

Office of the First Minister and deputy First Minister
Resource Accounts
For the year ended 31 March 2009

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

3rd July 2009

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OFFICE OF THE FIRST MINISTER AND DEPUTY FIRST MINISTER

ANNUAL REPORT

DIRECTORS' REPORT

The Office of the First Minister and deputy First Minister (OFMDFM) presents its accounts for the financial year ended 31 March 2009.

The Department produces accounts as directed by Department of Finance and Personnel (DFP) under section 9(1) of Government Resources and Accounts Act (Northern Ireland) 2001. These accounts have been prepared in accordance with the appropriate form and disclosure requirements of the Government Financial Reporting Manual (FRoM).

SCOPE

Departmental Accounting Boundary

The Departmental boundary is determined by the way in which in-year budgetary control is exercised by the Department. For the year 2008-09 the following are considered within the boundary and their financial performance consolidated in the Department's resource accounts:

- **OFMDFM Core Directorates/Department**
- **North/South Ministerial Council Joint Secretariat:**

Established under the terms of the Belfast/Good Friday Agreement, the North/South Ministerial Council (NSMC) brings together Ministers from the Northern Ireland Executive and the Irish Government to develop consultation, co-operation and action on matters of mutual interest. The NSMC is supported by a Joint Secretariat, based in Armagh and staffed by civil servants from OFMDFM and the Irish civil service.

- **Planning Appeals Commission and Water Appeals Commission:**

The Planning and Water Appeals Commissions are independent appellate bodies established under statute to deal with a wide range of land use, planning, water and related issues. Further details are available on the Commissions' website – www.pacni.gov.uk

- **Office of the Commissioner for Public Appointments for Northern Ireland (OCPA NI)**

The Office of the Commissioner for Public Appointments for Northern Ireland was established in 1995 on the recommendation of the Committee on Standards in Public Life. The Commissioner is appointed by the First Minister and deputy First Minister and is a statutory office holder operating at arms length from the Department. The Commissioner's role is to regulate, monitor and report on Ministerial appointments to a range of public bodies as outlined in legislation. Further details are available on the OCPA NI website – www.ocpani.gov.uk

Entities Outside the Departmental Accounting Boundary

The Department provides funding to a number of bodies which are outside the Departmental accounting boundary, as listed below. Each of these bodies produces its own published annual reports and accounts, and the financial performance of these bodies is not consolidated into the Department's resource accounts.

OFMDFM Non Departmental Public Bodies (NDPBs) and Sponsored Bodies:

- **The Economic Research Institute of Northern Ireland.**

The Economic Research Institute of Northern Ireland (ERINI) was established as a new independent economic research body through the merger of the former Northern Ireland Economic Council and the Northern Ireland Economic Research Centre, and became operational on 12 January 2004.

ERINI was established as a Company Limited by Guarantee with a Board comprised of representatives from academic, business, trade unions and other interests. It has two primary functions:

- (i) the provision of economic research (primary and secondary) and analyses and advice aimed at challenging and developing policy-making and strategic thinking on the issues facing Northern Ireland society; and
- (ii) the provision of an economic research consultancy service on a commissioned basis to Government Departments, the Northern Ireland Assembly and others.

In order to assist it to carry out these functions, ERINI is encouraged to:

- (i) in conjunction with Government Departments, increase in the capacity for research of local policy relevance within the local universities; and
- (i) initiate and lead informed debate among the wider policy community.

A comprehensive review of ERINI has been completed by external consultants for the Department and Ministers are in the process of considering the final report findings and recommendations with a view to determining the way forward.

Further information on ERINI can be found at www.erini.ac.uk

- **Equality Commission for Northern Ireland**

The Equality Commission for Northern Ireland is a Non Departmental Public Body (NDPB) established under the Northern Ireland Act 1998 with statutory functions which include working towards eliminating unlawful discrimination and to promote equality of opportunity on the grounds of disability, sex, race and religious belief/political opinion. The Commission also has responsibilities under Section 75 of the Northern Ireland Act 1998 in relation to the public sector equality duties.

