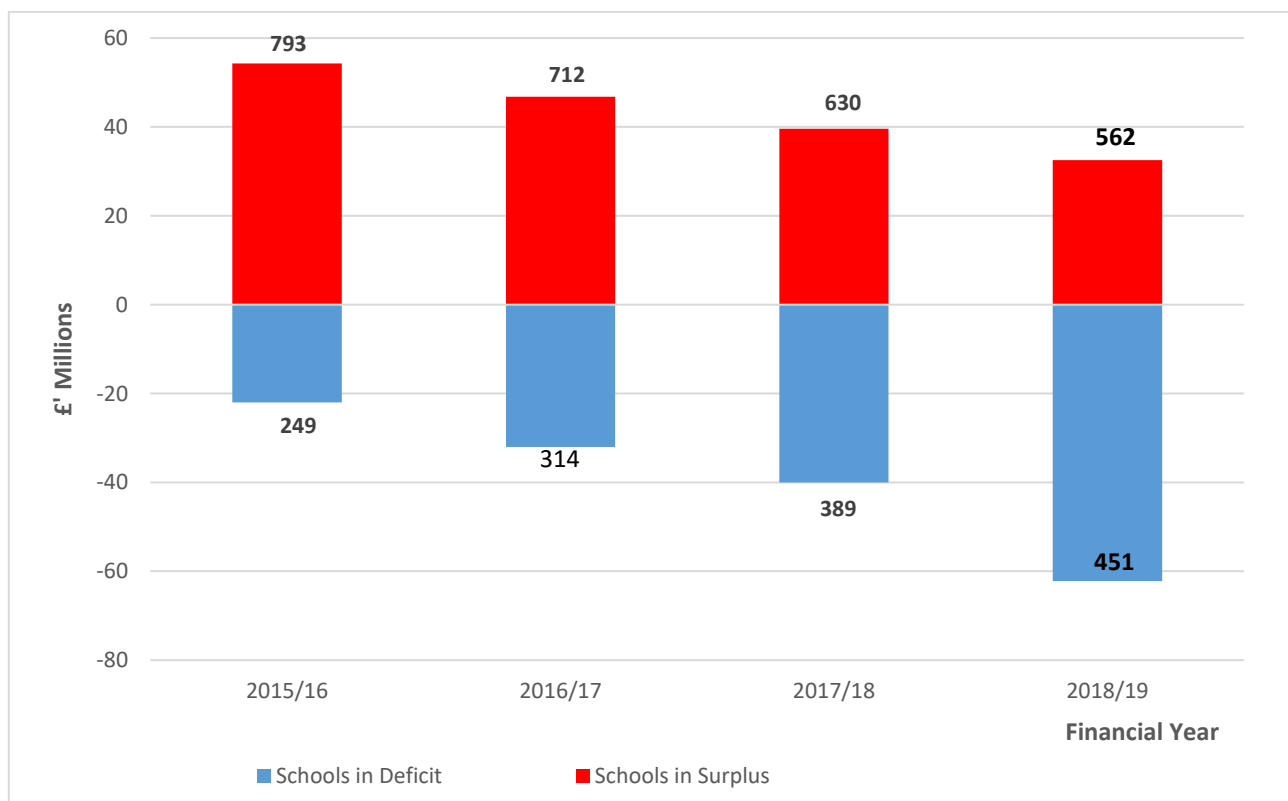
Performance Analysis

Chart 5: EA Aggregated School Outturn 2015-16 to 2018-19



The graph below shows that even after introducing stock savings for the first time in 2017-18 overall the number of schools³ in surplus continues to fall with the number in deficit increasing⁴.

Chart 5: Number and Value of Schools in Surplus and in Deficit for the financial years 2015/16 to 2018/19⁴



³ Excludes VGS/GMI schools.

⁴ 2017-18 and 2018-19 is after adjusting for stock for the first time.

Performance Report - Overview

Performance Analysis

In 2018-19 schools exceeded their initial budget allocation by £25.6M after adjusting for stock and contingency (of which £6.6M related to schools requiring access to surplus drawdown and £19.0M related to increasing deficits). During the year an additional £8M funding was provided to facilitate schools' access to surplus drawdown reducing the overall school overspend to £18.2M

Summary

Over 90% of EA services are policy, statute and contract-based and over 80% of costs are staff-based. This means that costs cannot be significantly reduced without changes to legislation, contracts and staffing levels which can be costly and will take time.

Given structural and services constraints EA can cope with the impact of some pressures. However, EA cannot cope with the combined impacts of declining budgets, structural constraints, pay & price, unavoidable and increasing demand for policy, statute and contract based services, declines in schools' finances and new requirements such as apprenticeship levy.

The system requires additional funding and support to ensure that DE, EA, school leaders and governors can sustain the improvements that have been made in educational outcomes to date. This will enable the increasing requirements of children and young people (including those with special and additional needs) to be addressed and will facilitate transformation of the system to ensure that it can continue to fulfil the important role that education plays in NI communities, and in achieving Programme for Government outcomes to contribute to a vibrant economy and a healthy population.

Performance Report - Overview

Sustainability Report

Energy

In 2018-19, EA continued to invest in energy saving measures aimed at reducing ongoing running costs.

Typical measures included:

- expenditure of £205K on installation of automated monitoring systems in schools to highlight energy waste in larger buildings;
- windows (double glazing) replacement;
- cavity wall insulation installed;
- roofing insulation upgraded; and
- installation of energy efficient LED lighting and lighting controls.

Waste and Recycling

Activities to reduce waste to landfill and increase recycling rates took place across EA's estate.

- Recycling paper, cardboard, glass, cans, toner cartridges and fluorescent tubes were collected and recycled.
- Re-using teaching materials including books, furniture and other equipment when a school building closed. These resources were relocated to other schools on a needs basis.
- Food Waste: statutory collection programmes are now rolled out across the EA estate.
- EA recycled 713 tonnes of food waste.
- An increasing number of schools and meals kitchens have entered into Central Procurement Directorate (CPD) Waste Services Contract.
- In 2018-19 over 800 EA schools and other locations used the private waste management contract. 100% of EA waste disposed of through the private waste management contract was diverted from landfill in 2018-19.
- EA in partnership with the DAERA and Eco Schools launched a Plastic Waste in Schools competition aimed at raising awareness of the use of and recycling opportunities for plastics within schools.
- EA disposed of 1,521 tonnes of general waste of which 456 tonnes was recycled and the remaining 1,065 tonnes was recovered for conversion to waste derived fuel; recycled 387 tonnes of mixed dry recyclables.
- Transformation of digital admissions reduced in year paper applications by 97% saving some 485k paper application sheets.

Performance Report - Overview

Sustainability Report

Water

Water reduction measures included:

- working with NI Water to install automated monitoring systems on metering and highlighting wastage;
- water cost and consumption data utilised in benchmarking process for targeted reduction;
- significant numbers of urinal controls installed in schools and out centres;
- many schools, youth facilities and offices have benefited from investment in modern technology to reduce water consumption including timed flow from wash hand basin taps, urinal controls and filtered mains water fountains rather than bottled water;
- where possible the incoming water mains supply pipe sizes have been reduced to reduce standing charges; and
- water consumption has reduced by 15% across the estate on 2017-18.

Procurement

Efficiency measures included:

- the inclusion of environmental issues and the circular economy within criteria for procurement decisions;
- reviewing of contract terms and conditions to ensure that they do not prevent the purchase of re-manufactured refurbished and recycled products;
- retendering outdoor furniture contract for articles made from recycled materials;
- contract arranged for disposals of grounds maintenance residues to maximise reuse/recycling;
- construction project managers are aware of the need to comply with Statutory Sustainable Construction Group guidance; and
- procurement of all construction projects are required to achieve a Building Research Establishment Environmental Assessment Method (BREEAM) excellent rating for all new buildings and a very good rating for refurbishments.

Education

- Networking on-going with outside agencies through Educational for Sustainable Development (ESD).
- Energy and environmental staff are trained and supportive of Eco-Schools accreditation programme.
- 1,143 schools have registered with the Eco-Schools accreditation programme, of which 623 have achieved award status:
 - Bronze 140
 - Silver 187
 - Green Flag (highest level) 296

Performance Report - Overview Sustainability Report

Business in the Community (BITC) - NI Environmental Benchmarking Survey

In 2018-19 EA participated in the BITC Environmental Benchmarking Survey and was awarded Silver category.

A handwritten signature in black ink, appearing to read 'Sara Long', with a small dot at the end.

Sara Long
Chief Executive (from 1 April 2019)

Date 26 May 2020

Accountability Report – Corporate Governance Report Directors’ Report

Chief Executive: Mr Gavin Boyd (to 31 March 2019)
Ms Sara Long (from 1 April 2019)

Chairperson: Ms Sharon O’Connor

EA Board

In line with the Education Act (Northern Ireland) 2014, the EA Board is made up of 20 members plus the Chairperson as set out below.

- 8 political members who were nominated by political parties according to a formula based on the D’Hondt mechanism.
- 4 members representative of the interests of the transferors (the 3 main Protestant churches) of controlled schools.
- 4 members’ representative of the interests of the trustees of maintained schools.
- 1 member representative of the interests of integrated schools.
- 1 member representative of the interests of Irish-medium schools.
- 1 member representative of the interests of voluntary grammar schools.
- 1 member representative of the interests of controlled grammar schools.

Board Membership during 2018-19

Ms Sharon O’Connor (Chair)	Mr Edgar Jardine CB
Rev Amanda Adams	Mrs Sarah Kelly**
Ms Áine Andrews	Sir Gerry Loughran
Mr David Cargo	Mr Gerry Lundy
Mrs Patricia Carville OBE	Mr Nelson McCausland***
Mr Jonathan Craig	Dr Andy McMorran OBE
Mrs Monica Culbert	Dr Ian McMorris
Mr Giovanni Doran	Mr Oliver McMullan
Dr Muredach Dynan	Mr Raymond Pollock****
Mrs Brenda Hale*	Miss Rosemary Rainey OBE
Rev Robert Herron OBE	Ms Nuala Toman

* *Member resigned on 1 May 2018*

** *Member appointed on 2 July 2018 (to replace Sr Chris Hegarty who resigned on 27 March 2018)*

*** *Member appointed on 10 July 2018 (to replace Mrs Brenda Hale)*

**** *Member resigned on 31 March 2019*

Accountability Report – Corporate Governance Report

Directors’ Report

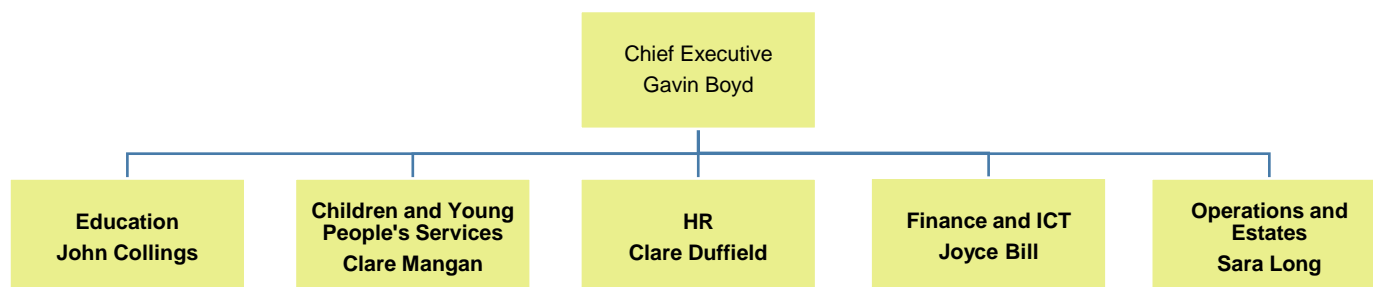
Executive Directors

EA’s executive team consists of the Chief Executive and Directors. The Directors took up post on various dates from March 2016.

The Interim Chief Executive Gavin Boyd retired on 1 April 2019. Sara Long, formerly Director of Operations and Estates, was appointed as Chief Executive from 1 April 2019. John Collings, Director of Education also retired on 31 March 2019.

A number of temporary Director Appointments have been made to cover vacancies and absence. They are:

- Kim Scott as Acting Education Director;
- Seamus Wade as Acting Finance and ICT Director; and
- Dale Hanna as Acting Operations and Estates Director.



Policy and Practice on Payment of Creditors

Payments to Suppliers

Public Sector Payment Policy – Measure of Compliance

The government requires EA pay its trade creditors in accordance with the Better Payment Practice Code and Government Accounting Rules. EA’s payment policy is consistent with the Better Payment Practice Code and Government Accounting Rules and unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later. In line with best practise EA also endeavours to maximise the number of invoices paid within 10 days.

The measures of compliance are as follows.

	Based on Invoice Date 2018-19		Based on Invoice Date 2017-18	
	Number	Value £000	Number	Value £000
Total bills paid in the year	386,147	600,254	392,456	621,912
Total bills paid within 10 days	211,298	499,385	160,809	460,480
% of bills paid within 10 days	54.72	83.20	40.98	74.04
Total bills paid within 30 days	329,889	578,851	296,803	533,979
% of bills paid within 30 days	85.43	96.43	75.63	85.86

Accountability Report – Corporate Governance Report Directors’ Report

EA incurred net interest charges of £267 (2017-18: £1,597) in 2018-19 due to late payment of invoices.

Further information is available at:

<https://www.education-ni.gov.uk/prompt-payment-performance>

Personal Data Related Incidents

EA’s Data Protection Officer was informed on 11 October 2018 of a data breach within a regional Education Other Than At School (EOTAS) centre, which occurred between May 2017 to October 2018. This breach consisted of a number of items of sensitive personal information relating to 10 children within that Centre. EA carried out an initial investigation to ascertain the extent of this data breach and reported the incident to the Information Commissioner’s Office as per GDPR guidelines and also briefed its Sponsor Body, DE. A Root Cause Analysis Methodology was used to identify all of the contributory factors and highlight the key recommendations that needed to be actioned to prevent reoccurrence. The final Investigation Report was signed off on 16 January 2019.

Complaints Handling

EA is committed to continuous improvement in the planning and delivery of its services. Complaints are viewed as opportunities to address concerns and to put things right.

An EA complaints handling procedure was drafted in consultation with the office of the Northern Ireland Public Services Ombudsman and approved by the Board in June 2016. The systems and internal procedures within the complaints handling service are continuously monitored and improved to ensure complaints are handled efficiently and consistently across EA in line with its procedure.

During 2018-19, EA received 34 complaints which were dealt with at stage 1b of its Complaints Handling Procedure (Head of Service level). Of that number 13 were upheld, 10 were partially upheld, 8 not upheld and 3 investigations are ongoing. A stage 1b complaint is investigated by the relevant Head of Service with a response deadline of 20 working days.

During 2018-19, EA received 13 complaints which were dealt with at stage 2 of its Complaints Handling Procedure (Director level). Of that number 1 was upheld, 2 were partially upheld and 5 not upheld and 5 investigations are ongoing. A stage 2 complaint is a Director led investigation with a response deadline of 25 working days. The nominated Director is not responsible for the Directorate to which the complaint relates.

During 2018-19, EA also received 201 stage 1a complaints. These are dealt with and resolved by frontline staff with a five working day response deadline.

In addition to the complaints handled under EA’s Complaints Handling Procedure at stages 1a, 1b and 2, EA Complaints Service also processed the complaints in the following table.

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Complaints processed by EA Complaints Service:

Complaints					
Type	Volume	Upheld	Partially Upheld	Not Upheld	Ongoing
1a	201	n/a	n/a	n/a	n/a
1b	34	13	10	8	3
2	13	1	2	5	5
RTAB	84				
CCP	23				
NOCP	106				
FEED	13				
NIPSO	16				
Anonymous Complaint	3				
Copied to EA	4				
Unreasonable Complaint	3				
TOTAL VOLUME OF ALL	500				

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RTAB = Referred to another Body

CCP = EA has received a complaint that has a safeguarding concern that involves referral to Child Protection Support Service

HOCP = Handled Outside EA Complaints Procedure because there is an internal appeals process or mechanism through which the complaint can be handled e.g. DARS, HR

FEED = positive feedback or comments to service

NIPSO = enquiries from NIPSO

Anonymous Complaint = The Complainant has not revealed their identity

Copied to EA = Complaint is directed to another Body and a copy is forwarded to EA

Unreasonable Complaint = The Unreasonable Complaints Policy has been applied

The number of RTAB complaints that were referred to another Body and to whom are further noted below:

RTAB Complaints	
Other Body	Volume
Schools	78
DE	1
Libraries NI	2
NIPSO	1
Courts	1
CCMS	1
Total	84

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Outcomes and recommendations from complaints’ investigations are used to inform business improvement across EA. As a result of the complaints that were upheld, a number of improvement measures were implemented

Anyone wishing to submit a comment or complaint can find all relevant details on EA’s website at <http://www.eani.org.uk/about-us/comments-suggestions-and-complaints/> or by emailing complaints to feedback@eani.org.uk

Disclosure of Relevant Audit Information

The Accounting Officer is not aware of any relevant audit information of which NIAO is not aware and the accounting officer has taken all the steps he ought to make himself aware of any relevant audit information and to establish that the NIAO are aware of it.

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Statement of the Education Authority and Chief Executives Responsibilities

Under Paragraph 5(1) of Schedule 2 to the Education Act (Northern Ireland) 2014, EA is required to make arrangements for a statement of accounts to be prepared in such form and containing such information as the DE may direct.

The accounts are prepared on an accruals basis and must give a true and fair view of EA's state of affairs at the year-end and of its net expenditure, 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 DE, 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 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 EA's assets are set out in *Managing Public Money NI* published by the DoF.

As the senior official of EA, the Chief Executive carried out the responsibilities of Accounting Officer during the year ended 31 March 2019.

Accountability Report – Corporate Governance Report

Governance Statement

Scope of Responsibility

As Accounting Officer for EA, I am responsible for the control and governance arrangements operated. This Governance Statement outlines how I have discharged my responsibilities to manage and control resources in the course of the year. The governance system, as outlined in this statement supports the achievement of the EA's policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money (Northern Ireland).

Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which EA is directed and controlled. It enables EA to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The governance framework is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of EA's policies, aims and objectives; and
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has continued to operate up to the date of approval of the Annual Report and Accounts, and accords with Department of Finance (DoF) guidance.

Governance Framework

EA became operational on 1 April 2015 in accordance with the provisions of the Education Act (Northern Ireland) 2014, replacing the former five education and library boards (ELBs) and their staff commission.

EA's business is primarily managed through:

- the Board;
- Finance and General Purposes Committee;
- Education Committee;
- Shared Education Committee;
- Children and Young People's Services Committee;
- Audit and Risk Assurance Committee;
- Membership and Teaching Appointments Committee;
- Community Use of Schools Committee;
- Child Protection and Safeguarding Committee;
- Remuneration Committee; and
- Expulsions Committee.

Accountability Report – Corporate Governance Report

Governance Statement

The role of the Board includes policy making, strategic and area planning, priority setting and good governance. The Board receives reports from Committees to enable its members to perform the vital role of monitoring and evaluating the implementation of policy for the education and youth services. The attendance of Members at Board meetings is set out below:

Member	2018-19		
	Meetings Attended	Out of a Possible	%
Ms Sharon O'Connor (Chair)	11	11	100
Rev Amanda Adams	9	11	82
Ms Áine Andrews	8	11	73
Mr David Cargo	10	11	91
Mrs Patricia Carville OBE	6	11	55
Mr Jonathan Craig	8	11	73
Mrs Monica Culbert	8	11	73
Mr Giovanni Doran	9	11	82
Dr Muredach Dynan	9	11	82
Mrs Brenda Hale*	0	1	0
Rev Robert Herron OBE	11	11	100
Mr Edgar Jardine CB	11	11	100
Mrs Sarah Kelly**	6	8	75
Sir Gerry Loughran	9	11	82
Mr Gerry Lundy	9	11	82
Mr Nelson McCausland***	7	8	88
Dr Andy McMorran OBE	10	11	91
Dr Ian McMorris	9	11	82
Mr Oliver McMullan	9	11	82
Mr Raymond Pollock****	9	11	82
Miss Rosemary Rainey OBE	11	11	100
Ms Nuala Toman	5	11	45

* Member resigned on 1 May 2018

** Member appointed on 2 July 2018 (to replace Sr Chris Hegarty who resigned on 27 March 2018)

*** Member appointed on 10 July 2018 (to replace Mrs Brenda Hale)

**** Member resigned on 31 March 2019

The overall attendance rate for 2018-19 was 82%.

Accountability Report – Corporate Governance Report Governance Statement

Finance and General Purposes Committee

This Committee deals with financial matters, operation and estate issues, contracts, tenders, issues relating to human resources policy development as well as strategic and corporate matters in connection with teaching and support staff for whom EA is the employing authority.

There were nine meetings of the Finance and General Purposes Committee during the year with overall Member attendance at 73%.

Eleven Members served on this Committee during the year.

Education Committee

The Education Committee deals with issues across the full range of responsibilities delivered by the Education Directorate in the areas of School Improvement, Strategic and Area Planning and Community Planning.

There were nine meetings of the Education Committee during the year with overall member attendance at 74%.

Nineteen Members served on this Committee during the year.

Shared Education Committee

The Shared Education Committee is a statutory committee which meets to exercise the functions of EA under Section 2(3) of the Education Act (Northern Ireland) 2014, i.e. to encourage, promote and facilitate Shared Education. This requirement has been enacted by way of the Shared Education Act (Northern Ireland) 2016.

There were five meetings of the Shared Education Committee during the year with overall member attendance at 63%.

Fourteen Members served on this Committee during the year.

Children and Young People’s Services Committee

The Children and Young People’s Services Committee deals with issues in the areas of Pupil Support Services, Youth Services, Special Education in mainstream schools and special schools.

While EA’s duty under Children’s Services Co-operation Act to co-operate with other named children’s authorities (in the Act) and children’s providers to improve the wellbeing of children and young people across the eight characteristics in the Act filters down into the several of EA’s subcommittees, it is particularly relevant to the services overseen by this committee.