The Mission Statement contained in the Commission's Corporate Plan 2006-2009 is "to advance equality, promote equality of opportunity, encourage good relations and challenge discrimination through promotion, advice and enforcement".

Its key functions are to:

- Promote equality of opportunity and affirmative and positive action;
- Work towards the elimination of unlawful discrimination;
- Promote good relations between persons of different racial groups;
- Oversee the effectiveness of statutory duties on public authorities; and
- Keep relevant legislation under review.

Further information, including the ECNI Corporate Plan and Annual Report and Accounts can be found at www.equalityni.org

- **Community Relations Council for Northern Ireland**

The Community Relations Council (CRC) was established with government support in 1990 as an independent company with charitable status. Since then it has developed to become a centre of expertise on community relations practice and is the main channel for government funding for voluntary sector community relations groups and projects.

The strategic aim of the Community Relations Council is to assist the people of Northern Ireland to recognise and counter the effects of communal division. It aims to do this by:

- Providing support (finance, training, advice, information) for local groups and organisations;
- Developing opportunities for cross-community understanding;
- Increasing public awareness of community relations work; and
- Encouraging constructive debate throughout Northern Ireland.

The Community Relations Council is a strategic partner in the implementation of policy on good relations and on victims and survivors, in pursuit of Public Service Agreement 7.

Further information, including the CRC Annual Report and accounts, can be obtained at www.community-relations.org.uk

- **Strategic Investment Board**

The Strategic Investment Board (SIB) was established in 2003 as a company limited by guarantee. Its purpose is to advise the Executive in relation to the formulation and implementation of its programme of major investment projects and also to advise bodies carrying out major investment projects. The Company has its own Board and is wholly funded by OFMDFM.

The SIB has carried out these responsibilities through the publication of a ten year Investment Strategy for Northern Ireland in February 2008. Further details of the work of SIB, the projects in which it is involved, and other information including its Annual Report and Accounts, can be found at www.sibni.org.uk

- **Ilex Urban Regeneration Company**

Ilex was incorporated as a government owned company limited by guarantee on 17 July 2003 to create and promote the co-ordinated regeneration of the Derry City Council area through the collective force of private and public sector drive, expertise, finance and development skills. The company is funded by OFMDFM and the Department for Social Development (DSD) as set out in the Financial Memorandum. Ilex discharge their responsibilities in regard to their function through the implementation of a Corporate Plan 2008-2012 and a related annual Business Plan April 08 – March 2009. www.ilex-urc.com

- **The Commissioner for Children and Young People for Northern Ireland**

The primary role of the Commissioner, established under the *The Commissioner for Children and Young People (Northern Ireland) Order 2003* as an NDPB, is to promote and safeguard the rights and best interests of children and young people in Northern Ireland. The Commissioner, Patricia Lewsley, has identified in her Corporate Plan 5 priorities to take forward her work over the next three years.

The recommendations from a comprehensive review report carried out during 2007/08, which included a staffing restructure, were implemented during 2008/09. Further information, including the Commissioner's annual report and accounts can be obtained at www.nickey.org

- **The Commission for Victims and Survivors for Northern Ireland**

The Commission for Victims and Survivors for Northern Ireland was established as a Non Departmental Public Body in June 2008 under the Victims and Survivors (Northern Ireland) Order 2006, as amended by the Commission for Victims and Survivors Act (Northern Ireland) 2008. The principal aim of the Commission is to promote the interests of victims and survivors.

The Commissioners for Victims and Survivors are Patricia MacBride, Brendan McAllister, Bertha McDougall and Michael Nesbitt. The duties of the Commission include promoting an awareness of and safeguarding matters relating to the interests of victims and survivors, and keeping under review the adequacy and effectiveness of

law and practice and services provided for victims and survivors. Further information including the Commission's initial work plan can be obtained at www.cvsni.org

Departmental Reporting Cycle

The OFMDFM annual report and accounts represents the culmination of the Department's annual reporting cycle. This report provides a summary of the Department's performance and key achievements during 2008-09.