Senior officers attend the joint DE/Health interface project board and ensure that progress is made on all agreed joint projects to progress service integration. The current focus is on the Notification, Referral and Statutory Assessment Project action plan. This project has taken steps in order to address impediments in both agencies contributing to the delay in EA receiving advice from HSCT providers and will reduce delay in the issuing of statements.

Accountability Report – Corporate Governance Report

Governance Statement

The Director is EA’s representative on the Children and Young Peoples Strategic Partnership and officers from this directorate represent EA on local multi - disciplinary CYPSP committees.

There were ten meetings of the Children and Young People’s Services Committee during the year with overall member attendance at 82%.

Fourteen Members served on this Committee during the year.

Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance Committee supports the Board and the Chief Executive as Accounting Officer on matters relating to internal control, risk management, corporate governance and assurance.

In accordance with DAO (DFP) 06/13 Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013, the Audit and Risk Assurance Committee is required to publicly report annually on its work and how it discharges its responsibilities.

The Committee has a responsibility to scrutinise and challenge the adequacy of management responses to issues identified by audit activity and any assurances which are provided to the Chief Executive as Accounting Officer. Senior EA officers attend meetings of the Audit and Risk Assurance Committee as do representatives of DE and NIAO.

Seven Board Members and two Independent External Members served on the Committee during the year.

There were four meetings of the Audit and Risk Assurance Committee during the year with overall member attendance at 75%. Attendance at the Committee during the year was as follows.

Member	2018-19		
	Meetings Attended	Out of a Possible	%
Mr E Jardine CB (Chair)	4	4	100
Mr D Cargo	4	4	100
Dr M Dynan	4	4	100
Mrs B Hale*	0	1	0
Mr G Lundy	4	4	100
Mr O McMullan	2	4	50
Miss R Rainey OBE	4	4	100
Mr R Forrest** (Independent External Member)	3	4	75
Mr T Salmon (Independent External Member)	2	4	50

* Member resigned from EA Board on 1 May 2018

** Independent External Member resigned on 31 March 2019

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Membership and Teaching Appointments Committee

The Membership and Teaching Appointments Committee approves appointments of principals and vice-principal posts of controlled schools and the appointments and transfer of assistant teachers in controlled schools. This is a statutory function of the Committee. The Committee also makes appointments to Boards of Governors of controlled, maintained and voluntary schools. It appoints members to serve on statutory appeal tribunals administered by EA and also appoints members to serve on outside bodies as required.

There were eleven meetings of the Committee during the year with overall member attendance at 74%.

Thirteen Members served on this Committee during the year.

Community Use of Schools Committee

The Community Use of Schools Committee is a statutory committee which meets to consider how best to extend, encourage, facilitate and promote the community use of grant-aided schools.

There were three meetings of the Committee during the year with overall member attendance at 85%.

Eight Members served on this Committee during the year.

Child Protection and Safeguarding Committee

The Child Protection and Safeguarding Committee is responsible for ensuring compliance with the requirements set out in the Safeguarding Board Act (Northern Ireland) 2011 and the requirements set out in DE legislation and guidance in respect of child protection and safeguarding.

There were two meetings of the Committee during the year with overall member attendance at 44%.

Eight Members served on this Committee during the year.

Remuneration Committee

The Remuneration Committee is responsible for approving recommendations concerning the pay progression of Senior Officers arising from evidence of performance against agreed objectives measured by appraisal in line with arrangements approved by DE and subject to DoF pay remit approval.

There were two meetings of the Committee during the year with overall member attendance at 80%.

Five Members serve on this Committee.

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Expulsions Committee

The Expulsions Committee is a statutory committee which considers cases being presented in relation to the expulsion of pupils from schools under the management of EA.

Seven meetings took place during the year. Each meeting requires the attendance of three Board Members.

Review of Effectiveness

I consider that the EA Board Members' operated effectively during 2018-19, meeting regularly and considering appropriate issues at a strategic level.

EA Board Members' have a corporate responsibility for setting objectives, agreeing priorities and implementing Ministerial policy. The Board met eleven times during the year and regularly reviewed the progress and management of key risks associated with the delivery of its objectives throughout the financial year. The Board was responsible for agreeing a budget, monitoring financial performance and considering key strategic issues and policies, such as those relating to risk management, information assurance and workforce planning.

During the course of the year, the Board held a number of workshops to review EA's budget and also to oversee projects, initiatives and programmes.

The Chair of the Board conducted the annual performance appraisal with all Board Members during the period April to May 2019.

The Chair of the Audit and Risk Assurance Committee conducted a performance appraisal with the independent external members of the Audit and Risk Assurance Committee in June 2018 and October 2018.

Highlights of Board Committee Reports

EA became operational on 1 April 2015 and through the establishment of a range of Committees has sought to manage its business in an effective way enabling it to focus upon the needs of the organisation.

The Board

A major focus has been to ensure the continuity of the delivery of front line services and the full range of support services during the transition from the former ELBs.

At the same time, EA was required to manage the financial challenges arising from successive budget shortfalls including the 2018-19 budget settlement.

The Education Committee continued to progress proposals in relation to area planning and established, on an interim basis, revised management structures for the former Curriculum Advisory Support Service in its transition to a School Development Service whilst progressing a major realignment of staffing through use of the Public Sector Transformation Fund (voluntary severance programme).

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Governance Statement

The Children and Young People’s Services Committee has been reviewing the arrangements for the support frameworks for children and young people presenting with special educational needs and in particular has harmonised the arrangements operating across EA in respect of special education assessment and provision. A transitional framework was agreed in the summer of 2015 and this continues to operate.

Through the Finance and General Purposes Committee, the Board monitored progress in respect of spend through the year, receiving monthly updates on progress. This included details on those decisions contributing towards the achievement of savings in-year.

The Finance and General Purposes Committee

The FGPC has been heavily engaged in EA’s financial strategy and budget for 2018-19 recognising the scale of the financial challenges. The FGPC was fully updated and advised on the significant financial challenges, the progress of EA’s financial strategy and emerging risks and actions throughout the year. A range of workshops open to all Board Members was also held.

The FGPC working group on schools surpluses and deficits reported and provided recommendations leading to the endorsement of an action plan with prioritised actions by EA’s Board. EA is continuing its work on the proposals and progress is being made. As at May 2019, 35 of the 41 recommendations have been implemented with the remaining recommendations being actively progressed. EA has developed a new approach to schools financial plans in 2018-19 and has set this out in eleven engagement sessions with Governors and Principals.

The Audit and Risk Assurance Committee (ARAC)

The Committee completed a comprehensive work programme during the year. Particular attention was given to the consideration of risk management and the HIAA’s independent review of the Corporate Risk Register. The standard of financial management information presented to the Board is detailed, and the Committee was encouraged that the 2017/18 Accounts were reviewed by the C&AG and again were certified without qualification. This is a notable achievement, particularly given the budgetary challenges that EA has faced.

The Committee approved a Strategic Internal Audit plan covering a three year period. This is linked to a draft revised structure for Internal Audit services which has been subject to extensive engagement with TUS throughout the year. An Independent External Quality Assessment was successfully completed in July 2018 to measure compliance with the requirements of the UK Public Sector Internal Audit Standards as revised by DAO (DFP) 06/16. EA Internal Audit team can now state that their work fully complies with International Best Practice.

The Committee recognised that the Authority’s priority during the year remained the delivery of efficient and effective education provision while taking forward work to secure the transition to a structure based on function and also to reduce the cost of administration. The dual responsibilities of achieving significant restructuring and maintaining business as usual presents a number of unique challenges and risks, particularly in the key areas of replacement IT systems, human resources and the continued operation of voluntary severance towards achieving a balanced budget.

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The Committee welcomed the assurance from Internal Audit that the Authority's Governance Framework remains satisfactory and sufficient to meet the standards of good governance. The Committee provided advice to the Board on a number of governance issues which resulted in amendments to the Board's Standing Orders.

The Board has set out its requirements for the effective management of risk within EA's Risk Management Strategy (RMS). The content and focus of the Corporate Risk Register (CRR) has evolved over time to demonstrate a strong linkage between the requirements of DE and the Authority's strategic and business planning, risk management, the quarterly assurance process and performance reporting. A key principle within the RMS is that risk is managed at the lowest practicable level and EA are now seeing much of the detail relating to risks currently managed at Director level move down into the registers operated by Assistant Directors and within revised enduring structures. The Committee has reviewed a quarterly analysis of the CRR from the Head of Internal Audit and Assurance as well as a risk-based Internal Audit Strategy which specifically addresses the critical risks identified by the Senior Management Team.

Following a perceived conflict of interest raised by DE that the EA Head of Internal Audit and Assurance should not prepare and update the CRR alongside his role of providing an independent analysis to ARAC, it was agreed that these roles would be separated. This was implemented for the April 2019 ARAC meeting.

The Head of Internal Audit and Assurance reviewed the Internal Audit reports submitted to EA for all VG / GMI schools and he was able to provide advice to the EA monitoring team on the content of the submitted reports. Based on this review, EA has written to each VG / GMI school advising them that the same provider can no longer provide both their Internal and External Audit service.

The Committee welcomed the Internal Audit assurance that there is an adequate and effective system in operation over financial monitoring and reporting. This is particularly important in the current challenging budgetary position.

The Committee reviewed the final 2017/18 Annual Report and Accounts and the NIAO Report to those Charged with Governance (RttCWG) for the 2017/18 year.

The Committee has participated in an agreed programme of training for members. In addition, the Committee undertook a self-assessment exercise during the year.

The Chair represented the Committee on the Transformation Programme subgroup that has been established as part of the governance arrangements for this vital programme.

Overall Opinion of the Audit and Risk Assurance Committee

The Committee reviewed quarterly progress reports from the HIAA and reports on the implementation of priority 1 recommendation and are content that the action taken to deal with control weaknesses and other issues raised is satisfactory. The Committee continues to monitor timescales for completion of priority 1 recommendations. The Committee also welcomed the satisfactory opinion included within the Head of Internal Audit's Annual Report for the 2017/18 year.

It is the Committee's opinion that the assurances on corporate governance, risk management, financial management and internal control that have been presented to it and the Accounting Officer

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during the year were appropriately comprehensive, reliable and of sufficient integrity to assist the Authority and the Accounting Officer in meeting their accountability obligations for 2018/19.

Account of Corporate Governance

In accordance with the Corporate Governance Framework, Registers of Members' and Staff Interests have been continued and are updated regularly. Conflicts of interest relating to Members and staff, actual or potential, were appropriately recorded, managed and controlled.

At all Committee meetings a standing agenda item is 'Declarations of Interest' and it is brought to the attention of Members by the Chairperson. Any Member with a conflict of interest on a specific agenda item either does not participate in that discussion or withdraws from the meeting. Codes of Conduct for Board Members and staff have been established and communicated.

Following a number of workshops, the Board at its meeting on 26 April 2018, approved a revised Code of Conduct for Board Members which is appended to Standing Orders. The Board at its meeting on 25 October 2018 also amended Standing Orders 3.5, 4.7, 10.7 and 10.13 following a review of governance matters which had been taken forward by a sub-group of the Audit and Risk Assurance Committee during the year.

Anti-fraud Policy and Fraud Response Plan, Whistleblowing and Gifts and Hospitality Policies have been implemented. All suspected and proven frauds have been notified to the relevant department in accordance with agreed procedures and there are no suspected frauds that have not yet been notified.

Parliamentary Accountability

I am the Accounting Officer for EA and am accountable to the Minister for Education through the DE Permanent Secretary.

As Accounting Officer I am clear on my responsibilities, and I seek to ensure that resources are managed in line with Treasury guidance. Clear roles and responsibilities of officials are agreed and understood across EA.

Role of the Board Members

EA Board Members' provide strategic leadership for the organisation. They oversee delivery of business objectives and are responsible for ensuring the effectiveness of arrangements for risk management and corporate governance, including internal controls. The Board has clear terms of reference which set out its responsibilities, in line with Corporate Governance Code.

Board activities and decisions are minuted and a summary of meetings is publicly available.

The business of the Board Members is conducted in accordance with EA's Standing Orders.

Authority Effectiveness

Following the appointment of the Directors, EA has moved from management structures which operated in the former ELBs and has created a series of regionally managed services.

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Governance Statement

The NIAO Report to Those Charged with Governance (RTTCWG) in respect of its audit of the EA’s 2017-18 Annual Accounts was presented to the Audit and Risk Assurance Committee (ARAC) on 17th January 2019. The ARAC will monitor the progress of all recommendations.

The Head of Internal Audit has provided an overall satisfactory audit opinion on the internal control systems operating within EA. Areas for improvement were raised with management and actions agreed accordingly. Areas where Internal Audit was only able to provide limited assurance as a consequence of their audit work are detailed below.

Details of Audit Reviews with Limited or Unacceptable Assurance Opinion

The following tables highlight the key areas where significant control weaknesses were identified within the reviews.

Internal Audit Reviews with Limited Assurance

Directorate	Area
<p>Operations and Estates</p>	<p>Home to School Transport – Staff and Services</p> <p>Although the issues were not extensive they mainly concerned ensuring that essential employment criminal background checks were completed before staff were engaged and gaining assurance that all drivers had (and were maintaining) the required qualifications to drive and are carrying their Driver Qualification Cards at all times. These issues involve child safety; for which EA has no risk appetite.</p> <p>The child protection issues related to the home to school transport service are being addressed through a number of work streams with a focus on:</p> <ul style="list-style-type: none"> • Pre-employment checking of Private Operators; • Child Protection Training for Contracted drivers; and • Contractual & Operational Safeguarding Compliance. <p>Officers are reporting progress through the Child Protection & Safeguarding Committee with further oversight from the Audit and Risk Assurance Committee.</p> <p>Review of Child Protection</p> <p>The main issues were that:</p> <ul style="list-style-type: none"> • nineteen private contractors identified on transport records with taxi or bus runs had no corresponding cleared drivers recorded on the Access NI database; • private contractors identified with many more taxi runs on transport records than cleared drivers recorded on the Access NI database; • almost half the drivers and escorts sampled from transport records were not recorded on the Access NI database;

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Directorate	Area
	<ul style="list-style-type: none"> • a comprehensive programme of vehicle, driver and escort spot checks, including verification of Access NI details, was not carried out during 2016/17 school year; • the original identity documentation of home to school contract drivers and escorts is not verified; • temporary employees start to work before Access NI clearance is received; • a number of temporary employees, agency workers and consultants were not Access NI checked; • temporary employees and home to school transport private operator driver and escorts with convictions continue to work while a review of their suitability to work takes place; • dated legacy criteria are used to evaluate if a driver, escort or employee with a conviction can work for the Authority; • the staff of term service maintenance and minor works contractors and their supply chain are not Access NI checked; • School Principals are not aware that temporary cleaners and staff of contractors and their supply chain are not Access NI checked; • the reliance on recruitment agencies to carry out Access NI checks on staff supplied <p>Pre-Employment Checking & Compliance</p> <p>A dedicated Operator Compliance Team with responsibility to oversee and ensure all home to school transport requirements for private operators, including pre-employment checks, adherence to contractual conditions and compliance with general passenger vehicle and taxi legislation, will be introduced. The recruitment exercise for the team was concluded at the end of September 2019. New business systems have been jointly implemented by HR and Transport to ensure efficiency and effectiveness of driver pre-employment.</p> <p>A number of private operator bus and taxi home to school contracts are scheduled to be renewed for September 2019 and work has commenced to review and enhance all contractual terms and conditions associated with child protection and general operator compliance.</p> <p>The current system is administratively burdensome and the directorate think that more efficient and effective processes may be put in place in line with obligations under Children’s Co-operation Act (2015). EA is exploring ways to work more closely with the PSNI Disclosure Team so as to put in place improved alternative arrangements.</p> <p>Term Service Maintenance and Minor Works Contractors</p> <p>Whilst DE Circular 2013/01 states that maintenance contractors do not need to be routinely vetted before being allowed onto school premises, it is upon the</p>

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Directorate	Area
	<p>conditions outlined in the circular that the school must receive, sign in/out, restrict access, escort around the premises, issue with visitor passes, restrict access to pupils and works areas shall be cordoned off. A reminder was issued to all contractors, and for the attention of their subcontractors, that they must adhere to these conditions</p> <p>School Meals Kitchen Cafeterias NE Region</p> <ul style="list-style-type: none"> • New cash tills have not been installed at Ballyclare Secondary School. 2 tills currently in use are not fit for purpose and Internal Audit could not verify amounts on till receipts to actual amounts lodged. • Lodgements are not always made on a timely basis and on occasions cash was retained on the premises overnight. • There is a lack of segregation of duties in several cash cafeterias and in some locations the responsibility for cash handling was fully delegated to till operators. • Checks carried out by Unit Catering Supervisors are not performed in a consistent manner. • 9 Unit Catering Supervisors were unaware when they had last received cash handling procedures and/or training. <p>Procurement and Contract Management</p> <p>At the time of the audit the following issues were noted.</p> <ul style="list-style-type: none"> • The delay to the appointment of a Head of Procurement which significantly impacts on EA’s ability to move forward with the required change management processes, including the move to Category Management. • Although there has been work completed on Contract Management activities, development of systems was still found to be in early stages in regard to an embedded, enduring system. • Procurement Risk management has been highlighted as under developed, with more work required to enable a more robust system which will support the establishment of a Centre of Procurement Excellence. • It is hoped that the recommendations within this report will further assist management to continue working towards the implementation of all necessary controls required for CoPE reaccreditation in 2019. • Following a follow up review conducted by the Head of Internal Audit and Assurance, all of the key recommendations had been effectively implemented allowing the assurance rating to be upgraded to satisfactory. <p>Stores – Bulk Fuel Storage (Draft)</p> <p>The need to:</p> <ul style="list-style-type: none"> • verify diesel charged for on invoices to delivery dockets;

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Directorate	Area
	<ul style="list-style-type: none"> • introduce a standard system and related procedures across the Authority to record the delivery and usage of bulk diesel; • verify the actual fuel in tanks to the corresponding records and explain the differences; • calibrate fuel pumps at regular intervals; • ensure records of fuel use are accurate; • reprogram computer keys as required; • review security arrangements; • review the management of the risk of fuel leaks; and • review compliance with environmental regulations. <p>Continuity and Contingency Planning</p> <p>EA does not have an emergency planning/ disaster recovery professional on staff at present. External consultancy support has recently been secured in the interim.</p> <p>Operational lead for this area has not yet been confirmed. This is an important appointment. It will facilitate the completion of:</p> <ul style="list-style-type: none"> • comprehensive DRC planning to meet the standards of provision set; • scenario testing to provide intelligence on the key risks impacting schools; and • response plans for the most at risk locations which secure cost-effective means of addressing risk and achieving continuity in the timescale required. <p>Very limited relevant training has been provided to staff that currently carry some responsibility for DRC activity.</p> <p>Indicative Maximum Tolerable Period of Disruption (MTPD), Recovery Time Objectives (RTO) and Minimum Service Levels (MSL) for schools have not yet been agreed with the Education Directorate.</p> <p>A small sample of schools (11) approached during this review, generally did not have sufficient DRC plans in place. They were not well informed about the disaster recovery process and had limited knowledge of how their school and EA would collaborate to recover from a major incident. All schools approached would welcome the provision of DRC training and template planning documentation.</p>
<p>Children and Young Peoples Services</p>	<p>Procurement - CoPE Youth Transport</p> <p>While it was noted all EA youth offices are broadly complying with guidance and operating the e-requisition and i-procurement system there are still weaknesses both within the youth processes and i-procurement system that if not addressed</p>

Accountability Report – Corporate Governance Report
Governance Statement

Directorate	Area
	<p>may lead to system objectives not being achieved. There were 6 priority 2 recommendations which have all been accepted by management.</p>
<p>Human Resources & Legal</p>	<p>Legal Services Petty Cash</p> <p>Internal Audit were unhappy with a work around solution that involved the Head of Legal Services getting paid a cheque into his bank account and then drawing down cash to pay for the cost of submitting legal bills in court. There was no indication of any wrongdoing.</p> <p>EA Staff Health, Well Being and Attendance Management</p> <p>There is evidence from this review that Management recognises the need for an effective and efficient service, which will improve staff welfare and combat staff absence. Staff and management are to be commended on the changes already implemented such as the focus on the development of Policy, Health Promotion, and the rollout of training programmes for Principals and Governors. Progress has also been made in the development of single EA policies and forms. The Limited Assurance detailed in this report reflects current system weaknesses in core areas of staff welfare /attendance management, as follows.</p> <ul style="list-style-type: none"> • Although there are adequate policies and procedures documented in the Managing Attendance Policy these are not being implemented correctly by Line Managers / Service Managers. • A lack of detailed and timely Management Information on staff absence has reduced opportunities within the organisation for identifying staff in need of assistance at the earliest possible stage. • Audit testing has identified that a significant number of Occupational Health referrals are exceeding policy timescales, and there is no established system to identify and measure reasons for line management’s non-compliance. There is a current lack of implementation of “Return to Work Procedures” by line management which are considered a vital ingredient in the successful management of staff welfare. <p>Payroll and Allowances (Draft)</p> <p>The assurance would have been satisfactory except that 7 cases were found where members of staff had been employed before their access NI checks were completed. It was noted that some Engagement Forms, in Dundonald, had a note at the top to declare that a ‘Risk Assessment’ had been carried out. This appeared to have been a mitigation method to allow schools to engage staff before Access NI checks were complete. Internal audit requested sight of both the policy for these and the actual risk assessments, however, neither was forthcoming.</p> <p>While it is recognised that it is often necessary to employ staff at short notice, to provide cover, especially in child centric roles, such as Classroom Assistants and Transport Escorts, the law requires that no barred person is ever engaged in Regulated Activity, irrespective of any risk assessments. While such actions are</p>

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	<p>legal for volunteers, as long as they are under sufficient supervision, the same leeway is not available for employed staff (especially in specified places, such as schools).</p>
<p>Education</p>	<p>Inter Cultural Education Service Vulnerable Persons Relocation Scheme (VPRS) (Draft)</p> <ul style="list-style-type: none"> • DE confirmation budget allocation letters received by EA are not always retained. • The additional earmarked windfall payment of £308,700 received from DE on 15 May 2018 via the HO to cover education costs associated with the operation of the scheme during 2018-2019 financial year has not yet been allocated to schools by the EA. The confirmation budget allocation letter for this funding was sent to EA by DE on this date • Funding of £108,500 received from DE on 5 June 2018 via the HO to cover the exceptional education costs incurred in providing special school places for children who arrived under the VPRS scheme during 2017-2018 financial year has not yet been allocated to schools by the EA. The confirmation budget allocation letter for this funding was sent to EA by DE on this date. • Prior to the audit the VPRS Support Officer identified that an overpayment of £42,930 had been made to 11 schools. To date EA has recouped £38,880 from 10 LMS school budgets. • January 2018, £4,050 was incorrectly paid to St Genevieve’s High School, Belfast when the funding should have been paid to St John the Baptist PS, Belfast and January 2018, £10,935 and March 2018, £1,215 totalling £12,050 was incorrectly paid to Seaview Primary School, Glenarm when the funding should have been paid to Seaview Primary School, Belfast. • March 2018, Holy Family Primary School, Magherafelt and March 2017, St John the Baptist Primary School, Craigavon were underpaid by £450 and £6,000 respectively. • March 2017, St John the Baptist Nursery School, Armagh and St John the Baptist Primary School, Belfast were overpaid by £1,500 and £4,500 respectively. • EA has not retained the agreed 10% of total VPRS funding to contribute towards their additional costs directly associated with the VPR scheme; • VPRS funding for Further Education (FE) pupils is paid to and kept by the EA. • Support visits were recorded on a new school support form introduced by IES in October 2018. <p>ELS Book Stock</p> <p>Internal Audit has identified a number of weaknesses within the governance, risk management and control framework.</p>

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	<ul style="list-style-type: none"> • The need for a comprehensive review of library stock to ensure that the ELS catalogue is a complete and accurate record of all books - the ELS catalogue of books is the basis for the book stock figure in the Annual Accounts; • The identification of a complete and accurate book stock figure and valuation for inclusion in the Annual Accounts
<p>Finance & ICT</p>	<p>BACS Procedure</p> <p>Internal Audit identified a number of weaknesses, largely stemming from the transition process to the new system, in relation to the completeness, accuracy and validity of data input to process BACS payments.</p> <ul style="list-style-type: none"> • Incorrect bank account details and incorrect supplier details were provided and entered onto the finance system resulting in error reports, bank rejections and in a small number of cases, incorrect payments. • seven incorrect BACS payments were made to individuals for transport grants and a payment to a school (six at £660.10 and one at £168). • Difficulty in establishing appropriate arrangements with the bank to recoup these monies. • Appropriate action was not always taken regarding payments correctly rejected by the bank e.g. to reissue correct and appropriate payments. • Some reports requiring the amendment of bank and sort code numbers were not appropriately actioned. • A decision was taken to upload payment details for VG/GMI schools, PEG, transport, youth and social inclusion recipients to the finance system through an interface (upload file) and this may have impacted on the initial problems with the system. • ICT staff have access to amend BACS payment files before they are processed for payment. <p>Holy Cross PS Attical Financial and Governance Systems</p> <p>Internal audit were invited to conduct this review by the school Board of Governors. Internal audit provided overall limited assurance and all recommendations were accepted by the Board of Governors.</p> <p>Brooklands PS Cash Handling</p> <p>There are numerous weaknesses in how cash is handled within the school and the implementation of all recommendations will be required to ensure that current processes within the school comply with EA Financial procedures.</p>

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Internal Audit Reviews with Unacceptable Assurance

Directorate	Area
<p>Children and Young Peoples Services</p>	<p>Youth Investigation into International Trips</p> <p>Internal Audit found that Event Permission forms were not completed and submitted by the Leaders / Worker in Charge for approval for joint International trips which included members of the Controlled Youth Clubs in North Belfast and were run in partnership with Voluntary sector Youth Clubs. It was also found that parental consent forms had not been completed.</p> <p>Management in Youth need to review the current practice of international trips being run in joint partnership with the Voluntary Sector and determine if it is appropriate if current practices continue including the Voluntary Sector taking the lead role and being responsible for obtaining parental consent or if a partnership agreement needs to be developed.</p> <p>The recommendations were accepted and implemented and the Assurance has been uplifted to Satisfactory.</p> <p>Speech and Language Services (Draft)</p> <ul style="list-style-type: none"> • Review of the systems currently in operation reveals numerous inconsistencies and anomalies in the criteria and processes for children placed in Speech and Language classes/school and also for those children provided with outreach support. • The Language and Communication Service must ensure that there is equitable access to the services provided for all children requiring support. In order to achieve this, a regionally consistent framework to include regionally consistent referral criteria and processes for children should be introduced as soon as possible with a regional referral form being completed for all children availing of the service.
<p>Finance and ICT</p>	<p>St Patrick's Castlewella Cash Handling Review</p> <ul style="list-style-type: none"> • No written cash handling or other financial procedures were in place at the school. • There was no safe in the school. Cash is held in a locked storeroom overnight prior to being lodged. • Meals Registers were kept, but do not adequately indicate the value of the cash/cheques collected from pupils for meals. • There was no evidence of adequate Income records or Ledgers being maintained. • Lodgements were not being made on the recommended weekly basis and, as a result, large amounts of cash appear to have been kept on the school

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	<p>premises for long periods. The failure to regularly lodge cash significantly increased the risk of loss due to fraud, theft or error.</p> <ul style="list-style-type: none"> • No lodgement analysis documentation for general income could be found. Some general income lodgement stubs and/or Post Office receipts had some lodgement detail noted on them (e.g. breakfast club or after schools club), but there is no reliable record or breakdown of lodgements which could be reconciled to income (if such records had existed). • The pattern of lodgements noticeably changed during 2015/16 with only 5 lodgements totalling £2491.95 being made to General Income between September 2015 and March 2016. During the previous year there were 157 General Income lodgements totalling £6,730.55. It was notable that, after the new Secretary started in June 2016 the lodgements became regular again with 8 lodgements, totalling £479.45 being made during June and July. <p>Towerview PS (School Audit)</p> <p>The internal audit report made a substantial number of recommendations covering Corporate Governance, Financial Management, Asset Management, Procurement, Cash Handling, Private School Funds, School Meals, Use of Premises and Staff Management.</p> <p>Kirkistown PS (follow-up)</p> <p>The final report was issued on 24th October and followed-up on a report issued in January 2016 with an unacceptable audit opinion. A follow-up in 2017 had found that no progress had been made, due to the Principal’s sickness absence, which resulted in a Caretaker Principal being appointed. A new permanent Principal has now been appointed and, at the time of the audit, he had 19 of the 42 recommendations either fully or partially implemented. A further follow-up review will be scheduled to ensure implementation of the outstanding recommendations.</p> <p>Towerview PS Healthy Breaks Club Catering Charges</p> <p>The final report was issued on 28 November and found significant over-charging had occurred from September 2011 to the present. The Catering Service was unable to provide all requested documentation during the audit, making it impossible to calculate a definitive figure for the overcharge. However, based on the journals raised against the school, the overcharge may have exceeded £65,000, over the full period. Catering have agreed to recover the missing documentation from the archives and establish the actual overcharge</p>

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Quality of Data

EA relies on information from a number of sources to inform its deliberation. These are:

- statistical information (for example, data relating to school enrolments, free school meals, attendance, workforce, special educational needs);
- financial information (including monthly monitoring reports on capital and resource expenditure and the preparation of the Annual Accounts);
- human resources information (including data on attendance management);
- special education needs data;
- estates management information;
- internal and external audit evidence (mainly used to assess the effectiveness of systems and processes); and
- ETI Reports.

Having inherited many data sets from the legacy organisations EA is undertaking a process of replacing, contract expired, data sets with single EA ones. As a single data management policy was not adopted by the legacy organisations, inconsistencies exist in the data collected and stored. This presents challenges in the procurement of single systems and in maintaining the quality of reports which transcend the old and the new.

Information on attendance is monitored by the HR Directorate.

The Head of Internal Audit and Assurance prepares reports which summarise the work carried out by the Internal Audit team in the last financial year, and which are used to provide an assurance to the Chief Executive. No material issues had been found which would affect their opinions.

As part of the wider Corporate Governance arrangements, Heads of Sections completed assurance statements, reviewing the control environments for which they are responsible. The results of these statements were reviewed by Managers and the Directors to ensure that a comprehensive assessment of the current control issues has been made and that all potential areas of significant risk are being addressed within the internal control environment and audit plan.

The Directors provided an assurance statement to the Chief Executive in relation to those areas for which they were responsible, covering:

- corporate governance;
- system of internal control;
- risk management;
- fraud and losses;
- statutory duties;
- information security; and
- issues of concern for inclusion in the governance statement 2018-19.

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The Board considers the information contained in papers presented to them by appropriate senior officers to make decisions.

Papers are prepared by officers and subject to review by the relevant Director before presentation to the Board. Directors have in place effective monitoring arrangements to ensure the accuracy of data used for decision making.

EA is also reliant on external data to help make informed decisions. Whilst EA seeks to establish the accuracy of any such external data, it has been generated from outside the control of the Board and as such EA cannot give the same level of assurance.

Ministerial Directions

There were no Ministerial Directions issued to EA during the year.

Risk Assessment

The Board has responsibility for ensuring that an effective risk management process is in place and regularly reviewed. In discharging this responsibility, it is supported by its ARAC and Internal Audit Service.

A Risk Management Strategy and Policy is in place, developed by the Risk Management Group and endorsed by the Chief Executive and ARAC.

The Risk Management Strategy outlines the strategic approach to risk management and details a formal process for identifying, assessing, managing and monitoring risks, including a prioritisation methodology based on risk ranking of impact and likelihood.

Risk management is continuing to evolve as the processes become fully embedded into EA's business and services and feature within the corporate and business planning process. The Corporate Risk Register identifies key risks that could militate against the achievement of the corporate objectives and actions that are taken to reduce those risks. The Corporate Risk Register is considered to be a living document as the mitigation of risks is under continuous review.

The Corporate Risk Register is regularly reviewed by the Corporate Leadership Team, and the Audit and Risk Assurance Committee.

Government Funding Database

With regard to the Government Funding Database, the requirements of Finance letter FD (DFP) 17/05 have been adhered to, including that data input is complete and accurate, that the database was consulted prior to funding being approved in order to protect against fraud or duplicate claims and that awards and payments were recorded in a timely manner and that due regard was given to the application of standards set out in 'Best Practice in Governance and Finance in the Voluntary and Community Sector Manual', as referred to in FD (DFP) 17/05, and application of the principles set out in the 'Code of Practice for Reducing Bureaucracy in Grant Funding to the Voluntary and Community Sector', as referred to in DAO (DFP) 08/15.

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Data Protection

With regard to Data Protection, EA ensures that the personal data it holds, is processed in line with the principles of the Data Protection Act 1998. Work was carried out to prepare EA and schools for the implementation of the General Data Protection Regulations (GDPR) and ensure compliance from 25 May 2018.

EA has been working with the Information Commissioner's Office (ICO) in line with their 12 step plan to put in place the relevant policies, procedures, structures and training programmes to support effective management of personal data and to ensure compliance with the new regulations.

In addition, EA has developed a range of GDPR resources and guides for schools to raise awareness of the new legislation and to support schools in understanding and complying with GDPR. This includes an online resource hub containing guides and templates, a dedicated telephone helpline and email address for advice and support and a number of videos and animations outlining the key changes in requirements.

National Fraud Initiative (NFI)

The Comptroller and Auditor General (C&AG) for Northern Ireland has been given statutory powers to conduct data matching exercises for the purposes of prevention and detection of fraud.

EA is fully engaged with this process which analyses data submitted by the wide range of public sector bodies participating in the National Fraud Initiative. EA submits a range of data sets which are matched against the data sets uploaded from, for example, all UK local authorities, some housing associations, student loans company, payroll, taxi licencing and deaths records. Data matched from the 2016-17 NFI exercise were received in January 2017. These have all now been prioritised, reviewed and investigated.

Fraud risk is continually assessed within each business area of the organisation and reported quarterly to the Audit and Risk Assurance Committee.

Significant issues faced during 2018-19

Financial Management and Reporting

EA's financial target is to contain expenditure within the accrued limits approved by the Department of Education (DE) and the Department for the Economy (DfE).

EA received an opening education budget allocation of £1,869 million, which was equivalent to what EA spent in 2017/18. Through monitoring rounds and internal DE budget reallocation exercises EA received additional budget allocations of £59.2 million (of which £32.2 million was for earmarked initiatives) resulting in a final recurrent education budget of £1,928.2 million for schools and youth (excluding Premature Retirement Costs).

As part of its 2018-19 planning, EA had identified an initial assessed budget requirement resulting in an opening funding gap of £38.4 million. This position was reported to and subsequently approved by DE in July 2018 in the EA Initial Budget Plan for 2018-19.

EA's expenditure in 2018-19 was £1,943.1 million on schools and youth (excluding Premature Retirement Costs), resulting in an overspend of £14.9 million on EA's education budget. This

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overspend equates to 0.8% of EA's closing budget allocation in 2018-19. There was an underspend on student and further education support services funded by DfE. As a result EA overspent by £14.6 million compared with the overall resource budgets allocated by its sponsoring departments in 2018-19.

EA's £14.9 million overspend on the education budget is mainly due to overspends in Special Educational Needs (SEN) (£5.3 million), rates (£1.2 million), transport (£3.3 million), schools increasing deficits (£3.3 million), and headquarters costs (£2.2 million). The financial position was offset slightly by net underspends in other service areas (£0.4m).

The Senior Management Team as well as the Finance and General Purposes Committee and the Audit Risk and Assurance Committee, monitored and reviewed the financial position during the course of the year. The relevant committees and Board have been advised of the significant financial challenges and risks of overspends from the start of the year and the structural and business matters underpinning these challenges and the impact of new pressures.

Monthly Expenditure and Monitoring Reports were returned to DE and reflected the risks in respect of increases in service demand and the challenges of meeting budget cuts and structural issues. These issues were also discussed with senior DE officials including the Permanent Secretary and formally through the Governance and Accountability Review meetings. EA continued to highlight the need for additional funding to DE to address increasing demand for services such as special needs.

Over 90% of EA services are policy, statute and contract-based and over 80% of costs are staff-based. This means that costs cannot be significantly reduced without changes to legislation, contracts and staffing levels which can be costly and will take time. EA is continuing to take action to reduce costs where possible.

EA has yielded savings of over £80m since its establishment and further savings in excess of £20m are planned for 2019-20. Savings delivered to date are in addition to a real terms reduction of approximately £250m in the EA resource budget since 2010/11.

EA has reported overspends against recurrent budget in 2016-17 and in 2017-18. The current overspend for 2018-19 makes this the third consecutive year in which budget allocations have not been sufficient to fund the range of statutory and contractual educational services EA delivers to children and young people.

In August 2018 the Northern Ireland Affairs Committee launched an inquiry into education funding in Northern Ireland to examine whether the levels of funding allocated to education in the Northern Ireland Budget are sufficient to meet the challenges facing the sector. This report was published on 22 July 2019.

EA has publicly stated that there is not enough money to continue to run the education system as currently structured or to sustain or improve educational outcomes. EA has been managing some cost pressures and increases but finds it increasingly challenging to deal with the combination of constrained budgets, demand increases, inflation, new requirements and deteriorating schools' finances.

The sector and schools are under severe pressure. EA will continue to seek opportunities to reduce costs and to make the case for additional funding to support schools and services to schools, children and young people.

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DE Agreement of 2018/19 Business Plan

In the absence of a minister to approve the 2018/19 EA Business Plan, DE officials were responsible for agreeing the plan. Pending agreement being reached between EA and DE on a full suite of EA business planning and reporting documents, DE provided conditional agreement of the EA 2018/19 Business Plan.

Teacher Industrial Action

Industrial action by four of the five main teaching unions has continued throughout 2018-19. The impact of this has been variable across schools with many school leaders working hard to try to mitigate against direct impact on pupil learning. Industrial action has resulted in an increased pressure on school leaders and governors, and a reduction in engagement in professional learning opportunities for teachers including the sharing of practice to promote school improvement.

Furthermore, the inability of the ETI to report an overall effectiveness conclusion when inspecting schools, coupled with a reduction in school improvement documentation being forwarded to EA has resulted in the School Development Service (SDS) being unable to accurately identify schools in need of support.

In order to mitigate against this impact, the SDS continues to work closely with DE, the ETI and individual schools focusing on school improvement. Schools notified of an inspection are provided with written guidance through correspondence to the Chairs of Governors, and EA's key priorities around ensuring the quality of education provision, well-being and outcomes for all learners are reiterated through this correspondence.

To continue to ensure EA are identifying schools in need of support, a schools data profile framework has been developed. In addition SDS senior staff meet with DE on a quarterly basis to discuss individual schools.

Restructuring and Transformation

The appointment of five new Directors early in 2016 marked the beginning of the new regional management structure of EA and provided much needed certainty in terms of leadership and strategic direction. The focus has now turned to the transformation within Directorates where EA is committed to building an organisation that has a truly regional focus, is innovative, forward-looking and delivers excellent education services for all. The appointment process for Assistant Directors commenced in February 2017 and was completed in 2017-18. The Assistant Directors will provide increased capacity and momentum to drive the transformation of EA services and full implementation of EA as a single regional organisation. There was and remains a significant body of work in moving all operational business practice to a consistent and harmonised means of operation across EA.

EA has continued to operate a Voluntary Exit Scheme (VES) for non-school based support staff in 2018-19 to support the change programme and delivery of the EA 2018-19 savings plan. The establishment of interim and enduring management structures has provided opportunities to facilitate voluntary severance. During the years, 2015-16, 2016-17, 2017-18 and 2018/19, through VES 508 posts have been suppressed across all senior, middle, clerical and administrative grades of staff. All VES exits are subject to scrutiny and approval by EA, assessed against predetermined

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criteria including equality of opportunity to staff, assurance in terms of service continuity and risk mitigation, demonstrable value for money and a payback period not exceeding 3.25 years.

The UK’s Decision to Leave the European Union

Following the United Kingdom’s (UK) decision to leave the European Union (EU), DE has been fully involved at the strategic and operational level in the Northern Ireland Civil Service cross departmental European Union Future Relations Programme (EUFRRP) led by The Executive Office. Policy areas likely to be affected have been identified and assurances sought from EA that the delivery of services will continue seamlessly from the day following exit. DE continues to liaise with Department for Education in Whitehall and the Department for Exiting the EU. The implications of Brexit on EA’s services is kept under regular review by the Corporate Leadership Team.

EA has developed contingency plans for a “no deal” scenario, including the establishment of an Operations Centre within EA with a single point of contact telephone line and e-mail address for all schools to report any issues in relation to EU Exit. Risks around the transfer, processing and protection of data in the event of no deal have been identified and reported to DE.

Strategic Area Plan 2017 - 2020

On 28 April 2017 EA on behalf of the Council for Catholic Maintained Schools (CCMS), Comhairle na Gaelscolaíochta (CnaG), Northern Ireland Council for Integrated Education (NICIE), the Governing Bodies Association (GBA), the Controlled Schools’ Support Council (CSSC) and the Catholic Schools Trustees’ Service (CSTS) published ‘Providing Pathways – A Strategic Area Plan for School Provision 2017 – 2020’ (the Area Plan), with an accompanying Area Plan Annual Action Plan.

The Minister of Education highlighted that the challenge that faces almost all Local Government Districts (LGDs) is that there are many schools that are too small to adequately provide for their pupils and ensure they have the opportunity to fulfil their potential, particularly primary schools with more than two composite classes and Sixth Forms with fewer than 100 pupils. The Annual Action Plan for 2018/19 identified 142 work streams across primary, post-primary and special schools and, of these, 22 have progressed to publication of a development proposal and 111 have been carried forward into the Annual Action Plan for 2019/20, and 9 did not progress to a development proposal..

The table below provides an overview of the number of primary schools with two, three or four teachers, in October 2015.

Total number of 2, 3, 4 teacher schools in October 2015

Number of Teachers	Number of Schools
1	1
2	36
3	69
4	91
Total	197

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The table below provides an overview on the actions undertaken to date by the two Managing Authorities and Sectoral Bodies in relation to these schools through the Area Planning process.

Overview of Area Planning Actions

Number of Teachers	Closed	Amalgamated	Included in 2017/18 Action Plan	Included in 2018/19 Action Plan	In Shared Campus Programme	Awaiting Judicial Review Outcome	Total
1	No Action – St Mary’s PS, Rathlin						
2	5*	5*	19	6	1	1	37
3	4	0	6	15	3	0	28
4	0	3	0	6	1	0	10
Total	9	8	25	27	5	1	75

**includes schools due to close or amalgamate in September 2019*

Schools Financial Planning

A significant proportion of EA’s overall budget is delegated to schools with Boards of Governors and Principals having delegated authority in respect of financial management.

The EA has continued to engage with schools in a challenging financial climate. EA worked with DE throughout the year advising DE on the estimated position in respect of schools surplus draw down requirements and deficits based on the information available and reflecting the risks.

New HR and Payroll System

As part of an initiative to modernise its Finance and HR systems, EA is taking forward a project to design, build and implement a new HR and Payroll system harmonising the system, processes and practices across the five legacy Education and Library Boards. This is now integrated within the 2nd phase of the EA One project. Progress has been made during the year but the project identified a range of complexities which impacted the proposed go live date. The HR/Payroll element of this new integrated Finance/HR system has been re-assessed and an updated business case presented. The timescale and costs have been updated as part of this exercise.