The Department's original Estimates for the year were set out in the document, *Northern Ireland Main Estimates 2008-09*. These Estimates were subject to in-year revision. The revised Estimates for 2008-09 were published in the document, *Northern Ireland Spring Supplementary Estimates 2008-09*. Both documents are available at <http://www.dfpni.gov.uk/pubs-nics-fin-est> or from *The Stationery Office, TSO*.

The Department's key performance targets are set out in its Public Service Agreement (PSA), which can be obtained at

<http://www.pfgbudgetni.gov.uk/index/programme-for-government-document.htm>

MANAGEMENT COMMENTARY

AIM AND OBJECTIVES

The Department's overarching aim is to:

Build a peaceful and prosperous society with respect for the rule of law where everyone can enjoy a better quality of life now and in years to come.

The Executive's Programme for Government 2008-11, Budget 2008-11 and Investment Strategy for Northern Ireland 2008-18 (www.pfgbudgetni.gov.uk) provide the framework for OFMDFM's work in 2008-09.

The key goals and priorities for OFMDFM within these are:

Priority 2: Promote Tolerance, Inclusion, Health and Wellbeing

- Work towards the elimination of child poverty in Northern Ireland by 2020 and reducing child poverty by 50% by 2010.

Priority 4: Invest to Build our Infrastructure

- Investing around £6bn in our infrastructure over the next 3 years and approaching £20bn over the next 10 years.

Priority 5: Deliver Modern, High Quality and Efficient Public Services

- Review the overall number of Government Departments by 2011.
- Generating approximately £300m of capital realisations by 2011 and approximately £1bn by 2018 to invest in our infrastructure.

The Programme for Government is supported by 23 Public Service Agreements (PSAs) and OFMDFM has lead responsibility for three PSAs and contributes to a number of other PSAs. The strategic priority areas (and strategic objectives) for the Department are as follows:

- **Making Peoples' lives better (PSA 7):** By driving a programme across Government to reduce poverty and address inequality and disadvantage; promoting equality and human rights and protecting the interests of children, older people, people with disabilities, victims and survivors, and other socially excluded groups; promoting cohesion, sharing and integration and, promoting the Section 75 statutory equality duty across Government.
- **Driving investment and sustainable development (PSA 11):** Through ensuring a strategic, regionally balanced approach to infrastructure investment whilst tackling existing regional infrastructure disparities; regeneration of strategic sites in a manner that promotes economic growth and benefits local communities; promoting effective long-term capital planning and delivery that is compliant with equality and sustainable development priorities; and promoting the Executive's policy interests internationally.
- **Enabling Efficient Government (PSA 21):** By providing for the effective operation of the institutions of Government by supporting Ministers and facilitating effective interdepartmental working in the delivery of an agreed Programme for Government,

Budget, Investment Strategy and legislative programme; building the capacity of the Civil Service to deliver the Government's priorities by improving leadership, skills, professionalism, diversity and equality; ensuring public expenditure is managed effectively to deliver best value; and delivering the most economically advantageous outcomes in Government procurement.

The other PSAs to which OFMDFM contributes are:

- PSA 1: Productivity growth;
- PSA 6: Children and family;
- PSA 10: Helping our children and young people to achieve through education;
- PSA 12: Housing, regeneration and community development; and
- PSA 20: Improving public services.

PRINCIPAL ACTIVITIES

The Department undertakes a wide range of functions as described below:

Supporting the Work of Government

The Department provides advice, guidance and support to the First Minister and deputy First Minister as joint chairs of the Executive and also to OFMDFM Ministers, Executive Ministers and Departments on their responsibilities concerning participation in the institutions of Government, including the Assembly, the North/South Ministerial Council and the British-Irish Council. It plays a central role in producing a "Programme for Government" setting out the Administration's priorities for the years ahead and the Executive's Legislative Programme.

A dedicated Executive Information Service working across all 11 Departments seeks to ensure that the Administration's internal and external communications are effective, while the Brussels and Washington offices maintain a key presence abroad.

In EU matters the Department seeks to ensure compliance with regulation, ensure Northern Ireland interests are considered in policy formulation and obtain maximum benefit from EU policies and programmes. The European Commission published its 'Report on the Northern Ireland Task Force' in April 2008. This analysis provided an audit of the region's engagement with the European Union. It stimulated a considerable programme of work and exchanges between government Departments and the European Commission's services. The Executive's response, which for the first time will establish a set of European policy and programme priorities for Northern Ireland has been published in the form of an action plan. It has been presented to the President of the European Commission by the First Minister and deputy First Minister.

The Department acts as a central point of co-ordination and advice on Executive and Assembly procedures and business, and for the co-ordination of cross-cutting issues with no clear Departmental lead.

The Department is also responsible for the development of policy capacity across the Northern Ireland Civil Service (NICS).

Economic Policy and Regeneration

The Department has a strong policy making remit in relation to economic policy with the aim of ensuring an integrated approach to major infrastructure investment (including the Investment Strategy) and matters pertaining to Europe.

The Department takes the lead in developing, co-ordinating and publishing the Executive's Programme for Government and Investment Strategy. The Programme for Government sets out the Executive's key priorities, goals and commitments for the years ahead, and is developed in conjunction with the Budget and Investment Strategy. The Investment Strategy sets out the framework for infrastructure investment in the years ahead. Together these documents set out how the Executive allocates its resources and capital investment in support of its priorities.

The Department is responsible for the development of policy on the use of Public Private Partnerships.

The Department also has lead policy responsibility for Sustainable Development.

Equality, Rights, Social Need and Good Relations

The Department is responsible for taking forward legislative and non-legislative programmes covering anti-discrimination, equality and good relations, and developing cross-cutting policy in areas such as racial equality, disability, gender, sexual orientation, older people, children and young people and victims and survivors. In addition, the Department has responsibility for developing and implementing a cross-Departmental strategy to tackle poverty and social exclusion in line with Section 28E of the Northern Ireland Act 1998 and statutory obligations arising from Section 75 of the Northern Ireland Act 1998 and the Human Rights Act 1998. The Department also sponsors the Equality Commission for Northern Ireland (ECNI). This role involves approval of its budget, scrutiny of its monthly drawdown of expenditure, commenting upon and monitoring performance against its Corporate Plan and annual Business Plan and attending the ECNI's Audit and Risk Committee meetings.

Providing a Service to Other Government Departments

The Department provides central services for the whole Administration such as professionally skilled legislative draftsmen; advice and guidance on public appointments; the UK Honours process; an advisory, consultative and reporting role in respect of international human rights obligations and statutory equality duties; the processing of round robin and potentially precedent-setting Freedom of Information requests; and the promotion of protective security and civil contingencies preparedness throughout the public sector.

OFMDFM provides a base for staff engaged in a number of cross-cutting responsibilities including: community initiatives in North Belfast; aspects of the Reinvestment and Reform Initiative; European policy; and operational support for the civil service Ministerial, Press Office and Private Office, Knowledge Network information systems. In addition staff are out-posted to independent bodies such as the Planning and Water Appeals Commissions, the Office of the Commissioner for Public Appointments for Northern Ireland and the Department has responsibilities in relation to the Offices of the Assembly Ombudsman and

Commissioner for Complaints. OFMDFM also plays a significant role in providing advice, support and challenge to all Departments in relation to their statutory equality duties arising from Section 75 of the Northern Ireland Act 1998 and for advice and guidance in relation to human rights issues.