In the meantime, the existing non-teaching and DE teachers’ payroll systems will continue to be used, with interfaces to the new finance system.

ICT Services

The Education Technology Services (ETS) project has been established to put in place the replacement contract(s) for the existing C2K contract currently delivering technology services to schools in Northern Ireland.

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To date C2K services have been delivered by Capita via a managed service contract, EN(ni). Recently the EN(ni) contract has been extended by 2 years, until March 2021, to ensure continuity of service to schools while EA procure the replacement solution(s).

This extension was necessary to ensure that the EA, in support of the NI Executive commitment to the use of shared services in public sector contracts, could consider the NI shared services network project (NIPSSN) to provide connectivity to schools. To de-risk delivery of connectivity for other bodies such as NICS and PSNI, EA was asked to defer the network elements related to C2K to phase 2 which is currently scheduled to commence in autumn 2019.

The VEAT notice for the extension of the existing EN(ni) contract included an additional +1 year extension. Legal advice confirms that EA can rely on economic and/or technical reasons within Regulation 72(1) (b) to ensure continuity of service to schools until March 2022. This will ensure that sufficient contingency is in place to deliver a transition from the legacy service to the new service(s).

A Strategic Outline Case for ETS has been approved and ratified by the ETS Project Board which is attended by DE, CPD and other stakeholders. A small project team of EA staff be supplemented in April 2019 by a team of external advisors to assist with the technical and financial aspects of delivery a project of this size and scale.

CoPE

An independent review of EA CoPE reaccreditation was carried out and a report produced in March 2018. The findings from the report were that EA did not fully meet the requirements of the CoPE Accreditation Model. A number of recommendations were made in the report and an action plan developed. The Procurement Board decided in June 2018 that EA would be accredited for 12 months to allow time for action to be taken on the accreditation recommendations. EA continues to work to implement its Procurement Strategy Implementation Plan and this work is monitored closely by DE through its EA CoPE Re- Accreditation Oversight Group.

At the DE/EA Oversight scheduled for February 2020, EA will formally request that the Department engage with CPD to set a set for CoPE re-accreditation (date expected to be early May 2020). A PID is developed and a project team is established comprising all Senior Category Managers, Procurement Operational Team Leader, Procurement Compliance Manager and Head of Procurement, with the QA function being conducted by an external advisor.

The project team has developed a high level project plan and a first draft Evidence Portfolio covering all elements of accreditation. Team members have been allocated responsibility for collecting evidence; the project team have set aside two days per month for January, February and March and 5 days for April 2020 to meet to review evidence collected and plan further evidence required and monitor project plans.

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Conclusion

In conclusion, as Chief Executive and Accounting Officer for EA, I can confirm that the Governance Statement has been formally reviewed by the Audit and Risk Assurance Committee, that it is complete and accurately reflects the latest assessment of the state of governance within EA.

A handwritten signature in black ink, appearing to read 'Sara Long', with a small dot at the end.

Sara Long
Chief Executive (Accounting Officer)
(from 1 April 2019)

Date 26 May 2020

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Management of Significant Risks

Description of Issue	Remedial Action Taken	Projected Timescales to Resolve the Issue
<p>EA does not plan effectively for the level of savings or actions required in order to deliver a balanced 2019-20 Resource Budget.</p>	<ul style="list-style-type: none"> • Input to DE and DOF budget planning exercise and in-year monitoring rounds. • Regular DE/EA Finance meetings and engagement. Budget papers and briefings to DE/Board/DOF clearly reflect financial challenges/service drivers. • Development of EA financial needs and gap as part of budgeting process (2018-19). • Financial health check as part of 2019-20 schools’ financial planning exercise and feedback to DE highlighting challenges facing schools. • VGS/GMI viability review. • Board endorsed financial strategy of savings and bids in place. • Establishment of realistic profiled outturn as part of initial budget planning. • Monitoring of in year expenditure against initial budget planning assumptions. • Development of savings delivery plans. • Budget briefing events with Principals and Governors delivered and continuing to support financial planning processes. • Monthly Expenditure Monitoring Reports provided to DE. • Re-establishment of surplus-deficit working group. • EA engagement in DE led projects (CFS review, Financial Health of Schools project and SEN project). • Ongoing enhancement of budget processes. • Improved monitoring and oversight through CLT reporting. • New approach to financial planning enhanced in 2019/20 which enhances the support and challenge to schools, feedback to DE. 	<p>On-going</p>

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Description of Issue	Remedial Action Taken	Projected Timescales to Resolve the Issue
	<ul style="list-style-type: none"> • Business partnering function adequately resourced to support direction of financial requirements. • Development of 3 year recovery plan to identify actions required to address current and future financial challenges. • Clear understanding of cost drivers developed and reported against all key demand led services. • Management and application of Severance Schemes including assurance that criteria are applied, equality of opportunity is ensured and that traceability against the financial requirements of the scheme (s) is met. • EA VES Scrutiny Panel meets on a monthly basis to check that the above criteria are met before approval is given to proceed. • Management of VES for teaching and non-teaching schools posts are subject to DE approval in accordance with prevailing scheme requirements including submission of BoG Assurance Statements and templates demonstrating required payback period. • Final approval of corporate VES proposals through EA Scrutiny Panel (subject to availability of funding from DE) follows approval of business case by directorate and confirmation that VES proposal meets required payback period. • Development of EA financial strategy and savings plan, and associated RAG rating for each savings measure. • Monitoring of savings plans. Director designated owners for savings. • Budget workshop advising Board members on budget position, risks and savings/cost reduction impacts and service consequences. • Engagement with key stakeholders/influencers on financial challenges. • Continued enhancement of monitoring, oversight and reporting of savings delivery. • In-year monitoring of actions identified in schools financial planning exercises. 	

**Accountability Report – Corporate Governance Report
Governance Statement**

Description of Issue	Remedial Action Taken	Projected Timescales to Resolve the Issue
	<ul style="list-style-type: none"> • Operational changes to standardise service delivery across EA. • Analysis to understand key business drivers and constraints. Discussion / engagement with DE. • Key service drivers and need for transformation highlighted to DE/DOF. • Ongoing liaison with EA Board and its Committees to oversee and approve the work required to establish new structures within EA and shape service delivery. • Benchmarking of EA Finance, Procurement, HR, Payroll and ICT services with other public sector bodies via the PSSSP project led by DoF. • Compliance with robust Governance and Accountability Framework established by the DE, including compliance with revised Governance and Accountability Review arrangements. • Monthly analysis and reporting to FGPC, CLT and Board on financial position. • Monthly reporting to DE. • OBIEE reports being enhanced. <p>Action Plan for Improvement</p> <ul style="list-style-type: none"> • Development of 3 year recovery plan to identify actions required to address current and future financial challenges. • Development of enhanced reporting of service cost drivers. • Engagement with schools to enhance financial management, conditional approval approach implemented. • Cross directorate extension of financial management in schools rolled out. Financial databases being enhanced. • Analysis of each directorate to identify service costs drivers, options for additional savings, and constraints, dependencies and risks to delivery. Discussion through Board workshops. Agreement with DE on format of EA budget plan. 	

**Accountability Report – Corporate Governance Report
Governance Statement**

Description of Issue	Remedial Action Taken	Projected Timescales to Resolve the Issue
	<ul style="list-style-type: none"> • Development of benchmarking and service metrics across schools and service lines to improve analysis and management of performance. • EA to feed into DE review of CFF • EA is continuing to work with DE on financial position and highlight position to DoF. 	
<p>EA fails to deliver on the transformation programme whilst providing equitable and consistent standards of service to inspire, support and challenge our Children and Young People to be the best that they can be.</p>	<ul style="list-style-type: none"> • Engagement with DE to highlight the pressures associated with service reviews and restructuring. • Ongoing monitoring of expenditure and assessment of staffing and budget requirements. • Liaison with EA Board and Committees to approve and oversee the work required to establish new organisational structures within EA and shape service delivery. • Voluntary exit scheme with approvals subject to business need and aligned to functional reorganisation. • An OD&L Strategy has been developed and is presently being rolled out with the objective of building capacity of staff and managers. • EA website in place and continually updated to provide information and advice/guidance. • EA ICT Programme Board in place and overseeing on-going development and implementation of ICT systems and on-going compliance with the requirements of the Governance and Accountability Framework established by DE. • Finance, HR/Payroll, ICT - Staffing/investment establishment of baseline comparison to Health/NICS via NI Public Sector Shared Services Project. • Establishment of ICT PMO, enhancing ICT project management and link to EA digitalisation agenda. • Delivery of a 10 year Organisational Transformation Programme through an agreed structure and governance framework. 	<p>30/6/20</p>

Accountability Report – Corporate Governance Report
Governance Statement

Description of Issue	Remedial Action Taken	Projected Timescales to Resolve the Issue
	<ul style="list-style-type: none"> • Development of transformation proposal and discussion with DE and other stakeholders e.g. CCMS • Establishment of a Transformation programme team and required infrastructure. • An OD&L Strategy has been developed and is presently being rolled out with the objective of building capacity of staff and managers. • EA VES Scrutiny Panel in place which ensures that any request for VES will not impact service delivery. • Business cases approved by Directorate include consideration of any impact on service delivery. EA Scrutiny Panel in place for final approval to ensure VES exits do not impact service delivery. <p>Action Plan for Improvement</p> <ul style="list-style-type: none"> • EA Financial Recovery Programme to be developed and progressed. • Communications strategy in development. • Delivery of a 10 year organisational transformation programme through an agreed structure and governance framework. • Development and implementation of intranet to ensure effective communication to staff. 	
<p>EA does not understand the risks and complexities of implementing new projects and they are not commenced and operational within appropriate timescales.</p>	<ul style="list-style-type: none"> • Project reset undertaken with revised implementation schedule and associated resource plans developed. • Resource Link contract extended and secured to meet current needs. • Strategic partner secured to support implementation. • Plans take account of recommendations from previous Gateway Reviews. • Consultation with users. • Parallel running prior to release of payrolls, and building in lessons of previous go lives. 	<p>30/3/20</p>

**Accountability Report – Corporate Governance Report
Governance Statement**

Description of Issue	Remedial Action Taken	Projected Timescales to Resolve the Issue
	<ul style="list-style-type: none"> • Scrutiny by iFS Project Board. • Chief Executive and Director have an oversight of compliance with CPS policy and legislation. • Liaison with DE to address EA’s requirement to achieve CoPE accreditation. Plan agreed with DE to progress work on the recommendations previously provided by reviewers. • EA Finance system implemented in December 2016 and action plan with supplier to address residual issues in place and being worked through. • Next steps in development of structures and processes is ongoing. • Detailed project plan produced and shared with Lot 8 project board. • Pre-market engagement and stakeholder workshops to develop future proof solution. • Business case submitted to request external advisors to assist with production of OBC. Subsequent business case to cover external advisors throughout the remainder of the project lifecycle. • Detailed paper on risk and mitigations produced and agreed with DE and advised to DE ICT Programme Board. • Detailed discussions with CPD and incumbent supplier to ensure contract extension is in place throughout Lot 8 project lifecycle and to enable transition to new service. • Re-set of project takes into account all current issues and updated business case reflects this. • Revised project structures, governance and work streams developed and put in place. • A number of approaches being taken to attempt to secure resources to meet the resource plan. • Maintain log of all emerging issues and ensure these are addressed. • Detailed consultation has taken place with senior Payroll and HR staff to refresh system requirements. • Conference Room Pilots undertaken to assess look and feel of HR/Payroll solution. 	

**Accountability Report – Corporate Governance Report
Governance Statement**

Description of Issue	Remedial Action Taken	Projected Timescales to Resolve the Issue
	<ul style="list-style-type: none"> • A revised business case has been prepared to take into account revised delivery plans and resources required. <p>Action Plan for Improvement</p> <ul style="list-style-type: none"> • Ongoing population of the staffing structure to meet the resource plan. 	
<p>EA fails to complete the Education Technology Services Project in an appropriate timeframe to ensure continuity of the C2K service and that the new solution does not fulfil the service requirements of schools both now and in the medium to long term.</p>	<ul style="list-style-type: none"> • EA and DE have acknowledged an additional extension of a year is required to allow for this. As a result discussions will begin with the supplier, Capita, to provide costs and a further one year extension. The business case will be submitted to DE in autumn 2019. This will ensure services continue until March 2022. • Detailed project plan is in development to ensure delivery completes within specified timescales. • Updated project board governance structures including STAG to be put in place following ETS workshops. • Detailed engagement has been undertaken across all stakeholder bodies and the findings documented. • Pre-market engagement is being undertaken to ensure latest technological trends and products are considered. • Business case completed to outline advisors required for all phases of the project. • Engagement with CPD to ensure expert procurement advice is available. • Detail a resource plan for approval and run a recruitment exercise. Possibly leverage external consultants in key areas such as OBC and High level requirements. • Additional resource was committed to delivery to ensure draft OBC available by the end of June 2019. • Meeting scheduled with the DE economist to discuss approval time frames. • Robust financial appraisal will be carried out within the OBC. 	<p>31/3/21</p>

**Accountability Report – Corporate Governance Report
Governance Statement**

Description of Issue	Remedial Action Taken	Projected Timescales to Resolve the Issue
	<ul style="list-style-type: none"> • Priority of services will be considered identifying core and optional services in the OBC. • Seek a government call off contract. • EA will procure legal advice through a separate procurement • EA will fully engage with legal advisors and CPD throughout the lifecycle of the project. • Ensure to work with CPD and provide an open transparent procurement process. • Pre-Market engagement will help educate the market place on the procurement opportunities for all, including the incumbent supplier. • Continue with ongoing engagements such as STAG. • Providing a communications strategy to ensure effective stakeholder engagement. • Providing all parties both internal and external the opportunity to express their needs and to enable the project to communicate openly and transparently on what can be delivered. • Create additional project team or include within ETS scope, or have a mixture of both, depending on the application or service in question. • Workshops to discuss and provide project governance over all within EA. 	
<p>Ineffective Area Planning fails to deliver a network of educationally and financially sustainable schools.</p>	<ul style="list-style-type: none"> • Analysis of area based planning to inform the Estates implementation strategy. • Area Plan developed, published and linked to implementation plan. • Shared Education Committee monitoring Shared Campuses Programme. • Monitoring of Strule Shared Education Campus Programme through close working with programme and attendance at SSEC Programme Board and SSEC Managing Authorities Liaison Group. • EA are represented on DE’s Area Planning Local Groups, Area Planning Working Group and Area Planning Steering Group. • Shared Education Committee monitoring Shared Campuses Programme. 	<p>31/3/20</p>

Accountability Report – Corporate Governance Report
Governance Statement

Description of Issue	Remedial Action Taken	Projected Timescales to Resolve the Issue
	<ul style="list-style-type: none"> • Monitoring and providing support to the Strule Shared Education Campus Programme through close working with the Programme and attendance at SSEC Programme and Project Boards and SSEC Managing Authorities Liaison Group • Cross Directorate working groups established so that all services have an input to the Area Planning process. • Transformation Programme funding targeting the acceleration of the DP process and facilitating reallocation of resource within EA. <p>Action Plan for Improvement</p> <ul style="list-style-type: none"> • Work with DE, CCMS and sectoral bodies to complete an evaluation of the first Strategic Area Plan 2017-202, to include lessons learned. • Infrastructure service review underway which will consider how to fast track capital expenditure with regards to Area Planning decisions. 	
<p>The continuing Industrial Action by Teaching Trade Unions impacts adversely on the quality of education in schools.</p>	<ul style="list-style-type: none"> • Regular communication with Teaching Trade Unions through TNC • Updates as appropriate provided to School Leaders • Regular communication with Teaching Trade Unions through TNC • Draft agreement with Teaching Negotiating Committee (TNC) Management Side and Trade Unions – subject to required approvals from DoF. • Transition and readiness plan being developed. 	

Accountability Report – Remuneration and Staff Report Remuneration Report

Board Members

The Chairperson of the board is paid by EA at a rate and on such conditions as determined by DE. EA makes payments to board members at rates and on such conditions as determined by DE. Board members also receive travelling and subsistence allowances. The mileage allowance rates agreed by the National Joint Council for Local Government Services are applied. No board members receive or make pension contributions.

Chief Executive and Senior Officers

Mr Gavin Boyd acted as chief executive of EA for the 2018-19 year. Mr Boyd was an employee of DE and as such his salary was paid by DE. Details can be found in the DE Annual Report and Accounts at the following link <https://www.education-ni.gov.uk/publications/department-education-annual-report-and-accounts-year-ended-31-march-2019>.

The remuneration of the Directors is determined in accordance with a performance management framework with a process to ensure that objectives are demanding, achievable and fair. Objectives for directors were set by the chief executive, who also undertook the subsequent assessment. Oversight of the process was exercised by the Remuneration Committee. Objectives are informed by the strategic direction and performance objectives set for EA by DE and are defined and agreed with time-based targets.

Remuneration Committee Members

April 2018 - March 2019

Ms Sharon O'Connor
Mrs Monica Culbert
Dr Ian McMorris
Miss Rosemary Rainey OBE
Ms Nuala Toman

The Remuneration Committee met on two occasions during the year.

Service Contracts

Officer appointments are in accordance with the Joint Negotiating Council (JNC) for EA terms and conditions. Unless otherwise stated overleaf, the officers covered by this report hold appointments until their retirement. The normal period of notice is three months. Policy on termination payments in relation to premature retirement is in accordance with Local Government Regulations and the redundancy provisions.

Accountability Report – Remuneration and Staff Report

Remuneration Report

Salary including Allowances - Audited Information

The following sections provide details of the remuneration and pension interests of senior post holders within EA.

	Salary inc allowance 2018-19 (See Note 1) £000	Performance related pay 2018-19 £000	Pension Benefits 2018-19 (to nearest £1000)	Total 2018-19 £000	Salary inc allowance 2017-18 £000	Performance related pay 2017-18 £000	Pension Benefits 2017-18 (to nearest £1000)	Total 2017-18 £000
Dr Clare Mangan Director of Children and Young People’s Services	95-100	0-5	22,000	120-125	85-90	0-5	35,000	125-130
Mr John Collings* Director of Education	110-115	0-5	37,000	150-155	85-90	0-5	25,000	110-115
Ms Joyce Bill Director of Finance and ICT	85-90	0-5	28,000	110-115	85-90	0-5	26,000	110-115
Ms Sara Long Director of Operations and Estates	85-90	0-5	29,000	115-120	85-90	0-5	26,000	110-115
Ms Clare Duffield Director of Human Resources	80-85	0-5	28,000	110-115	80-85	0-5	25,000	105-110
Mr Seamus Wade Acting Director of Finance and ICT (from 11.02.19)	10-15 (Full year equivalent (85-90))	0	4,000	15-20	-	-	-	-
Mr Dale Hanna Acting Director of Operations and Estates (from 11.02.19)	10-15 (Full year equivalent (85-90))	0	11,000	20-25	-	-	-	-
Mrs Kim Scott Acting Director of Education (from 01.01.19)	15-20 (Full year equivalent (85-90))	0	9,000	25-30	-	-	-	-

*Mr John Collings retired on 31 March 2019

Note 1: Salary including Allowances

Salary is based on actual salary earned for the year. It includes gross salary and taxable allowances but excludes employer’s costs and the payment of legitimate expenses. Performance-related pay is accrued based on actual performance in 2017-18 which becomes due in 2018-19.

Benefits In Kind

Senior post holders do not receive non-cash benefits (benefits-in-kind).

Accountability Report – Remuneration and Staff Report

Remuneration Report

Performance-Related Pay

Performance-related pay is not a bonus but facilitates progression through the pay range for the individual as determined by their performance.

Targets generally are derived at the beginning of each year and are informed from the organisation’s business plan and assigned to individual members of the senior management team. Performance is assessed at the end of the year and establishes the salary for the individual for the year ahead.

Pension Entitlements - Audited Information

	Accrued pension at pension age as at 31/3/19 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/19 £000	CETV at 31/03/18 £000	Real increase in CETV** £000
Dr Clare Mangan Director of Children and Young People’s Services	10-15 Plus lump sum of 0	0-2.5 Plus lump sum of 0	177	145	18
Mr John Collings* Director of Education	5-10 Plus lump sum of 0	0-2.5 Plus lump sum of 0	97	57	37
Ms Joyce Bill Director of Finance and ICT	5-10 Plus lump sum of 0	0-2.5 Plus lump sum of 0	60	39	13
Ms Sara Long Director of Operations and Estates	35-40 Plus lump sum of 0	30-32.5 Plus lump sum of 0	410	36	366
Ms Clare Duffield Director of Human Resources	5-10 Plus lump sum of 0	0-2.5 Plus lump sum of 0	56	35	13
Mr Seamus Wade Acting Director of Finance and ICT (from 11.02.19)	0-5 Plus lump sum of 0	0-2.5 Plus lump sum of 0	28	0	3
Mr Dale Hanna Acting Director of Operations and Estates (from 11.02.19)	15-20 Plus lump sum of 20-25	0-2.5 Plus lump sum of 0-2.5	295	0	8
Mrs Kim Scott Acting Director of Education (from 01.01.19)	25-30 Plus lump sum of 40-45	25-30 Plus lump sum of 0-2.5	500	470	27

*Mr John Collings retired on 31 March 2019

**The real increase in CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the EA’s pension arrangements and for which the DoF’s Superannuation Scheme Vote has received a transfer payment commensurate with the additional pension liabilities being assumed record.

Accountability Report – Remuneration and Staff Report Remuneration Report

Compensation Payable on Early Severance

No compensation was payable on early severance during the year.

Cash Equivalent Transfer Values (CETVs)

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 include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the EA's pension arrangements and for which the DoF's Superannuation Scheme Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. New transfer factors, effective from 7 January 2019, have been used to recalculate the 2017-18 CETV and for the 2018-19 CETV. This is because the real increase in CETV should exclude the impact of any change in factors. It does mean that the CETV now stated for 2017-18 will be different from that stated at the end of last year.

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 2015 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.

Real Increase in CETV

When calculating the real increase in CETV and the pension benefits accrued during the year 2018-19 for the single total figure of remuneration, Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) takes account of inflation. The Consumer Price Index (CPI) increase for September 2018 was +2.4%. The in-service revaluation rate for the Career Average Revalued Earnings Scheme was also +2.4%.

The final salary portion of the pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year plus the pension built up due to the post 31 March 2015 CARE element of pension.

Accountability Report – Remuneration and Staff Report

Remuneration Report

Pay Multiples – Audited Information

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 EA and the ratio to the median remuneration of the workforce is given in the table.

	Period ended 31 March 2019	Period ended 31 March 2018
Band of highest paid director’s total remuneration (full year equivalent)	£110k-£115K	£85k-£90k
Median remuneration (teaching staff)	£37,870	£39,773
Ratio (teaching staff)	3.04	2.20
Median remuneration (non-teaching staff)	£15,112	£13,784
Ratio (non-teaching staff)	7.61	6.35

Total remuneration includes salary and non-consolidated performance-related pay. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The band of the highest paid Director’s remuneration of £110k-£115k excludes any salary arrears which were paid in year.

In 2018-19 no employee (2017-18: seven) received remuneration in excess of the highest paid Director.

Remuneration ranged from £16k to £115k (2017-18 from £15k to £104K).

Accountability Report – Remuneration and Staff Report Remuneration Report

Board Members – Audited Information

The total emoluments (including honoraria) of the chairperson were £53,735 (2017-18: £53,311).

The highest payment for any other board member was £12,195 (2017-18: £11,815).

The aggregate amount of board members' emoluments was £245,011 (2017-18: £241,563).

No members waived emoluments. Twenty three members made a claim for emoluments during the 2018-19 year (2017-18: Twenty one).

The number of board members who received emoluments fell within the range below:

Emolument	2018-19	2017-18
£	Number	Number
1 – 4,999	2	1
5,000 – 9,999	15	14
10,000 – 14,999	5	5
15,000 – 19,999	-	-
50,000 – 54,999	1	1

Accountability Report – Remuneration and Staff Report

Staff Report

Staff Costs

The following section is subject to audit

	Permanent staff £000	Temporary staff * £000	Others £000	2018-19 Total £000	2017-18 Total £000
Teaching					
Wages and salaries	569,845	77,327	-	647,172	640,564
Social Security costs	64,442	7,068	-	71,510	71,681
Other pension costs	100,766	12,708	-	113,474	112,265
Other employee expenses	18,251	-	-	18,251	18,485
	753,304	97,103		850,407	842,995
Less recoveries in respect of outward secondments	-	-	-	-	-
Teaching Subtotal	753,304	97,103	-	850,407	842,995
Non-Teaching (including Board Members)					
Wages and salaries	205,594	170,254	2,992	378,840	360,810
Social Security costs	15,968	8,427	-	24,395	22,524
Pension costs	40,295	23,513	-	63,808	55,687
Other employee expenses	10,427	1,544	-	11,971	11,423
	272,284	203,738	2,992	479,014	450,444
Less recoveries in respect of outward secondments	(182)	(29)	-	(211)	(251)
Non-Teaching Subtotal	272,102	203,709	2,992	478,803	450,193
TOTAL	1,025,406	300,812	2,992	1,329,210	1,293,188

* 'Temporary Staff' are defined within EA as those members of staff who are in a temporary post, not necessarily on a temporary contract.

Accountability Report – Remuneration and Staff Report Staff Report

Average Number of Persons Employed:

The following section is subject to audit

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

	Permanent staff	Temporary staff	Others	2018-19 Total	2017-18 Total
Teaching	15,065	3,738	-	18,803	18,741
Non-Teaching	11,607	7,758	88	19,453	19,528
TOTAL	26,672	11,496	88	38,256	38,269

Additional staff costs were capitalised during the year of £3,962k (2017-18: £3,475k), which equates to 76 (2017-18: 80) whole-time equivalent persons, and are included in Note 10 of the Financial Statements.

Pension Obligations

The following section is subject to audit

As explained in the Accounting Policies section of the Financial Statements (Note 1.14 Pension Scheme) EA participates in two principal schemes, the Teachers' Superannuation Scheme (TSS) and the NILGOSC.

EA has included pension costs in relation to these schemes as follows:

	£000
Teachers' Superannuation Scheme (TSS)	113,474
Northern Ireland Local Government Officers' Superannuation Scheme (NILGOSC)	63,808
	177,282

For 2018-19 the employer's contribution rate to the Teacher's Superannuation Scheme was 17.7%.

For 2018-19 the employer's contribution rate to NILGOSC was 19%. EA also made an additional lump sum contribution to address the shortfall for past service liabilities totalling £4.8million.

Allowance for the McCloud Judgement and GMP Indexation / Equalisation

Pension Costs include an estimated allowance of £53.020 million for additional liabilities that are now probable arising from the McCloud Judgement and GMP Indexation and Equalisation cases outlined below.

Accountability Report – Remuneration and Staff Report Staff Report

The additional liabilities are included as a Past Service Cost (including curtailments) over the accounting period based on an effective date of 31 March 2019.

McCloud Judgement

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation.

While the judgement was not in relation to members with Local Government Pension Scheme (NI) benefits it would be reasonable to assume that the Government will now seek remedy for all public sector schemes, including Local Government Pension Scheme (NI). The additional liability was calculated to be 3.2% of EA's active liabilities using a salary increase assumption of 1.5% above CPI inflation

GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that is payable to members who were contracted out of the State Second Pension and accrued benefits in the scheme between 6 April 1978 and 5 April 1997. The LGPS (NI) was contracted out.

The GMP was intended to approximately replace the State Pension which members were giving up, however the payment terms of GMP are different between men and women, which was a consequence of the state pension itself being unequal at that time. On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required.

The estimated liability has been based on a typical Local Government pension fund to quantify the value of fully indexing GMP's in line with CPI inflation for those reaching Second State Pension age after 5 December 2018. This was calculated to be 0.3% of the liabilities / defined benefit obligation.

Pension Valuation

NILGOSC is a multi-employer defined benefit scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent basis. The latest formal valuation of the fund for the purpose of setting employer's actual contributions was at 31 March 2016 with the next formal valuation due at 31 March 2019. A valuation was carried out by a qualified independent actuary for the purposes of meeting the requirements of IAS19 for these accounts.

The major assumptions used by the actuary were:

	At 31 March 2019	At 31 March 2018
Rate of increase in salaries	3.7%	3.6%
Rate of increase in pensions	2.2%	2.1%
Discount rate	2.4%	2.6%
Inflation assumption (CPI)	2.2%	2.1%

The fund's objective of holding sufficient assets to meet the estimated current cost of providing members' past service benefits was not met at the last formal valuation date. The current funding level is 96% at 31 March 2016 (91% at 31 March 2013) leaving a funding shortfall of £262.6million.

Accountability Report – Remuneration and Staff Report Staff Report

The aggregate employer total contribution rate required to restore the funding to 100% using a recovery period of 20 years from 1 April 2017, is 21% of pensionable pay (if the membership remains broadly stable and pay increases are in line with assumptions). The contributions payable by each employer may differ because they allow for each employer's membership profile and funding ratio, and assumption and recovery periods appropriate to their circumstances.

From 1 April 2017, EA's employer contribution rate reduced to 18%, increasing to 19% from 1 April 2018 and 20% from 1 April 2019. EA will also make an additional lump sum contribution to address the shortfall for past service liabilities totalling £4.8million per annum during 2017-18, 2018-19 and 2019-20.

Pension assets / (liability) recognised in the Statement of Financial Position	2019 £000	2018 £000
Fair value of assets	2,024,595	1,867,152
Present value of funded defined benefit obligation	(2,843,547)	(2,614,530)
Present value of unfunded defined benefit obligation	(19,422)	(20,311)
Pension (liability) recognised in the Statement of Financial Position	(838,374)	(767,689)

Changes to the Present Value of Defined Benefit Obligation during the 2018/19 Accounting Period	2018-19 £000	2017-18 £000
Opening Defined Benefit Obligation	2,634,841	2,460,926
Current service cost	105,517	95,758
Interest expense on the defined benefit obligation	67,961	63,448
Contributions by participants	17,877	16,779
Actuarial losses due to liability experience	3,268	9,865
Actuarial (gains) due to changes in demographic assumptions	(114,883)	-
Actuarial losses due to changes in financial assumptions	153,320	45,245
Past service cost (including curtailments)	56,306	2,206
Net benefits paid out	(61,238)	(59,386)
Closing Defined Benefit Obligation	2,862,969	2,634,841

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Changes to the fair value of assets during the accounting period	2018-19 £000	2017-18 £000
Opening Fair Value of Assets	1,867,152	1,758,298
Interest income on assets	48,868	45,944
Contributions by participants	17,877	16,779
Contributions by the employer in respect of funded benefits	65,848	57,916
Contributions by the employer in respect of unfunded benefits	1,215	1,187
Re-measurement gains on assets	84,873	46,414
Payment of unfunded benefits	0	(1,187)
Net benefits paid out of the fund	(61,238)	(58,199)
Closing Fair Value of Assets	2,024,595	1,867,152

Charges to the Statement of Comprehensive Net Expenditure	2018-19 £000	2017-18 £000
Current service cost	105,517	95,758
Past service cost (including curtailments)	56,306	2,206
Total operating charge	161,823	97,964
Employer contributions in respect of funded benefits	(65,848)	(57,916)
Employer contributions in respect of unfunded benefits	(1,215)	(1,187)
Net Operating Charge (Amounts included in Purchase of Goods and Services Note 6 to Financial Statements)	94,760	38,861

Amounts charged to Pension Financing Charges	2018-19 £000	2017-18 £000
Interest income on assets	(48,868)	(45,944)
Interest on the defined benefit obligation	67,961	63,448
Net return	19,093	17,504

Amounts recognised in Other Comprehensive Expenditure (OCE)	2018-19 £000	2017-18 £000
Actuarial (gains) due to changes in financial assumptions	(153,320)	(45,245)
Actuarial (gains) due to liability experience	(3,268)	(9,865)
Actuarial losses due to changes in demographic assumptions	114,883	-
Re-measurement gains/ (losses) on assets	84,873	46,414
Total losses recognised in OCE	43,168	(8,696)

Accountability Report – Remuneration and Staff Report Staff Report

Sensitivity Analysis

IAS 19 valuation results depend critically on the principal assumptions used in the calculations.

The discount rate used to value the liabilities is prescribed under IAS 19 and the results are particularly sensitive to the discount rate. If the yield used to discount each future benefit payment decreases, then the value placed on the liabilities increases.

The results are also sensitive to unexpected changes in the rate of future mortality improvements. If longevity improves at a faster rate than allowed for in the assumptions, then, again, a higher value would be placed on the employer's liabilities. In addition, if pensionable pay increases more than allowed for in the assumptions, the active liability will increase. Similarly, if inflation (and therefore pension increases) is higher than assumed, this will increase the value of the liabilities. If the liabilities increase, the employer's statement of financial position will worsen.

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2019 are set out below. In each case, only the assumption mentioned is altered; all other assumptions remain the same and are summarised above.

Discount rate assumption

Adjustment to discount rate	+0.1% pa	-0.1% pa
Present value of total obligation (£000s)	2,738,033	2,844,027
% change in present value of total obligation	-1.9%	+1.9%
Projected service cost (£000s)	108,718	114,925
Approximate % change in projected service cost	-2.7%	+2.8%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% pa	-0.1% pa
Present value of total obligation (£000s)	2,805,683	2,775,520
% change in present value of total obligation	+0.5%	-0.5%
Projected service cost (£000s)	111,785	111,785
Approximate % change in projected service cost	0.0%	0.0%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

Adjustment to pension increase rate	+0.1% pa	-0.1% pa
Present value of total obligation (£000s)	2,828,717	2,752,889
% change in present value of total obligation	+1.4%	-1.3%
Projected service cost (£000s)	114,925	108,718
Approximate % change in projected service cost	+2.8%	-2.7%

Accountability Report – Remuneration and Staff Report Staff Report

Post retirement mortality assumption

Adjustment to mortality age rating assumption	-1 year	+1 year
Present value of total obligation (£000s)	2,879,469	2,702,358
% change in present value of total obligation	+3.2%	-3.2%
Projected service cost (£000s)	115,953	107,654
Approximate % change in projected service cost	+3.7%	-3.7%

A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

Mortality Assumptions

The mortality assumptions are based on the actual mortality experience of members within the Fund based on analysis carried out as part of the 2016 valuation, and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

	31 March 2019	31 March 2018
Males		
Member aged 65 at accounting date	22.6	23.3
Member aged 45 at accounting date	24.3	25.5
Females		
Member aged 65 at accounting date	24.9	25.9
Member aged 45 at accounting date	26.7	28.2

Staff Composition

The analysis of EA's employees by gender at 31 March 2019 is as follows:

	Male		Female		Total
	No.	%	No.	%	
Directors	1	20	4	80	5
Senior Management	9	50	9	50	18
Employees Permanent - Teaching	3,353	21	12,796	79	16,149
Employees Temporary – Teaching	829	20	3,277	80	4,106
Employees Permanent – Non-Teaching	2,759	16	14,487	84	17,246
Employees Temporary – Non-Teaching	3,417	17	16,265	83	19,682

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Sickness Absence Data

The average number of days lost through sickness between April 2018 and March 2019 was 8.61 days for teachers (2017-18: 8.52 days) and 10.71 days (2017-18: 10.72 days) for non-teaching staff.

Staff Policies

EA actively encourages applications for employment from disabled persons where the requirements of the job may be adequately performed by a disabled person.

Where existing employees become disabled, it is the EA's board's policy wherever possible to provide continuous employment under normal terms and conditions and to provide training and career development and promotion where appropriate.

Off-payroll Engagements

The following off-payroll engagements were in place at 31 March 2019:

Number of off-payroll engagements at 1 April 2018	4
Number of new off-payroll engagements ((a) + (b) below)	3
Those caught by IR35 (a)	-
Those not caught by IR35 (b)	3
Number of engagements which have come onto the payroll	-
Number of engagements which have come to an end	-
Number of off-payroll engagements at 31 March 2019	7

Expenditure on Consultancy

External consultancy spending during 2018-19 was £NIL (2017-18: £NIL)

Temporary Staff

Temporary staff costs in 2018-19 amounted to £300,812k (2017-18: £278,025k).

Accountability Report – Remuneration and Staff Report Staff Report

Reporting of compensation and exit packages for all staff 2018-19

The following section is subject to audit

Teaching Staff

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total number of Exit Packages	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Less than £10,000	1	-	7	3	8	3
£10,000-£25,000	-	1	21	9	21	10
£25,000-£50,000	1	1	133	99	134	100
£50,000-£100,000	-	-	9	6	9	6
£100,000-£150,000	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
Number of Exit Packages	2	2	170	117	172	119
Resource Cost £000	42	56	6,020	4,385	6,062	4,441

Non-Teaching Staff

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total number of Exit Packages	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Less than £10,000	69	45	144	75	213	120
£10,000-£25,000	8	4	91	78	99	82
£25,000-£50,000	5	1	94	46	99	47
£50,000-£100,000	-	-	41	29	41	29
£100,000-£150,000	-	-	17	20	17	20
£150,000-£200,000	-	-	10	8	10	8
£200,000-£250,000	-	-	4	3	4	3
Number of Exit Packages	82	50	401	259	483	309
Resource Cost £000	452	254	13,204	10,017	13,656	10,271
Total Number of Exit Packages	84	52	571	376	655	428
Total Resource Cost £000	494	310	19,224	14,402	19,718	14,712

Accountability Report – Remuneration and Staff Report Staff Report

Non-Teachers' redundancy payments were made in accordance with the ELBs' Scheme for Redundancy in accordance with The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2007 as amended.

Teachers' redundancy payments were made in accordance with the Teachers Premature Retirement Compensation Scheme relevant for 2018-19.

Where EA has agreed early retirements, the additional costs are met by EA and not by the pension schemes.

Ill-health retirement costs are met by the pension schemes and are not included in the table.

Accountability Report – Assembly Accountability and Audit Report Assembly Accountability Report

i. Losses and Special Payments

The following sections are subject to audit

Losses Statement

	2018-19 No. of Cases	2018-19 £000	2017-18 No. of Cases	2017-18 £000
Cash losses	139	144	131	44
Claims abandoned	-	-	7	25
Fruitless payments	31	2	5	1
Stores losses	141	195	113	97
	311	341	256	167

No individual payment exceeded £250,000.

Special Payments

	2018-19 No. of Cases	2018-19 £000	2017-18 No. of Cases	2017-18 £000
Redundancy payments	655	19,718	428	14,712
	655	19,718	428	14,712

No individual payment exceeded £250,000.

ii. Fees and Charges

The following section is subject to audit

EA is responsible for the provision of a school meals service to the schools it funds. This is a fee-paying service unless there is an entitlement to a free meal.

In accordance with the revised 'Arrangements for the Provision of Milk, Meals and Related Facilities' issued by DE in March 2011, the charge for a meal for a paying pupil should be sufficient to fully recover the variable costs and make a contribution to fixed costs. This target was achieved in both years.

The information below is in respect of the School Meals Service only and is provided for fees and charges purposes and not for IFRS 8 purposes which is separately disclosed in Note 2 within the Financial Statements.

In line with accounting policy Note 1.2.2 *Income from Sale of Goods and Services*, EA has applied the requirements of IFRS 15 to income falling within the scope of IFRS 15. Note 3 provides further information on the application of IFRS 15.

Accountability Report – Assembly Accountability and Audit Report

Assembly Accountability Report

School Meals Service

	2018-19 £000	2017-18 £000
Full cost	73,337	70,408
Less: Income	(33,034)	(31,738)
Rurality Element	(826)	(810)
Net cost	39,477	37,860
Number of paid meals	12,579	12,046
Number of free meals	14,130	13,698
Total number of meals	26,709	25,744
Average Gross Cost per meal	£2.75	£2.73

iii. Remote Contingent Liabilities

This section is subject to audit

Details on contingent liabilities reported within the meaning of IAS 37 are disclosed in Note 23 within the Financial Statements.

There are no additional remote contingent liabilities which are required to be reported.



Sara Long
Accounting Officer
(from 1 April 2019)

Date 26 May 2020

Accountability Report – Assembly Accountability and Audit Report

The Certificate of the Comptroller and Auditor General to the NI Assembly

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

Opinion on financial statements

I certify that I have audited the financial statements of the Education Authority for the year ended 31 March 2019 under the Education Act (Northern Ireland) 2014. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Education Authority's affairs as at 31 March 2019 and the Education Authority's the net expenditure for the year then ended; and
- have been properly prepared in accordance with the Education Act (Northern Ireland) 2014 and the Department of Education directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Education Authority in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Education Authority and Chief Executive are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Accountability Report – Assembly Accountability and Audit Report

The Certificate of the Comptroller and Auditor General to the NI Assembly

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Education directions made under the Education Act (Northern Ireland) 2014; 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.

Responsibilities of the Education Authority and Chief Executive for the financial statements

As explained more fully in the Statement of the Education Authority and Chief Executive's Responsibilities, the Education Authority and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to examine, certify and report on the financial statements in accordance with the Education Act (Northern Ireland) 2014.

My objectives are to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am 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.

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 Accountability Report to be audited are not in agreement with the accounting records; or

Accountability Report – Assembly Accountability and Audit Report The Certificate of the Comptroller and Auditor General to the NI Assembly

- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance’s guidance.

My report on the Education Authority’s overspend of £14.6 million compared with its 2018-19 budget allocation is included on pages 147 to 149.



*KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
29 May 2020*

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

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.

	Notes	2018-19 £000	2017-18 £000
Income from sale of goods and services	3	(67,893)	(59,347)
Other operating income	4	(8,385)	(7,166)
Total operating income		(76,278)	(66,513)
Staff costs	5	1,329,210	1,293,188
Purchase of goods and services	6	444,688	382,959
Provision expense	6	2,439	952
Depreciation and impairment charges	7	83,241	105,321
Notional costs	8	3,491	3,355
Other operating expenditure	9	366,790	339,967
Total operating expenditure		2,229,859	2,125,742
Net operating expenditure		2,153,581	2,059,229
Finance expense		19,093	17,504
Net expenditure for the year		2,172,674	2,076,733
Credit in respect of notional costs		(3,491)	(3,355)
Net expenditure transferred to the general reserve		2,169,183	2,073,378
Other comprehensive net expenditure			
Items that will not be reclassified to net operating costs:			
Net (gain) on revaluation of Property, Plant and Equipment		(55,067)	(197,540)
Net (gain) on revaluation of Intangible assets		(1)	(7)
Actuarial (gain)/loss on pension scheme liabilities		(43,168)	8,696
Comprehensive net expenditure for the year		2,070,947	1,884,527

All amounts above relate to continuing activities.

The notes on pages 105 to 146 form part of these accounts.

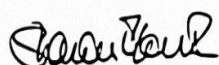
Financial Statements

Statement of Financial Position as at 31 March 2019

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

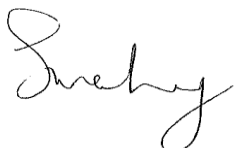
	Notes	2018-19 £000	2017-18 £000
Non-current assets			
Property, plant and equipment	10	2,205,639	2,147,346
Intangible assets	11	1,862	526
Trade and other receivables	15	829	619
Total non-current assets		2,208,330	2,148,491
Current Assets			
Assets classified as held for sale	12	356	356
Inventories	14	28,967	20,665
Trade and other receivables	15	40,251	55,559
Cash and cash equivalents	16	14,039	19,319
Total current assets		83,613	95,899
Total assets		2,291,943	2,244,390
Current Liabilities			
Trade and other payables	17	(182,965)	(154,920)
Provisions	18	(2,417)	(2,467)
Total current liabilities		(185,382)	(157,387)
Total assets less current liabilities		2,106,561	2,087,003
Non-current liabilities			
Other payables	17	(136,766)	(141,177)
Provisions	18	(8,696)	(7,321)
Pension liabilities	22	(838,374)	(767,689)
Total non-current liabilities		(983,836)	(916,187)
Total assets less total liabilities		1,122,725	1,170,816
Taxpayers' equity and other reserves			
General Reserve		1,172,172	1,172,323
Pension reserve		(838,374)	(767,689)
Revaluation reserve		788,927	766,182
Total equity		1,122,725	1,170,816

The Financial Statements on pages 101 to 146 were approved by the Board on 30 January 2020 and were signed on its behalf by:



Chairperson:

Date: 25 May 2020



Chief Executive:

Date: 26 May 2020

The notes on pages 105 to 146 form part of these accounts.