The Department's Executive Information Service (EIS) is responsible for ensuring a corporate approach to government communications. As Head of Profession, the EIS Director recruits and out posts communication professionals to all Departments where they provide direct support to individual Ministers and officials. EIS also provides the central management and co-ordination of all government campaign and classified advertising, working with Departments to ensure value for money, quality and consistency of approach. EIS provides cross Departmental input on the internal communications aspects of the NICS Reform Programme, and is responsible for the rationalisation of Departmental websites which will lead to the introduction of the NI Direct website.

KEY ACHIEVEMENTS

Over the past year the work of the Department has made significant progress against its three lead objectives.

It has done so against the background of the severest economic downturn in three quarters of a century.

The main achievements of the Department contribute to PSA targets in a number of areas.

For example the passage of the Financial Assistance Bill demonstrated the Department's Enabling of Efficient Government (PSA 21) but also played a significant role in making People's Lives Better (PSA 7).

Equally, work undertaken supporting Ministers during their engagement with key figures and stakeholders at home and abroad progressed achievements under PSA 11, Driving Investment and Sustainable Development and PSA21, Enabling Efficient Government.

SUPPORTING THE WORK OF GOVERNMENT

Operation of the Institutions

The Department supported the First Minister and deputy First Minister as joint heads of the administration both at home and abroad.

During the course of the year this saw Ministers undertake their roles as Chairs of the Executive Committee, in their engagement with the Northern Ireland Assembly and when representing the Northern Ireland side in the North/South Ministerial Council (NSMC) and British Irish Council (BIC).

Supporting Ministers on International Relations work

With Departmental support, Ministers engaged in a series of highly significant engagements with world leaders including hosting visits by US President George Bush, and EU Parliament President Hans Gert Pottering.

These engagements also saw Ministers visit the White House to meet with President Bush, as well as being among the first leaders of any administration to meet with President Barack Obama following his inauguration.

Within days of that historic meeting, the First and deputy First Minister and Junior Ministers undertook visits to Europe where they engaged at the highest diplomatic levels, most recently meeting with both the President of the Parliament and the President of the EU Commission Jose Manuel Barroso, to whom they presented the Executive's response to the EU Commission's Taskforce.

The Department continued to provide support to Ministers in exercising their accountability to the Assembly through Ministerial Statements, responses to debates, engagement with Assembly Committees, responding fortnightly to Assembly questions and taking the various legislative stages of 3 Bills through the Assembly (namely Victims and Survivors Commission Bill, Public Authorities (Reform) Bill and Financial Assistance Bill).

The Department took forward work to prepare for future development of the machinery of devolution, including the transfer of policing and justice responsibilities.

Responding to the economic downturn

As the current economic crisis unfolded through the summer and into the winter months of 2008, the Department supported Ministers in a series of meetings with banks, energy companies, energy regulators, the voluntary and community sector, trades unions and business leaders. The purpose of these meetings was to gather evidence on the local impact of the developing "credit crunch" and the escalation in basic commodity prices such as food, oil and other energy. The overall aim was to do everything possible to mitigate the worst effects of this economic downturn on the people and businesses of Northern Ireland.

Working across Departments, officials supported Ministers to consolidate a package of remedial "credit crunch" measures which were agreed by the Executive and announced to the Northern Ireland Assembly on 15 December 2008. The main strands of this response were brigaded around five areas:

- Energy and fuel poverty – dealing with the problems associated with the exceptional increases in energy prices;
- Debt arising from the increasing cost of living and unemployment;
- Support for the housing market and construction industry in circumstances where the property market was in severe decline;
- Support for household budgets and building consumer confidence in uncertain economic times; and

- Support for business to meet the challenge of the credit crunch and the general economic downturn.

Ministers were able to use the December Monitoring process to identify funding for new and accelerated programmes in response to the credit crunch, and took forward significant new primary legislation “The Financial Assistance Act (Northern Ireland) 2009”. This enables the Executive to respond effectively (a) to reduce financial hardship arising out of unforeseen circumstances; and (b) to situations where provision to tackle poverty and social exclusion is unsatisfactory.

The Executive has maintained its focus and attention on economic matters. The economic downturn is a standing item of Executive business. To support this, the Department implemented new processes to provide an economic update paper to each Executive meeting. This includes an update on the implementation of the December 2008 package of measures agreed by the Executive, a report on key developments, and an assessment of the ongoing impact of the downturn.

To further develop and build on dialogue established with stakeholders, Ministers have set up an economic taskforce under the title of the Cross Sector Advisory Forum. This is supported by officials from within the Department’s Economic Policy Unit.

EMBEDDING CIVIL SERVICE REFORM

The Department took on the challenge of Civil Service reform in 2008-09, embracing the new shared services, Records NI, Account NI and the early phases of HRConnect and is now working to embed the systems to begin to realise the benefits.

The OFMDFM Internal Communications Branch provides strategic and operational internal communications support to the Northern Ireland Civil Service Departments in relation to the NICS Reform Programme. The branch has played an integral part in embedding a culture of change and in the development and evolution of the future@work concept. This is an interactive learning facility which combines NICS reform and harnesses innovation and technology currently being utilised or being considered for future use in NICS.

The primary focus has been to regularly inform and consult on reform matters through a broad range of communication channels, including staff briefings, consultation exercises, workshops, conferences, seminars, ebulletins, news letters and information events.

Improving public access to Government

The Executive Information Service led the development and implementation of the communication and contents of the NI Direct website. The website will improve how people access government information, and when completed, will be a most significant change for the citizen in their accessing of government services.

The Central Advertising Unit (Shared Service Centre) has been responsible for the effective and efficient procurement of a range of media advertising, driving forward the value for money agenda to ensure advertising campaigns from across government are delivered within

a strategic and budgetary framework. The EIS team has, in conjunction with DFP, undertaken initial work which will see the consolidation of Northern Ireland Civil Service (NICS) Departments and agencies websites into a thematic based web presence on NI Direct website.

The Internal Communications Unit has delivered cross-Departmental strategic communications support for the NICS Reform Programme. Key stakeholders have been regularly informed and consulted on reform matters through a broad range of communications channels, including staff briefings, consultation exercises, workshops, conferences, seminars, ebulletins, news letters and information events.

CIVIL CONTINGENCIES

During the year the Civil Contingencies Policy Branch (CCPB) pursued a number of key projects to enhance emergency preparedness in Northern Ireland. Importantly, this included work to further strengthen the Northern Ireland Central Crisis Management Arrangements (NICCMA) to ensure that they are capable of delivering the strategic framework necessary to effectively deal with civil emergencies affecting the region. CCPB also embarked upon a series of familiarisation sessions aimed at those who would be called upon to operate the NICCMA arrangements during an emergency situation. The Branch also progressed the development of a number of cross-cutting strategies to enhance and develop regional resilience, including in relation to pandemic influenza. CCPB's communications strategy provided for a redesigned and up-dated website, as well as the publication of two Newsheets aimed at informing and promoting debate among the regional emergency response community.

CCPB supported the Executive response to the heavy flooding which occurred in August 2008, and continues to oversee a review of the multi-agency response to those events. The Branch also participated in a number of exercises and workshops aimed at testing and further developing civil contingency arrangements across the region. This included participation in exercises for various emergency scenarios including fuel shortage, severe weather and animal disease.

CENTRAL FREEDOM OF INFORMATION TEAM

The Central Freedom of Information team (CFOI) has responsibility for the provision of advice and guidance to all Northern Ireland Departments in relation to the Freedom of Information Act (FOIA) 2000, Data Protection Act 1998 and the Environmental Information Regulations (EIRs) 2004. It continues to provide this advisory service through the FOI Practitioners' Group network, and chiefly involves convening and chairing Group meetings on a regular basis, and issuing guidance on the processing of round robin and complex FOI requests.