Financial Statements

Statement of Cash flows for the year ended 31 March 2019

The statement of cash flows shows the changes in cash and cash equivalents of EA during the reporting period. The statement shows how EA 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 EA. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to EA's future public service delivery.

	Notes	2018-19 £000	2017-18 £000
Cash flows from operating activities			
Net expenditure for the year		(2,172,674)	(2,076,733)
Adjustments for non-cash transactions:			
Notional costs	8	3,491	3,355
Depreciation and impairment charges	7	83,241	105,321
Increase in pension liability		113,853	56,365
(Profit)/ Loss on disposal of property, plant and equipment	6	(479)	7,043
Increase in inventories	14	(8,302)	(8,625)
Decrease/ (increase) in trade and other receivables less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	15	15,098	(23,793)
Increase in trade and other payables less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	17	9,212	19,835
Use of provisions	18	1,325	4,258
Net cash outflow from operating activities		(1,955,235)	(1,912,974)
Cash flows from investing activities			
Purchase of property, plant and equipment		(69,044)	(70,351)
Purchase of intangible assets		(123)	(182)
Proceeds of disposal of property, plant and equipment		752	2,440
Net cash outflow from investing activities		(68,415)	(68,093)
Cash flows from financing activities			
Grants from sponsoring department		2,022,856	1,995,533
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI (and other service concession) contracts		(4,486)	(4,269)
Net financing		2,018,370	1,991,264
Net change in cash and cash equivalents			
		(5,280)	10,197
Net (decrease)/ increase in cash and cash equivalents in the period		(5,280)	10,197
Cash and cash equivalents at the beginning of the period		19,319	9,122
Cash and cash equivalents at the end of the period		14,039	19,319

The notes on pages 105 to 146 form part of these accounts.

Financial Statements

Statement of Changes in tax Payers Equity for the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by the EA analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the consolidated fund). The revaluation reserve reflects the change in asset values that have not been recognised as income or expenditure. The Statement of Comprehensive Net Expenditure (SoCNE) reserve represents the total assets less liabilities of EA, to the extent that the total is not represented by other reserves and financing items.

	General Reserve £000	Pension Reserve £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2017	1,158,886	(702,628)	603,552	1,059,810
Funding from Sponsoring Departments:				
Recurrent funding	1,931,712	-	-	1,931,712
Capital funding	65,500	-	-	65,500
Other funding	343	-	-	343
Capital proceeds surrendered to Sponsoring Department	(2,022)	-	-	(2,022)
Transfers between reserves	86,465	(56,365)	(30,100)	-
Net expenditure transferred to the general reserve	(2,073,378)	-	-	(2,073,378)
Revaluation gains and losses	-	(8,696)	197,547	188,851
Disposal of property, plant and equipment	4,817	-	(4,817)	-
Balance at 31 March 2018	1,172,323	(767,689)	766,182	1,170,816
Funding from Sponsoring Departments:				
Recurrent funding	1,951,833	-	-	1,951,833
Capital funding	71,462	-	-	71,462
Other funding	-	-	-	-
Capital proceeds surrendered to Sponsoring Department	(439)	-	-	(439)
Transfers between reserves	146,152	(113,853)	(32,299)	-
Net expenditure transferred to the general reserve	(2,169,183)	-	-	(2,169,183)
Revaluation gains and losses	-	43,168	55,068	98,236
Disposal of property, plant and equipment	24	-	(24)	-
Balance at 31 March 2019	1,172,172	(838,374)	788,927	1,122,725

The notes on pages 105 to 146 form part of these accounts.

Financial Statements

Notes to the Financial Statements

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2018-19 FReM issued by the DoF. 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 EA for the purpose of giving a true and fair view has been selected. The particular policies adopted by EA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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, where material, stocks to fair value as determined by the relevant accounting standard.

These accounts have been prepared in pounds sterling and are rounded to the nearest thousand.

1.2 Recognition of Income and Funding

1.2.1 Departmental Funding

The main source of funding for the organisation is allocations (grants-in aid) from the DE and the DfE. All grants-in aid, whether for revenue or capital purposes, are recognised on a cash receipts basis and are treated as contributions from controlling parties giving rise to a financial interest in the residual interest of the organisation, and hence are accounted for as financing i.e. by crediting them to the General Reserve.

1.2.2 Income from Sale of Goods and Services

Income from the sale of goods and services relates directly to the operating activities of the organisation. It principally comprises income from catering activities, recoupment of costs and tuition fees, in addition to other sources of income. The income is included in the Statement of Comprehensive Net Expenditure to the extent of the completion of the contract or service concerned and is stated net of Value Added Tax (VAT).

EA has considered the application of IFRS 15 Revenue from Contracts with Customers. The core principle of IFRS 15 is that income is recognised to depict the transfer of goods/services to customers, at a rate which reflects the expected entitlement for such goods/services.

In applying the core principal to income recognition, the following stapes are applied:

- Step 1: Identification of a contract
- Step 2: Identification of performance obligations
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) a performance obligation is satisfied

The majority of income received by EA is departmental grant in aid and therefore falls outside the scope of IFRS 15. The remaining income relates to income from the sale of goods and services such

Financial Statements

Notes to the Financial Statements

as school meals services and short term letting of EA premises. EA has applied the requirements of IFRS 15 to income falling within the scope of IFRS 15 per Note 3.

1.2.3 Other Operating Income

Other operating income comprises revenue and capital grants received from other bodies. Revenue grants received from other bodies are for specific purposes and are restricted in use. This includes income from the New Opportunities Fund (NOF), European Union (EU) funding and other sources, and is included in the Statement of Comprehensive Net Expenditure to the extent that it matches against the relevant expenditure incurred during the period. Grant income received during the period which is not matched to relevant expenditure incurred during the same period is shown as either accrued or deferred income on the Statement of Financial Position. Where assets are financed by government grant (not a grant from a sponsoring department) or donation (including lottery funding), the funding element is recognised as income and taken through the Statement of Comprehensive Net Expenditure.

1.2.4 Capital Grants

Government grants (excluding departmental capital funding above) 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 result in the grant becoming repayable. In such cases the income is deferred and released when the obligations are met. Where grants have no conditions on their use the income is recognised immediately in the Statement of Comprehensive Net Expenditure.

1.3 Grants Payable

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

- revenue grants and bursaries are charged to the Statement of Comprehensive Net Expenditure in the year they are paid;
- 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.

1.4 Foreign Currency Transactions

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange at the end of the financial period with all resulting exchange differences being taken to the Statement of Comprehensive Net Expenditure in the period in which they arise.

1.5 Taxation

1.5.1 Corporation Tax

In accordance with Section 987B of the Corporation Tax Act 2010, EA is not liable to corporation tax

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1.5.2 Value Added Tax (VAT)

A significant proportion of the activities of EA are outside the scope of VAT, however input tax on purchases is recoverable. Irrecoverable VAT is charged to the relevant expenditure category. Where output VAT is charged or input VAT is recoverable, the related amounts within the Statement of Comprehensive Net Expenditure are stated net of recoverable VAT.

1.6 Property, Plant and Equipment

Property, plant and equipment assets comprise land, buildings, vehicles, Information Technology, plant and machinery, payments on account and assets under construction.

1.6.1 Recognition

An item of property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to the organisation;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- the item is computer equipment and has a cost of at least £200;
- the item is other than computer equipment and has a cost of at least £1,000; and
- the item is part of the initial furniture and equipment supplied to make a new or refurbished facility fully operational.

On initial recognition, items of property, plant and equipment are measured at cost including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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.

1.6.2 Schools Estate

1.6.2.1 Ownership

Publicly-owned schools and school meals accommodation in the controlled sector are owned by EA and included as non-current assets on the EA Statement of Financial Position. Where school meals accommodation in the maintained sector is owned by EA it is also included as non-current assets on the Statement of Financial Position.

1.6.2.2 Valuation of Land and Buildings

All land and buildings assets which are owned by EA are capitalised and included in the statement of financial position at fair value. The basis of valuation for each of the property types are as follows:

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Property Type	Asset Category	Basis of Valuation
Offices and stores	Non specialised: operational Land and buildings owner occupied for the purpose of the undertaking	Existing Use Value
Schools	Specialised: operational Land and buildings owner occupied for the purpose of the undertaking	Depreciated Replacement Cost
Surplus assets	Non operational Properties surplus to requirements/ held for sale	Lower of carrying value or market value

Where there is a clear intention to dispose of an asset within the next 12 months, the asset is categorised and shown separately as part of current assets.

Full valuations are made by Land and Property Services (LPS) every five years. The last full valuation was at 31 March 2018 and in the intervening years these valuations are updated using appropriate indices obtained from LPS.

Properties under construction are carried at cost, less any impairment loss. Cost includes professional fees and other directly attributable costs necessary to bring the asset into use. Completed building projects are capitalised but not depreciated until brought into use.

1.6.2.3 Reversionary Trusts

Included within the Schools' Estate are assets held on Reversionary Trusts. These are properties which will revert to the ownership of trustees if they cease to be used as specified in the deeds of ownership.

1.6.3 Assets other than Land and Buildings

Assets other than land and buildings are carried at fair value. Fair values are updated annually using appropriate indices or professional valuations.

Non land and buildings assets under construction are carried at cost, less any impairment loss. Cost includes professional fees and other directly attributable costs necessary to bring the asset into use. Completed projects are capitalised but not depreciated until brought into use.

1.6.4 Depreciation

Depreciation is not provided on the following assets:

- **freehold land**, due to the unlimited or very long useful life normally associated with land;
- **assets under construction**, which are not depreciated until they are brought into use; and
- assets which meet the definition of '**held for sale**', which are shown as part of current assets.

Depreciation is provided for all other items of property, plant and equipment having a finite useful life, by allocating the cost (or revalued amount), less estimated residual value of the assets as fairly as

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possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed annually and adjusted over the revised remaining economic life where appropriate.

All assets are depreciated on a straight line basis over their expected useful lives. A full month's depreciation is charged in the period of acquisition/commissioning and no depreciation charged in the month of disposal.

The following useful economic lives should, where necessary, be used as approximations to the levels estimated annually.

Expected useful lives

Asset Class	Asset Sub-class	Asset Life
Lands	Land	Not depreciated
Buildings	Permanent Buildings	50 years
	Modular Buildings	40 years
	Temporary Buildings	15 years
Computers	Hardware & Software	3 years
Plant & Equipment	Machinery	15 years
	Music Equipment	10 years
	General and Other	10 years
	Reprographics	7 years
	Grounds Maintenance	7 years
Vehicles	Cleaning	7 years
	>33 Seater Mini-buses	14 years
	33 Seater Mini-buses	10 years
	Grounds Maintenance	7 years
	Small Mini-buses	5 years
	Vans	5 years
Cars	4 years	

1.7 Intangible Assets

Intangible assets comprise software and software licences.

1.7.1 Recognition

Intangible assets are non-financial non-current assets that do not have physical substance but are identifiable and are controlled by EA through custody or legal rights.

An intangible is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to the organisation;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has a cost of at least £1,000.

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On initial recognition, intangible assets are measured at cost. Subsequently, they are carried at fair value which is estimated by restating the value annually by reference to appropriate indices.

1.7.2 Amortisation

Amortisation is provided for all intangible non-current assets with a finite useful life, by allocating the cost (or revalued amount) less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed annually and adjusted over the revised remaining economic life where appropriate.

The following useful economic lives should, where necessary, be used as approximations to the levels estimated annually:

Asset Class	Asset Sub-Class	Asset Life
Intangible Assets	Software Licences	3 years

1.8 Assets held for sale

Assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses. Assets classified as held for sale are not depreciated.

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the asset must be available for immediate sale in its present condition subject only to terms that are usual or customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset, and an active programme to locate a buyer and complete the plan must have been initiated.

Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

1.9 Impairment Losses

An asset is impaired if its carrying amount exceeds the value to be recovered through use or sale of the asset.

If an impairment loss arises which has not resulted from a loss of economic value or service potential the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Statement of Comprehensive Net Expenditure. Impairment losses that arise from a clear consumption of economic benefits or service potential are charged in full to the

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Statement of Comprehensive Net Expenditure with an amount up to the value of the impairment being transferred from the revaluation reserve to the general reserve.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been carried had there been no initial impairment loss. The reversal of the impairment loss is credited to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there and then to the revaluation reserve.

1.10 Inventories

Inventories are stated at fair value which is the lower of current cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

1.11 Cash and Cash Equivalents

Cash and cash equivalents include cash-in-hand and deposits with banks. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

1.12 Provisions

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Provisions are recognised when:

- EA has a present obligation as a result of a past event;
- it is probable that EA will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.13 Employee Benefits

Under the requirements of IAS 19 Employee Benefits the cost of providing employee benefits is recorded in the Statement of Comprehensive Net Expenditure in the period in which the benefit is earned by the employee, rather than when it is paid or payable. This is applicable to both short term and long term benefits and comprises the cost of any untaken leave that has been earned at the year end.

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The cost of providing employee benefits for 2018/19 has been estimated based on a sample of employee leave balances.

1.14 Pension Scheme

EA's employees belong to two principal schemes:

- the Teachers' Superannuation Scheme (TSS); and
- NILGOSC.

1.14.1 The Teachers' Superannuation Scheme (TSS)

The Teachers' Superannuation Scheme is an unfunded contributory scheme administered by the DE. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1977 and subsequent amendments apply to the scheme.

The rate of the employer's contribution is determined from time to time by the Government actuary and advised by the DoF. The TSS is a multi-employer defined benefit scheme and EA is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TSS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year in the Statement of Comprehensive Net Expenditure.

A separate set of Annual Scheme Statements are prepared for the Teachers Superannuation Scheme.

1.14.2 The Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC)

The NILGOSC is a defined benefit scheme, the assets of the schemes being held in separate trustee-administered funds. EA's contribution to the Northern Ireland Local Government Pension Scheme is determined by the fund's actuary, based on a triennial valuation. The scheme is administered by NILGOSC, Hollywood Road, Belfast.

The latest formal valuation of the fund for the purpose of setting employer's actual contributions was at 31 March 2016. The fund's objective of holding sufficient assets to meet the estimated current cost of providing members' past service benefits was not met at the last formal valuation date.

The current funding level is 96% at 31 March 2016 (91% at 31 March 2013) leaving a funding shortfall of £262.6m. The aggregate Employer total contribution rate required to restore the funding to 100% using a recovery period of 20 years from 1 April 2017, is 21% of Pensionable Pay (if the membership remains broadly stable and pay increases are in line with assumptions). The contributions payable by each Employer may differ because they allow for each Employer's membership profile and funding ratio, and assumption and recovery periods appropriate to their circumstances.

From 1 April 2017, the EA Employer contribution rate reduced to 18%, increasing to 19% from 1 April 2018 and 20% from 1 April 2019. EA will also make an additional lump sum contribution

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to address the shortfall for past service liabilities totalling £4.8m per annum during 2017-18, 2018-19 and 2019-20.

The pension costs are assessed in accordance with the advice of an independent qualified actuary using the projected unit method and are accounted for on the basis of charging the cost of providing pensions over the period during which EA benefits from the employee's services. Variations from regular cost are spread over the expected average remaining working lives of members of the scheme after making allowances for future withdrawals.

In accordance with IAS 19 'Retirement Benefits', the in-year movement in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by EA are charged to the Statement of Comprehensive Net Expenditure or the Statement of Changes in Taxpayers' Equity.

1.15 Reserves

The General Reserve represents the accumulated financial position of EA.

The Pension Reserve represents the cumulative balance on the NILGOSC pension fund.

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

Increases arising on revaluation are taken to the revaluation reserve except when it reverses a revaluation decrease for the same asset previously recognised in the Statement of Comprehensive Net Expenditure, in which case it is credited to the Statement of Comprehensive Net Expenditure to the extent of the decrease was previously charged there.

A revaluation decrease is charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Statement of Comprehensive Net Expenditure.

1.16 Finance and Operating Leases

Leases are classified as either a finance lease or an operating lease depending on the substance of the agreement.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Finance leases are treated as if the asset had been purchased outright. The related assets are included in non-current assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

The capital element is applied to reduce the outstanding obligations and the interest element is charged against income in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the useful lives of equivalent owned assets.

An operating lease is a lease other than a finance lease. Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure in equal annual amounts over the lease term.

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IAS 17 requires lessees to recognise finance leases as assets and liabilities in the Statement of Financial Position. Included within assets in the Statement of Financial Position are a number of long leaseholds recognised using the 'risks and rewards' principle but for which no corresponding liability is included.

1.17 Private Finance Initiative (PFI) Transactions

1.17.1 On Statement of Financial Position PFI Contracts

The PFI transactions of EA are assessed against IFRIC 12, Service Concession Arrangements. To be within the scope of IFRIC 12, the service concession arrangement must contractually oblige the private sector operator to provide the services related to the infrastructure to the public on behalf of the grantor (EA).

The PFI transaction is deemed to be a service concession within the meaning of IFRIC 12 from EA's viewpoint where there is infrastructure and EA controls:

- or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and
- through beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement (or there is no residual interest).

In these cases EA recognises the infrastructure as a non-current asset and values it in the same way as other non-current assets of that generic type. The liability to pay for the infrastructure is also recorded on the Statement of Financial Position. The initial amount recorded for the asset and liability is the fair value of the infrastructure asset. Subsequently, the asset is depreciated over the useful economic life of the class of assets to which it has been assigned and the associated liability is reduced as payments for the asset are made. An imputed finance charge on the liability is recorded in subsequent years using a property – specific rate. The remainder of the PFI payments (i.e. the full payments, less the capital repayment and the imputed finance charge) are recorded as an operating cost. Other obligations which exist in relation to the PFI contract are accounted for in accordance with IAS 37 Provisions, Contingent liabilities and contingent assets.

EA recognises the asset when it comes into use. In cases where EA has made contributions to the operator in advance of the asset coming into use, these contributions are shown within prepayments and amortised to the Statement of Comprehensive Net Expenditure in equal amounts over the assets useful life.

1.17.2 Off Statement of Financial Position PFI Contracts

PFI contracts that do not transfer any of the risks and rewards associated with ownership of the asset to EA are treated in the same way as an operating lease i.e. rental payments are charged to the Statement of Comprehensive Net Expenditure in equal annual amounts over the lease term.

1.18 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.

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1.18.1 Financial Assets

Financial assets are recognised in the Statement of Financial Position when EA becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred. Financial assets are initially recognised at fair value.

Fair value is the amount at which such an instrument could be exchanged in an arm's length transaction between informed and willing parties.

Financial assets are classified into two categories: 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for Sale Financial Assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses.

Accumulated gains or losses are recycled to the Statement of Comprehensive Net Expenditure on de-recognition.

Loans and Receivables

Trade receivables, loans and other receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method, except for short-term receivables where the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

Receivables are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for financial assets other than trade receivables, where the carrying amount is reduced through an allowance for irrecoverable debts, changes in which are recognised in the Statement of Comprehensive Net Expenditure.

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If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Comprehensive Net Expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.18.2 Financial Liabilities

Financial liabilities are recognised in the Statement of Financial Position when EA becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received.

Financial liabilities are initially recognised at fair value.

Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

1.18.3 Risk Management

The principal financial risks to which EA is exposed follow below.

Liquidity Price Risk

EA's net revenue resource requirements are largely financed by grants from its sponsoring Departments, just as its capital expenditure is. EA is not therefore exposed to significant liquidity risks.

Credit Risk

As the majority of EA's income comes from contracts with other public sector bodies, EA has low exposure to credit risk.

Foreign Currency Risk

EA's exposure to foreign currency risk is not significant. Foreign currency income and expenditure are negligible.

Interest Rate Risk

Interest rate risk primarily occurs when there are changes in the market interest rates. EA's financial assets and liabilities carry nil or fixed rates of interest. EA is not, therefore, exposed to significant interest rate risk.

1.19 Contingencies

Under IAS 37, the organisation discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the

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control of the organisation, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.20 Estimation Techniques

1.20.1 Financial Instruments - Fair Value Adjustment

The fair value adjustment of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties. Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined using expected cash flows discounted back to present value.

1.20.2 Employee Benefits

The estimation technique employed in the calculation of employee benefits is disclosed in Note 1.13.

1.20.3 Provisions

The estimation technique employed in the calculation of provisions is enclosed in Note 1.12.

1.21 Operating Segments

IFRS 8 operating segments requires the identification of operating segments on the basis of internal reports that are regularly reviewed by EA's Chief Operating Decision Maker (CODM) in order to allocate resources to the segment and assess its performance.

Disclosures in line with IFRS 8 have been made within Note 2 to the accounts.

1.22 Early Departure Costs

1.22.1 Non-Teaching

Non-Teaching redundancy payments were made in accordance with the Education and Library Boards' Scheme for Redundancy in accordance with The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2007, as amended.

Where EA has agreed early retirements, the additional costs are met by EA and not by the pension schemes.

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1.22.2 Teaching

Teachers' redundancy payments were made in accordance with the Teachers Premature Retirement Compensation Scheme relevant for 2017-18.

1.23 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, EA discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefits is remote, but which have been reported to the Assembly in accordance with the requirements of MPMNI.