It also continues to play a leading promotional and educational role. The team led two workshops on the implementation of the new model Publication Scheme (for the proactive disclosure of official information), which was adopted by all Departments and effective from 1 January 2009. And, the Head of the team represents Northern Ireland on the Information

Commissioner's UK Advisory Panel, which provides opinions and ideas regarding publication schemes from a user or Practitioner viewpoint.

In the field of subordinate legislation, CFOI co-ordinated – on behalf of the Northern Ireland Departments – an exercise to add new, and remove defunct, public authorities from Schedule 1 of the FOIA. It also provided input to three major public consultations led by relevant Whitehall Departments: review of the FOIA section 46 Code of Practice on Records Management; review of the '30-year rule'; and the use of FOIA section 5 powers to designate public authorities exercising 'functions of a public nature'.

Informed by over three years' experience of advising on the handling of requests for information under access to information legislation, CFOI led an initiative to revamp Departments' requirements for training courses in this area of business. As a follow-up exercise, CFOI worked directly with specialist training providers to determine course structure and content. The new range of courses is now available for booking through the Centre for Applied Learning.

The team continues to manage the Northern Ireland Civil Service FOI Request Tracking and Monitoring system, to report on trends and significant FOI developments to Ministers on a monthly basis, to publish quarterly FOIA/EIRs performance statistics for all Departments, and to publish a detailed FOI Annual Report.

ECONOMIC POLICY AND REGENERATION

Response to Economic Downturn

The Department continued its contribution to a range of economic policy matters and has supported Ministers in the development of an Executive response to the economic downturn. The Department has also drafted a new Sustainable Development strategy which is better aligned with the Programme for Government. OFMDFM has also sought to sustain and develop our relationship with the Sustainable Development Commission.

Investment Strategy

Having played a key role in the publication of the Investment Strategy 2008-2018 in February 2008, the Department has been involved in the development of systems to help ensure delivery and monitoring of progress with the Strategy. Investment Delivery Plans covering most of the Investment Strategy have now been published and a Delivery Tracking System has been rolled out to Departments for implementation in June 2009.

Regeneration of Sites

Substantial progress was made by Ilex on regeneration of the Ebrington former barracks site in Derry/Londonderry including: the appointment of contractors to design and build the EU funded foot and cycle bridge across the Foyle between Ebrington and the Guildhall; completion of the demolition and conservation works; commencement of the design work for the Parade Ground; Cunningham Square, Infrastructure; and multi-story car park enabling platform.

Ministers have taken key decisions about the future of the former Maze/Long Kesh prison and army base and a statement on the way forward has been made. Substantial progress has been made on demolition and de-contamination works. Redevelopment of the combined Crumlin Road Gaol/Girdwood Park site is being taken forward through a master planning process. A draft Equality Impact Assessment (EQIA) was carried out on the proposals and was subject to public consultation between 29 October 2008 and 20 January 2009. Proposals on the basis of the Masterplan will be presented to the Executive later in 2009-10.

EQUALITY AND GOOD RELATIONS

Equality Legislation

In the area of anti-discrimination, the Department made the Sex Discrimination Order 1976 (Amendment) Regulations (Northern Ireland) 2008 to give full effect to the EU Equal Treatment Amendment Directive in relation to the definitions of harassment and discrimination on grounds of pregnancy or maternity leave. The Department also held a public consultation on draft Disability Discrimination (Transport Vehicles) Regulations. The aim of the proposed Regulations is to improve access to public transport services for persons with a disability.

In April 2008, the United Kingdom-wide Sex Discrimination (Amendment of Legislation) Regulations 2008 came into operation to implement the EU Gender, Goods and Services Directive in both Great Britain and Northern Ireland.

Human Rights

The Department marked the 60th anniversary of the European Convention on Human Rights and the 10th anniversary of the Human Rights Act (on 10 Dec 2008) through a series of successful Human Rights awareness seminars involving staff from all 11 NICS Departments and the NIO. Officials gave detailed evidence at a hearing of the United Nations CEDAW Committee, on the Executive's commitment to mainstreaming gender equality, as part of the United Kingdom delegation to the 41st session of this Treaty Committee in July 2008.