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.

1.24 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 IASB 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 were 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 and the resulting recommendations were agreed by the Executive in December 2016.

With effect from 2020-21, EA will fall within the consolidation boundary of DE. EA accounts will therefore be consolidated into DE's Accounts and EA's planned expenditure will be consolidated into DE's Departmental Estimates. This is a change as, currently, only the cash paid by DE to EA is recognised in DE's Accounts and Estimates. EA continues to work with DE on the impact of inclusion within DE's consolidation boundary.

IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2020. As disclosed in note 20.1 EA has leased Arvalee School (on the Strule Shared Education Campus) from DE for a peppercorn rent. IFRS 16 is not expected to have an impact on EA's accounts.

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2. Statement of Operating Costs by Operating Segment

The chief operating decision-maker is the senior management team made up of the Chief Executive, and senior officers of EA.

Monthly Expenditure Monitoring Reports (MEMRs) detailing net expenditure for the month and cumulative expenditure are provided to the DE and reported on a monthly basis to the Finance and General Purposes Committee. Information on assets and liabilities are not reported monthly, and are therefore not included in this note. Items requiring disclosure which are not separately identified by service have been included in total.

The following services represent the required 75% of funding for disclosure; and are selected based on the level of expenditure incurred, in-year until the required 75% is reached.

Schools' Delegated Budget

This represents the funding delegated directly to the schools in the EA area through the Common Funding Formula, plus later in-year delegations of funding, for example earmarked initiatives.

Earmarked Funds

EA is allocated funding for specific initiatives that cannot be spent on any other purpose e.g. Entitlement Framework, Extended Schools, Education Other Than at School and Landlord Maintenance.

Children & Young People's Service

The Children and Young People's Service provides a range of support services for children with special educational needs ensuring that the best possible opportunities are provided for them to learn and develop. These services include:

- special schools;
- special education in mainstream schools;
- educational psychology;
- education welfare and child protection;
- behaviour support;
- Education Otherwise Than At School (EOTAS); and
- pupil personal development services.

Other

Other includes all those services not requiring individual disclosure and does not include any services which exceed 10% of total funding.

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EA's operating expenditure for the year ended 31 March 2019 is analysed between services (segments) as follows:

2018/19	Schools' Delegated Budget £000	Earmarked/ ring fenced £000	Children & Young People's Services £000	Other £000	2018-19 Total £000
Gross Expenditure	1,190,703	89,796	263,118	494,729	2,038,846
Income	(19,834)	(67)	(1,578)	(46,414)	(67,893)
Net Expenditure	1,170,869	89,729	261,540	448,315	1,970,453

Reconciliation between Operating Segments and SoCNE 2018-19

2018/19	Schools' Delegated Budget £000	Earmarked/ ring fenced £000	Children & Young People's Services £000	Other £000	2018-19 Total £000
Total net expenditure reported for operating segments	1,170,869	89,729	261,540	448,315	1,970,453
Reconciling items:					
Notional costs	-	-	-	3,491	3,491
Depreciation and Impairment charges	-	-	-	83,241	83,241
IAS19 pension costs	-	-	-	113,853	113,853
Profit on disposal of property, plant & equipment	-	-	-	(479)	(479)
Movement in Provisions	-	-	-	1,325	1,325
PFI Dual Reporting Adjustment	-	-	-	2,040	2,040
Other non-cash items	-	-	-	(1,250)	(1,250)
DAERA recurrent grant	-	-	-	-	-
Total net expenditure per Statement of Comprehensive Net Expenditure	1,170,869	89,729	261,540	650,536	2,172,674

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EA's net operating expenditure for the year ended 31 March 2018 is analysed between services (segments) as follows:

2017/18	Schools' Delegated Budget £000	Earmarked/ ring fenced £000	Children & Young People's Services £000	Other £000	2017-18 Total £000
Gross Expenditure	1,180,798	78,410	247,010	452,489	1,958,707
Income	(11,508)	-	(3,451)	(44,388)	(59,347)
Net Expenditure	1,169,290	78,410	243,559	408,101	1,899,360

Reconciliation between Operating Segments and SoCNE 2017-18

2017/18	Schools' Delegated Budget £000	Earmarked/ ring fenced £000	Children & Young People's Services £000	Other £000	2017-18 Total £000
Total net expenditure reported for operating segments	1,169,290	78,410	243,559	408,101	1,899,360
Reconciling items:					
Notional costs	-	-	-	3,355	3,355
Depreciation and Impairment charges	-	-	-	105,321	105,321
IAS19 pension costs	-	-	-	56,365	56,365
Loss on disposal of property, plant & equipment	-	-	-	7,043	7,043
Movement in Provisions	-	-	-	4,257	4,257
PFI Dual Reporting Adjustment	-	-	-	1,937	1,937
Other non-cash items	-	-	-	(1,247)	(1,247)
DAERA recurrent grant	-	-	-	342	342
Total net expenditure per Statement of Comprehensive Net Expenditure	1,169,290	78,410	243,559	585,474	2,076,733

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3. Income from Sale of Goods and Services

	2018-19 £000	2017-18 £000
Catering operations	34,666	33,007
Recoupment of costs	18,767	11,746
Tuition fees	2,801	3,487
Letting of halls	1,135	1,036
Outdoor education charges	751	1,178
Other income generating activities	6,914	6,588
Miscellaneous	2,859	2,305
	67,893	59,347

In line with accounting policy Note 1.2.2 *Income from Sale of Goods and Services*, EA has considered the requirements of IFRS 15 Revenue from Contracts with Customers. Income falling within the scope of IFRS 15 and relating to contracts with customers includes Catering operations (£34,666k), Letting of halls (£1,135k) and Outdoor education charges (£751k).

Income in respect of Recoupment of costs, Tuition fees, Other income generating activities and Miscellaneous Income are considered to be outside the scope of IFRS 15.

4. Other Operating Income

	2018-19 £000	2017-18 £000
European funds	2,578	575
New Opportunities Fund/Big Lottery	11	23
Capital Income	1,544	1,061
Other Grants	4,252	5,507
	8,385	7,166

Other Operating Income consists of grants which have no commercial substance and are therefore considered to be outside the scope of IFRS 15

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5. Staff Costs

Staff Costs comprise:

	Permanent staff £000	Temporary Staff ** £000	Others £000	2018-19 Total £000	2017-18 Total £000
Teaching					
Wages and salaries	569,845	77,327	-	647,172	640,564
Social Security costs	64,442	7,068	-	71,510	71,681
Other pension costs	100,766	12,708	-	113,474	112,265
Other employee expenses	18,251		-	18,251	18,485
	753,304	97,103	-	850,407	842,995
Less recoveries in respect of outward secondments	-	-	-	-	-
	753,304	97,103	-	850,407	842,995
Non-Teaching (including Board Members)					
Wages and salaries	205,594	170,254	2,992	378,840	360,810
Social Security costs	15,968	8,427	-	24,395	22,524
Pension costs	40,295	23,513	-	63,808	55,687
Other employee expenses	10,427	1,544	-	11,971	11,423
	272,284	203,738	2,992	479,014	450,444
Less recoveries in respect of outward secondments	(182)	(29)	-	(211)	(251)
	272,102	203,709	2,992	478,803	450,193
TOTAL	1,025,406	300,812	2,992	1,329,210	1,293,188

** "Temporary Staff" are defined within EA as those members of staff who are in a temporary post, not necessarily on a temporary contract.

Further detail in relation to staff costs can be found in the Staff Report within the Accountability Report.

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6. Purchase of Goods and Services

	2018-19	2017-18
	£000	£000
Premises and grounds costs	101,507	90,407
Supplies and services	144,281	149,247
Transport costs	80,782	77,441
Establishment costs	16,650	13,450
Miscellaneous (i)	7,187	6,510
Non-cash items:		
Pension Costs (ii)	94,760	38,861
(Profit)/Loss on disposal of property, plant and equipment	(479)	7,043
Provisions provided for in year (Note 18)	3,692	4,947
Provisions not required written back (Note 18)	(1,253)	(3,995)
	447,127	383,911
Purchase of goods and services detailed above includes:		
Rentals under operating leases – Land & Buildings	335	295
Rentals under operating leases – Other	755	830
PFI (and other service concession arrangements) service Charges (Note 21)	24,835	25,231
Interest charges	-	1
Hospitality	164	147
	26,089	26,504

- (i) During the year EA purchased £1k (2017-18 £nil) of non-audit services from its auditor.
- (ii) Pension Costs include an estimated allowance of £53.020 million for additional liabilities that are now probable arising from the McCloud Judgement and GMP Indexation and Equalisation cases outlined below. Further information is provided in the Accountability Report – Remuneration and Staff Report.

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7. Depreciation and Impairment Charges

	2018-19 £000	2017-18 £000
Depreciation of property, plant and equipment	94,219	101,964
Amortisation of intangible assets	397	384
(Surplus)/deficit on revaluation of property, plant and equipment	(11,375)	2,973
	83,241	105,321

8. Notional Costs

	2018-19 £000	2017-18 £000
Auditors' remuneration	150	140
Teachers' payroll	3,341	3,215
	3,491	3,355

9. Other Operating Expenditure

	2018-19 £000	2017-18 £000
Grants payable:		
Voluntary Grammar/ Grant Maintained Integrated Schools	337,343	311,681
Department of Health & Social Care	4,303	4,629
Department of Agriculture, Environment and Rural Affairs	312	341
Other	24,832	23,316
	366,790	339,967

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10. Property, Plant and Equipment

2018-19	Land £000	Buildings £000	Vehicles £000	Information Technology £000	Plant & Machinery £000	Payments on Account & Assets under Construction £000	Total £000
Cost or Valuation							
At 1 April 2018	442,335	1,604,692	89,727	99,677	72,839	26,666	2,335,936
Additions	2,077	26,576	3,522	16,657	6,581	32,054	87,467
Asset Transfer	944	8,699	-	119	106	(9,868)	-
Disposals	-	-	(3,392)	(1)	(701)	-	(4,094)
Revaluation	22,020	45,237	2,346	359	753	-	70,715
Transferred to Intangible Assets	-	-	-	-	-	(1,125)	(1,125)
Transferred to non-current assets held for sale	(84)	-	-	-	-	-	(84)
At 31 March 2019	467,292	1,685,204	92,203	116,811	79,578	47,727	2,488,815
Depreciation							
At 1 April 2018	-	-	63,538	81,472	43,580	-	188,590
Charge in year	-	71,550	6,627	10,723	5,319	-	94,219
Disposals	-	-	(3,318)	(1)	(586)	-	(3,905)
Revaluation	-	1,841	1,735	222	474	-	4,272
Transferred to non-current assets held for sale	-	-	-	-	-	-	-
At 31 March 2019	-	73,391	68,582	92,416	48,787	-	283,176
Carrying Amount at 31 March 2019	467,292	1,611,813	23,621	24,395	30,791	47,727	2,205,639
Carrying Amount at 31 March 2018	442,335	1,604,692	26,189	18,205	29,259	26,666	2,147,346

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Notes to the Financial Statements

10. Property, Plant and Equipment continued

Asset Financing

2018-19	Land £000	Buildings £000	Vehicles £000	Information Technology £000	Plant & Machinery £000	Payments on Account & Assets under Construction £000	Total £000
Owned	440,463	1,321,944	23,621	24,395	30,791	47,727	1,888,941
Long Leasehold	26,729	115,610	-	-	-	-	142,339
On-Balance Sheet (SoFP) PFI (and other service concession arrangements)	100	174,259	-	-	-	-	174,359
Carrying Amount at 31 March 2019	467,292	1,611,813	23,621	24,395	30,791	47,727	2,205,639

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Notes to the Financial Statements

10. Property, Plant and Equipment continued

2017-18	Land £000	Buildings £000	Vehicles £000	Information Technology £000	Plant & Machinery £000	Payments on Account & Assets under Construction £000	Total £000
Cost or Valuation							
At 1 April 2017	395,862	1,770,459	87,165	91,129	62,418	51,262	2,458,295
Additions	(72)	29,575	3,909	7,958	9,545	19,437	70,352
Asset Transfer	-	43,667	149	4	213	(44,033)	-
Disposals	(11)	(10,169)	(4,815)	(35)	(163)	-	(15,193)
Revaluation	48,103	(228,840)	3,319	621	826	-	(175,971)
Transferred to non-current assets held for sale	(1,547)	-	-	-	-	-	(1,547)
At 31 March 2018	442,335	1,604,692	89,727	99,677	72,839	26,666	2,335,936
Depreciation							
At 1 April 2017	-	295,936	59,087	71,046	38,521	-	464,590
Charge in year	-	80,231	6,895	10,151	4,687	-	101,964
Disposals	-	(2,486)	(4,739)	(35)	(157)	-	(7,417)
Revaluation	-	(373,681)	2,295	310	529	-	(370,547)
Transferred to non-current assets held for sale	-	-	-	-	-	-	-
At 31 March 2018	-	-	63,538	81,472	43,580	-	188,590
Carrying Amount at 31 March 2018	442,335	1,604,692	26,189	18,205	29,259	26,666	2,147,346
Carrying Amount at 31 March 2017	395,862	1,474,523	28,078	20,083	23,897	51,262	1,993,705

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10. Property, Plant and Equipment continued

Asset Financing							
2017-18	Land £000	Buildings £000	Vehicles £000	Information Technology £000	Plant & Machinery £000	Payments on Account & Assets under Construction £000	Total £000
Owned	418,894	1,320,127	26,189	18,205	29,259	26,666	1,839,340
Long Leasehold	23,346	109,931	-	-	-	-	133,277
On-Balance Sheet (SoFP) PFI (and other service concession arrangements)	95	174,634	-	-	-	-	174,729
Carrying Amount at 31 March 2018	442,335	1,604,692	26,189	18,205	29,259	26,666	2,147,346

A full revaluation exercise of all land and buildings assets was carried out by Land and Property Services during the 2017-18 financial year to provide an updated valuation as at 31 March 2018. The next scheduled valuation will be as at 31 March 2023.

Valuations in respects of assets other than land and buildings are updated annually using appropriate indices or professional valuations.

Should non-current assets be sold, proceeds from the sale can only be retained with the approval of the Departments and otherwise must be surrendered to the Departments.

The net book value of property, plant and equipment includes an amount of £15,866k (2018: £15,713k) in respect of assets held in Reversionary Trusts i.e. if properties cease to be used as specified in the deeds they will revert to the ownership of the trustees.

The net book value of property, plant and equipment noted above does not include maintained schools, apart from school meals kitchens accommodation operating on these sites, which are owned by EA. The ownership of maintained schools rests with the trustees. In 2018-19 there were 484 such schools (2017-18: 489).

The net book value of property, plant and equipment includes an amount of £nil in respect of donated assets (2017/18 £nil).

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11. Intangible Assets

2018-19	Software Licences £000
Cost or valuation	
At 1 April 2018	1,971
Additions	607
Asset Transfer from Property, Plant and Equipment	1,125
Disposals	-
Impairments	-
Revaluation	8
At 31 March 2019	3,711
Amortisation	
At 1 April 2018	1,445
Charged in year	397
Disposals	-
Impairments	-
Revaluation	7
At 31 March 2019	1,849
Carrying Amount at 31 March 2019	1,862
Carrying Amount at 31 March 2018	526
Asset Financing	
Owned	1,862
Finance Leased	-
Carrying Amount at 31 March 2019	1,862

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11. Intangible Assets Continued

2017-18	Software Licences £000
Cost or valuation	
At 1 April 2017	1,771
Transferred from Property, Plant and Equipment	183
Additions	
Asset Transfer	-
Disposals	-
Impairments	-
Revaluation	17
At 31 March 2018	1,971
Amortisation	
At 1 April 2017	1,051
Charged in year	384
Disposals	-
Impairments	-
Revaluation	10
At 31 March 2018	1,445
Carrying Amount at 31 March 2018	526
Carrying Amount at 31 March 2017	720
Asset Financing	
Owned	526
Finance Leased	-
Carrying Amount at 31 March 2018	526

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12. Assets Classified as Held for Sale

	Land £000
Opening balance at 1 April 2017	527
Assets classified as held for sale in the year	1,547
Revaluation	(10)
Assets sold in the year	(1,708)
Closing balance at 31 March 2018	356
Assets classified as held for sale in the year	84
Revaluation	-
Assets sold in the year	(84)
Closing balance at 31 March 2019	356

All assets classified as held for sale meet the under noted conditions:

- committed to a plan to sell;
- active program to locate a buyer initiated;
- actively marketed for sale;
- available for sale in present condition; and
- expected to be disposed of within 12 months of being classified as “non-current assets held for sale”.

Assets sold in the year comprised the following:

- land at Rathcoole PS;
- land at Ballykeel Playing Fields;
- land at Carnalridge PS;
- land at Ebrington PS;
- land at Scrabo HS;

At 31 March 2019 non-current assets held for sale comprise:

- land and buildings at Faughan Valley HS;
- land and buildings at former Ballymoney Music Centre;
- land at Turf Lodge Youth Club; and
- land at Keady PS

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Notes to the Financial Statements

13. Impairments

	2018-19 £000	2017-18 £000 (Restated)
(Credited)/charged to the Statement of Comprehensive Net Expenditure (Note 7)	(11,375)	2,973
Amount transferred between the Revaluation Reserve and the General Reserve (i)	32,299	30,100
	20,924	33,073

- (i) The amount transferred in 2017-18 between the Revaluation Reserve and General Reserve, (as disclosed in the Statement of Changes in Taxpayers Equity for 2017/18), was omitted in error from Note 13 of EA's Annual Report and Accounts 2017/18. The 2017/18 comparative amount has therefore been restated (as above) to reflect the amount transferred in 2017/18. There is no impact to the Statement of Changes in Taxpayers Equity for 2017/18.

14. Inventories

	2018-19 £000	2017-18 £000
Catering	736	700
Maintenance and central depots	679	649
Musical instruments and book stock	9,146	9,980
Schools' Stock (i)	18,406	9,336
	28,967	20,665

- (i) In 2017/18 216 schools submitted stock counts valued at £9.336m, with school engagement increasing in 2018/19 to 413 school stock counts valued at £18.406m. Whilst not all schools provided stock counts, the inclusion of these items provides more reliable and relevant information on EA's financial position. EA is continuing to encourage schools to engage in the stock take process to ensure the stock valuation reported in the financial statements is a true and fair estimate of stock held by schools at year end.

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15. Trade Receivables, financial and other assets

	2018-19 £000	2017-18 £000
Amounts falling due within one year:		
Trade receivables	8,367	6,191
Other receivables	5	15
Prepayments and accrued income	23,098	43,368
Recoverable VAT: HMRC	8,781	5,985
Total	40,251	55,559
Amounts falling due after more than one year:		
Trade receivables	829	619
Total	829	619

16. Cash and Cash Equivalents

	2018-19 £000	2017-18 £000
Balance at 1 April	19,319	9,122
Net change in cash and cash equivalent balances	(5,280)	10,197
Balance at 31 March	14,039	19,319
The following balances at 31 March were held at:		
Commercial banks and cash in hand	14,039	19,319
Balance at 31 March	14,039	19,319

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17. Trade Payables, financial and other liabilities

	2018-19 £000	2017-18 £000
Amounts falling due within one year:		
Trade payables	14,124	30,519
Other payables	4,573	1,300
Accruals and deferred income	147,580	106,616
Current part of imputed finance lease element of on-balance sheet (SOFP) PFI contracts	11,900	11,900
Other taxation and Social Security: HMRC	4,788	4,585
Total	182,965	154,920
Amounts falling due after more than one year:		
Other payables, accruals and deferred income	910	835
Imputed finance lease element of on-balance sheet (SOFP) PFI contracts	135,856	140,342
Total	136,766	141,177

18. Provisions for Liabilities and Charges

2018-19	Employer & Public Liability Claims £000	Job Evaluation £000	Other £000	Total £000
Balance at 1 April 2018	3,719	284	5,785	9,788
Provided in the year	3,642	-	50	3,692
Provisions not required written back	(1,227)	-	(26)	(1,253)
Provisions utilised in the year	(1,082)	-	(32)	(1,114)
Balance at 31 March 2019	5,052	284	5,777	11,113

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Analysis of expected timing of discounted cash flows

2018-19	Employer & Public Liability Claims £000	Job Evaluation £000	Other £000	Total £000
Not later than one year	1,522	284	611	2,417
Later than one year and not later than five	3,513	-	3,308	6,821
Later than five years	17	-	1,858	1,875
Balance at 31 March 2019	5,052	284	5,777	11,113

Employer and Public Liability Claims

These are claims against EA submitted by members of staff and/or the public in relation to accidents or incidents, which have happened before the statement of financial position date. Claims which are not considered dormant or statute barred by the passage of time since being lodged, but have progressed sufficiently to allow an estimated 'settlement' figure to be calculated, are included in the provision. Estimates are calculated by reference to analysis of previous claims of a similar type, the previous history of successful settlements and professional judgement.

The possible timing of payments in settlement of such cases is uncertain; it is plaintiff driven and the case's progress is dependent on individual circumstances of that case. As a case progresses and more information becomes available the amount of the estimated 'settlement' figure may in subsequent years be revised up or down.

Job Evaluation

This provision refers to employees, whose posts are due to be evaluated under the job evaluation scheme. As a result, employees may be re-graded to a higher grade and therefore entitled to a higher salary from the date additional duties were undertaken. The provision is made only in respect of those employee categories where it is probable that a liability will arise and where EA is able to make a reasonable estimation of the arrears liability.

The timing of payments is likely to vary for the different categories of staff. However, EA makes every effort to progress such payments as soon as possible, once union and individual agreement has been formally reached.

The level of information available on which to base estimates for arrears increases the closer a staff category is to completion of the job evaluation process.

Other

The provision refers to industrial tribunal cases pending and sundry legal costs.

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Premature Retirement for Teachers

As directed by DE, with the consent of DoF, a provision has not been included in EA's accounts for future liabilities in respect of existing teacher premature retirement cases. It is agreed that any assessment of future financial liabilities in this regard should be reflected in the Teachers' Superannuation Account (part of the Departmental accounting structure).

The in-year charge in respect of such cases as well as requisite employer superannuation contributions is charged to EA's Statement of Comprehensive Net Expenditure. In that respect the number of premature retirement compensation cases at March 2019 was 5,902.

19. Capital Commitments

	2018-19 £000	2017-18 £000
Contracted capital commitments at 31 March 2019 not otherwise included in these financial statements:		
Property, plant and equipment	42,848	72,576
	42,848	72,576

20. Commitments under Leases

20.1 Operating Leases

£1,090k (2017-18: £1,125k) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure. Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2018-19 £000	2017-18 £000
Obligations under operating leases for the following periods comprise:		
Land		
Not later than one year	80	79
Later than one year and not later than five years	104	147
Later than five years	73	86
	257	312
Buildings		
Not later than one year	210	256
Later than one year and not later than five years	165	206
Later than five years	303	321
	678	783

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Other		
Not later than one year	928	844
Later than one year and not later than five years	1,607	1,238
Later than five years	-	-
	2,535	2,082
TOTAL	3,470	3,177

In addition to the above, DE has leased Arvalee School (on the Strule Shared Education Campus) to EA for a peppercorn rent. The lease runs from 1 September 2016 to 31 August 2020.

20.2 Finance Leases

EA has several finance leases but the repayments of the leases are of a peppercorn nature. The discounted present value of the lease payments were deemed immaterial and therefore a finance creditor was not created in the annual accounts.

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21. Commitments under Private Finance Initiative Contracts and Other Service Concession arrangement contracts

21.1 Off-balance sheet (SoFP)

EA acts as a paying agent for the DE in relation to a number of PFI contracts. In each case the property is not an asset of EA and is not included in the Statement of Financial Position.

The contracts in place are as follows:

- **Lagan College, Belfast** (a Grant Maintained Integrated School) In this case the payments are accounted for on a 'pass-through' basis and do not affect the amounts disclosed in these accounts.
- **Down and Connor Public Private Partnership (PPP) Scheme** This scheme consists of three schools - St Joseph's Primary School, Carryduff (an EA School), Our Lady and St Patrick's College Knock (a Voluntary Grammar School) and St Mary's Primary School, Portglenone (an EA School). The unitary payments in respect of St Joseph's PS, Carryduff and St Mary's PS, Portglenone are funded through EA while the payments in respect of Our Lady and St Patrick's College Knock are accounted for on a 'pass-through' and do not affect the amounts disclosed in these accounts.
- **De La Salle PPP Scheme** This scheme consists of St Patrick's Grammar School, Downpatrick (a Voluntary Grammar School). Payments in respect of this scheme are accounted for on a 'pass-through' basis and do not affect the amounts disclosed in these accounts.
- **Holy Cross College, Strabane (an EA School)**
- **St Mary's College, Derry (an EA School)**
- **St Cecilia's College, Derry (an EA School)**
- **St Genevieve's High School, Belfast (an EA School)**

Charge to the SoCNE and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet (SoFP) PFI or other service concession transactions was £13,547k (2017-18: £14,253k). Total future minimum payments under off-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods:

	2018-19 £000	2017-18 £000
Not later than one year	14,415	13,678
Later than one year and not later than five years	57,661	54,811
Later than five years	133,209	123,827
Total	205,285	192,316

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21.2 On-Balance Sheet (SoFP)

EA has a number of on-balance sheet (SoFP) PFI contracts and other service concession arrangements contracts currently in place. In each case under IFRIC12 the asset is included as an asset of EA. The substance of the contracts is that EA has a finance lease with the payments comprising two elements:

- imputed finance lease charges; and
- service charges.

The following PFI contracts and other service concession arrangements contracts are currently in place.

PFI Wellington College, Balmoral High School and the Regional Training Unit

EA built Wellington College, Balmoral High School and the Regional Training Unit under a single PFI contract involving a land swap arrangement. The value of the land transferred covered the cost of construction and furniture and equipment of the buildings. The contract will last for 25 years from 2 January 2002. The monthly unitary charges relates to the caretaking, maintenance (building and grounds), cleaning, security, catering services and the renewal of furniture and equipment on the sites. The cost of the services is indexed on an annual basis.

PPP Contract for five Schools – Orangefield Primary School, Ashfield Girls’ High School, Belfast Model School for Girls, Grosvenor Grammar School and Belfast Boys’ Model School.

EA has a single contract in place to build and maintain five schools which were opened in 2009 and 2010 and include:

- Orangefield Primary School;
- Ashfield Girls’ High School;
- Belfast Model School for Girls;
- Grosvenor Grammar School; and
- Belfast Boys’ Model School.

The contract for the services for each building covers the 30 year period from the date that the school is opened. The monthly unitary charge covers the contribution to the construction costs and the provision of services for caretaking, maintenance (building and grounds), external cleaning, security and the renewal of furniture and equipment on the sites. The cost of the services is indexed on an annual basis. Internal cleaning and catering services are provided by EA. The Belfast Model School for Girls and the Belfast Boys’ Model School buildings also include community facilities, the North Belfast City Learning Centre (NBCLC), which was jointly funded by:

- DE;
- DoF;
- the Department of Health (DoH) (formerly the Department of Health, Social Services and Public Safety);
- the Executive Office (formerly the Office of First Minister and Deputy First Minister); and
- the Department for Communities (DfC) (formerly the Department of Culture, Arts and Leisure and the Department of Social Development).

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Bangor Academy and Sixth Form College and Nendrum College

EA operates a PPP Contract in respect of Bangor Academy and Sixth Form College and Nendrum College. Nendrum College opened on 29 February 2008 and Bangor Academy opened on 30 April 2008. Both of these schools are shown on-balance sheet. Ownership will transfer to EA in 2039.

Tor Bank Special School

EA operates a PPP Contract in respect of Tor Bank Special School, which was handed over on 22 October 2012. This scheme is shown on-balance sheet, although the budget is off-balance sheet which is accounted for through a dual reporting adjustment in Note 27. Ownership will transfer to EA in 2037.

Drumglass High School – Dungannon

EA operates a PFI contract in respect of the provision of accommodation and related services at Drumglass High School, Dungannon. The PFI contract commenced in September 2000 and runs for 25 years, ending in September 2025.

C2k Project

EA has responsibility for the C2k project. This is a PFI scheme which provides an IT system to schools which supports teaching, learning and administration.

Charge to the SoCNE and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet PFI or other service concession transactions was £11,288k (2017-18: £10,978k). Total future obligations under on-balance sheet PFI and other service concession arrangements are given in the table below for the following periods:

	2018-19 £000	2017-18 £000
Minimum lease payments:		
Due within one year	11,900	11,900
Due later than one year and not later than five years	47,598	47,598
Due later than five years	173,681	185,581
Total (A)	233,179	245,079
Less interest element	(85,423)	(92,837)
Present value	147,756	152,242

	2018-19 £000	2017-18 £000
Service elements due in future periods:		
Due within one year	11,852	11,426
Due later than one year and not later than five years	47,407	46,354
Due later than five years	154,771	173,502
Total service elements due in future periods (B)	214,030	231,282
Total Commitments (A + B)	447,209	476,361

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Notes to the Financial Statements

22. Pension Obligations

Statement of Financial Position	2019 £000	2018 £000
Fair value of assets	2,024,595	1,867,152
Present value of funded defined benefit obligation	(2,843,547)	(2,614,530)
Present value of unfunded defined benefit obligation	(19,422)	(20,311)
Pension liability recognised in the Statement of Financial Position	(838,374)	(767,689)

Further detail in relation to pension obligations can be found in the Accountability Report – Remuneration and Staff Report within the Annual Report.

23. Contingent Liabilities disclosed under IAS 37

Job Evaluation

Whilst EA expects a liability could arise, until the relevant job descriptions and evaluations have been agreed, EA cannot estimate, with any certainty, the value of the liability. Liability is contingent upon a future event which is outside the control of EA.

The potential total liability if all of these potential liabilities were to materialise is currently estimated at £8,294k.

Legal Cases and Public Liability

Proceedings against EA have been initiated for a number of public employer's liability and employment tribunal cases. The likelihood of EA being found liable and the amount of any settlements cannot yet be estimated as the cases concerned have not progressed sufficiently to allow assessment by the EA solicitors.

The potential total liability, if all of these potential liabilities were to materialise, is currently estimated at £3,814k

Those amounts which are probable and ascertainable are included in either accruals or provisions for liabilities and charges.

Contractual Enrolment in the NILGOSC Pension Scheme

EA is aware that the regulations for contractual enrolment of new employees in the NILGOSC Pension scheme were not applied fully from 2013 to 2018. This results in the possibility that some affected staff might decide to retrospectively join the NILGOSC Pension Scheme and buy back membership for the period of their employment. Only a very small number of affected staff have sought more information on this option and EA estimates that the majority will not take up this option. However, in the event that some staff do, EA will be liable for the associated employer contributions to the Scheme. EA is not in a position to estimate the potential liability at this point as the wishes of affected staff are not yet known.

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Notes to the Financial Statements

Court of Appeal Judgement on Backdated PSNI Holiday Pay:

On 17th June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgement and the implications for the NICS and wider public sector will need further consideration. The DoF is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

24. Related Party Transactions

EA is a Non-Departmental Public Body sponsored by the DE and the DfE.

The departments are regarded as related parties. During the year, EA has had various material transactions with the departments and with other entities for which the departments are regarded as the parent department.

In addition, EA has had a small number of material transactions with other government departments and other central government bodies. Most of these transactions have been with the:

- (a) DoH;
- (b) Health and Social Care Board which is sponsored by DoH; and
- (c) DAERA.

No board member, key manager or other related parties has undertaken any material transactions with EA during the period.

During the year EA paid £81,754k to NILGOSC. For the period up to 31 December 2018 the chairperson of NILGOSC was an independent externally appointed member of EA's ARAC. This position has since been suppressed.

A register of members' interests is available and can be inspected on application to the Chief Executive's office.

25. Third Party Assets

EA is responsible for the administration of trust funds which benefit the pupils of certain schools within its area. The chief executive, as accounting officer, is responsible for the propriety and regularity of the trust funds and for the keeping of proper records. These are not EA assets and are not included in the accounts. The assets, held at the statement of financial position date to which it was practical to ascribe monetary values, comprised monetary assets, such as bank balances and monies on deposit, and listed securities. They are set out in the table on the next page.

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	2018-19 £000	2017-18 £000
Monetary assets such as bank balances and monies on deposit	197	186
Listed securities	464	462
	661	648

26. Financial Instruments

As the cash requirements of EA are met through Grant-in-Aid provided by DE, financial instruments play a more limited role in creating risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with EA's expected purchase and usage requirements and EA is therefore exposed too little credit, liquidity or market risk.

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27. Financial Target – Resource

	DE Schools £000	DE Youth £000	DfE £000	Total £000
Total net expenditure per Statement of Comprehensive Net Expenditure	2,120,281	39,462	12,931	2,172,674
<u>Adjustments</u>				
AME				
Movement in Provisions	(1,243)	(113)	31	(1,325)
NILGOSC Pension Scheme Non cash element	(113,853)	-	-	(113,853)
(Profit)/Loss on disposal of non-current assets	456	23	-	479
Depreciation and Deficit on Revaluation	(80,490)	(2,751)	-	(83,241)
<u>Other Adjustments</u>				
PFI Dual Reporting Adjustment	(2,040)	-	-	(2,040)
Other non-cash items/capital income	1,335	(23)	(62)	1,250
Notional costs	(3,491)	-	-	(3,491)
Net Expenditure*	1,920,955	36,598	12,900	1,970,453
Final Budget Plan*	1,906,043	36,641	13,168	1,955,852
Year-end position (2018-19)	(14,912)	43	268	(14,601)
Year-end position (2017-18)	(17,627)	1	980	(16,646)

	£000
Opening Schools funding commitment at 1 April 2018	39,613
Adjustment re closed schools	0
Net movement in school surpluses in year	(6,643)
Closing Schools funding commitment at 31 March 2019	32,970

* The Final Budget Plan and Net Expenditure includes Premature Retirement Compensation costs (PRC).

Financial Statements

Notes to the Financial Statements

Year-end position at 31 March 2019

EA's financial targets for 2018-19 were to contain expenditure within the accrued limits approved by the Departments in budget plans. The targets were achieved for Youth and DfE funding. The target was not achieved for DE funding.

Schools' Funding Commitment at 31 March 2019

Following the abolition of the End Year Flexibility Scheme, the Executive endorsed proposals in June 2011 which provided a guarantee for schools to have access to past and future surpluses. Funding implications of any variations between planned and actual spend in year is managed between EA and DE.

28. Financial Target – Capital

	DE £000	Youth £000	Total £000
Total Capital Expenditure for the Period	81,215	5,000	86,215
Final Budget Plan	81,215	5,000	86,215
Year-end position at 31 March 2019	-	-	-
Year-end position at 31 March 2018	116	2	118

29. Events after the Reporting Period

There are no events after the reporting period relating to the 2018-19 financial year.

29.1 Date authorised for Issue

The accounting officer authorised the issue of these financial statements on 29 May 2020.

The Report of the Comptroller and Auditor General to the NI Assembly

Report of the Comptroller and Auditor General to the Northern Ireland Assembly

Introduction

1. The Education Authority's (EA) financial target is to contain expenditure within the accrued limits approved by the Department of Education (DE) and the Department for the Economy (DfE).
2. The EA has exceeded its annual financial target for a third consecutive year. I reported on the EA's overspend compared with approved limits in the 2016-17 and 2017-18 accounts.
3. In addition, my 2018 report 'The Financial Health of Schools' recognised the pressures on school budgets, such as, impacts from increasing pupil numbers and continued funding for unsustainable schools. I concluded that such issues cannot be resolved until there is a fundamental review of how our schools are funded.
4. My 2017 report 'Special Educational Needs' (SEN) also recommended a review of funding arrangements to ensure that resources are used effectively to meet the needs of all children with SEN.

Overspend of £14.6 million in 2018-19

5. DE provided a budget for education services of £1,906.0 million for 2018-19. The EA's actual spend on education services in the period was £1,920.9 million, resulting in an overspend of £14.9 million.
6. There were underspends on student and further education support services funded by DfE and on youth services funded by DE. This meant the overall overspend by the EA was £14.6 million in 2018-19 (**Figure 1**).

Figure 1: EA 2018-19 Net Expenditure compared to Budgeted Expenditure

	DE		DfE	Total
	Education	Youth		
	£'000	£'000	£'000	£'000
Net Expenditure¹	1,920,955	36,598	12,900	1,970,453
Budget	1,906,043	36,641	13,168	1,955,852
(Overspend)/Underspend	(14,912)	43	268	(14,601)

7. The EA indicated that the reason for the overspend on the Education budget in 2018-19 was mainly due to overspends in Special Educational Needs (£5.3 million), rates (£1.2 million), transport (£3.3 million), increases in schools' deficits (£3.3 million), and

¹ Net expenditure per the Statement of Comprehensive Expenditure less Non-cash transactions and other adjustments – see Note 27 to the Accounts on page 145.

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headquarter costs (£2.2 million). The overspend on the Education budget was offset slightly by net underspends in other service areas (£0.4 million).

8. Details of overspends compared with budgets for the last three years are set out in **Figure 2** below.

Figure 2: EA Overspends 2016-17 to 2018-19

	2018-19 £000	2017-18 £000	2016-17 £000
Net Expenditure	1,970,453	1,899,360	1,562,505
Budget	1,955,852	1,882,714*	1,543,429
(Over)/Under spend	(14,601)	(16,646)	(19,076)

* Responsibility for funding all Voluntary Grammar Schools and Grant Maintained Integrated schools transferred from the DE to EA from 1 April 2017, increasing the budget by £309 million.

9. The EA advised me that the issues which led to overspends in education services since 2016-17, are still prevalent today, and are reflective of the significant financial pressures facing the education sector, with pay and price increases being unfunded for the past five years, combined with growing service pressures across the educational sector. On this basis, EA further advised the budget for 2018-19 did not take into account pay and price inflationary pressures and did not fully meet pressures from increased demand. EA also highlighted that the deficit position was mitigated to some degree by savings of £17 million achieved in the period, bringing the total savings delivered since 2015-16 to £81.5 million.
10. EA told me that given the scale of the challenges facing the education sector, the EA is focused on developing a longer term strategic recovery plan to address the EA's and schools' financial stability and sustainability. This is a significant undertaking that will fundamentally shape the scale and scope of service delivery to schools, children and young people for a generation and it is anticipated that it will take a period of 3 to 5 years to ensure that the appropriate arrangements can be fully considered, evidenced, consulted upon and implemented.
11. My 'Financial Health of Schools' report noted the number of schools operating in deficit. It is concerning that the number of schools which are in deficit continues to increase, with the EA reporting that the number increased from 249 in 2015-16 (24%) to 451 in 2018-19 (45%).
12. Recognising that schools were under severe pressure, the EA developed a new approach towards schools' financial planning in 2018-19. This included undertaking financial health checks of schools and identifying actions to help reduce spending without impacting on educational outcomes. However, the benefits of this work may not be evident for another year or more.

² Figures exclude Voluntary Grammar Schools and Grant Maintained Integrated Schools as these schools are self-governing.

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Education Transformation Programme

13. In 2018-19 DE established an Education Transformation Programme in order to review aspects of the existing education system, identifying where improvements could be made and deliver a managed programme for the benefit of children and young people. A series of projects have been commissioned by the Education Transformation Board to identify solutions to some of the key challenges faced by the education system and develop policy options for a future Minister of Education. A key project is a review of the Common Funding Scheme.

Northern Ireland Affairs Committee Review

14. In July 2019, the House of Commons' Northern Ireland Affairs Committee (NIAC) published its report 'Education funding in Northern Ireland'³. The NIAC recognised the extreme challenges facing our education sector and made a number of recommendations that it considered would ease immediate pressures on the education system, whilst a strategic reform of the school system is considered. A response has been provided.

Conclusion

15. Whilst I acknowledge the financial pressures education funding is under, it is important that the EA lives within its budget. I will continue to keep this area under review.



KJ Donnelly

Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
29 May 2020

³ The full report is available at:

<https://publications.parliament.uk/pa/cm201719/cmselect/cmniaf/1497/1497.pdf>

⁴ 'Education Funding in Northern Ireland: Government Response to the Committee's Ninth Report of Session 2017-19' is available at

<https://publications.parliament.uk/pa/cm201920/cmselect/cmniaf/174/174.pdf>

GLOSSARY OF TERMS

ARA	Additional Responsibility Allowance
ASEO	Assistant Senior Education Officer
BEM	Building Engineering Management System
BoG	Board of Governors
BREEAM	Building Research Establishment Environmental Assessment Method
BST	Behavioural Support Team
CASS	Curriculum Advisory Support Service
C&AG	Comptroller & Auditor General
CB	Companion of the Most Honourable Order of the Bath
CCMS	Council for Catholic Maintained Schools
CoP	Code of Practice
CPD	Continuing Professional Development
CPSSS	Child Protection Support Service for Schools
CRED	Community Relations, Equality and Diversity
CSSC	Controlled Schools Support Council
CYPS	Children & Young Peoples' Services
DE	Department of Education
DAERA	Department of Agriculture, Environment and Rural Affairs
DfE	Department for the Economy
DOCPEG	Designated Officer for Child Protection Education Group
DoF	Department of Finance
DP	Development Proposal
DSC	Delivering Social Change
EA	Education Authority
EF	Entitlement Framework
EITP	Early Intervention Transformation Programme
ELBs	Education & Library Boards
EMS	Education Management System
EOTAS	Education Other Than At School
EPS	Education Psychology Service
ES	Extended Schools
ESAGS	Every School a Good School
ESD	Education for Sustainable Development
ETI	Education and Training Inspectorate
EWO	Education Welfare Officer
EWS	Education Welfare Service
FE	Further Education
FTE	Full Time Equivalent
FSM	Free School Meals
FSME	Free School Meals Entitlement
FReM	Financial Reporting Manual
GBA	Governing Bodies Association
HEI	Higher Education Institutions
HOS	Head of Service
IA	Internal Audit
IDS	Inclusion & Diversity Service
IE	Integrated Education

GLOSSARY OF TERMS

IM	Irish Medium
LAC	Looked After Children
LMS	Local Management of Schools
LPS	Land & Property Services
MEMR	Monthly Expenditure Monitoring Report
MTAC	Membership and Teaching Appointments Committee
NIAO	Northern Ireland Audit Office
NISRA	Northern Ireland Statistic's and Research Agency
NISTR	Northern Ireland Substitute Teachers' Register
NRA	Neighbourhood Renewal Area
OBE	Officer of the Most Excellent Order of the British Empire
OEC	Outdoor Education Centre
PAC	Public Accounts Committee
PED	Personal Education Plan
PFG	Programme for Government
PFY	Priorities for Youth
PQH	Professional Qualification for Headship
PRSD	Performance Review & Staff Development
PRU	Pupil Referral Unit
RMD	Regional Managing Director
RYDP	Regional Youth Development Plan
SBNI	Safeguarding Board for Northern Ireland
SCELB	Staff Commission for Education and Library Boards
SDP	School Development Plan
SEBD	Social, Emotional & Behavioural Difficulties
SEN	Special Educational Needs
SENCO	Special Educational Needs Co-ordinator
SEND	Special Educational Needs and Disability
SESP	Shared Education Signature Project
SIMS	Schools' Management Information System
SMT	Senior Management Team
SRO	Senior Responsible Officer
SSEC	Strule Shared Education Campus
SSP	Sustainable Schools Policy
STEM	Science, Technology, Engineering & Maths
TBUC	Together Building United Communities
TESS	Traveller Education Support Service
TEO	The Executive Office
TSC	Term Service Contract
VES	Voluntary Exit Scheme
YCNI	Youth Council Northern Ireland