Review of Effectiveness of Section 75 of the Northern Ireland Act / Section 75 Revised Guidance

The Equality Commission for Northern Ireland has a statutory responsibility, as detailed in Schedule 9 of the Northern Ireland Act 1998, to undertake a review of the effectiveness of the legislation five years after implementation. It carried out this review, which included six pieces of commissioned research, during 2006-07. The final report was completed in November 2008. In light of the recommendations identified by the Effectiveness Review, the Equality Commission revised its Section 75 Guidance. Consultation on the revised guidance closed on 7 November 2008. In light of comments received, the Commission organised a number of working groups to work through the detail of the guidance with a view to finalising it and presenting to the Secretary of State by summer 2009.

Good Relations and Racial Equality

The promotion of good relations, including good race relations, which is led by the Equality Directorate, is reflected in the commitment to build a cohesive, shared and integrated society, which is a key theme within the Programme for Government. OFMDFM will ensure that the forthcoming Programme for Cohesion, Sharing and Integration will contribute to the overarching policy of achieving ‘a peaceful, fair and prosperous society here with respect for the rule of law’; thereby ensuring a shared and better future for all our people. This Programme will build on the achievements of previous initiatives and programmes. Work on promoting good relations aims to address the divisions within our society and achieve measurable reductions in sectarianism, racism and hate crime and to tackle racial inequalities. In 2008-2009 the Department spent £8.07m supporting good relations work, including £1m specifically on supporting minority ethnic groups. The Department’s total expenditure on good relations and good race relations has been increased from £21m over the preceding 3 year period to almost £29m for 2008-2011.

The Department continues to work with local government and partner organisations on the ground to address the divisions of racism and sectarianism within our society. This work over the past 3 years has continued to make significant progress in improving relationships across and within communities: the peaceful summer period last year is attributable to the dedication of youth workers and interface workers and the Executive’s role is to ensure that those efforts are recognised, resourced and supported. The most recently updated Good Relations indicators report (January 2009) shows a decrease in sectarian crimes by 13.2% and a decrease in racist crimes by 12.1%.

In the area of victims and survivors, the Commission for Victims and Survivors Act 2008 was agreed by the Assembly and the Commission for Victims and Survivors Northern Ireland was established in June 2008. Consultation was also undertaken on an outline draft strategic approach for Victims and Survivors.

Children and Young People

In relation to children and young people, monitoring and implementation of the ten year overarching strategy for children and young people in Northern Ireland continues. A number of implementation structures have been established to oversee the implementation of the strategy. The first strategy action plan which was published in March 2007 has been reviewed in conjunction with stakeholders. A new three-year action plan is nearing completion in association with all Northern Ireland government Departments (including the Northern Ireland Office and the Northern Ireland Court Service).

The Play and Leisure Policy was published in January 2009. Two implementation groups have been established: one looking at the needs of children aged 0-11 years and the other focussing on young people aged 12-18 years. It is intended that the implementation groups will produce draft action plans by the end of 2009.

A young people’s version of the ten-year strategy was produced and distributed to post primary schools in February 2009. Also in February 2009, information for children on the United Nations Convention on the Rights of a Child (UNCRC) was distributed to schools and colleges. The examination of the UK report to the UNCRC Committee took place in Geneva

in September 2008. The concluding observations on the UNCRC were published in October 2008 and are being considered by Ministers.

The Department has developed a policy statement which will bind together and integrate developments around safeguarding children. This document will be published shortly.

The Junior Ministers jointly chair the Ministerial Sub-Committee on Children and Young People which comprises all members of the Ministerial team and the Ministers for the Northern Ireland Office and the Northern Ireland Courts Service. The Sub-Committee has agreed 6 priorities on which inter-Departmental policy development work is being taken forward.

Gender and Sexual Orientation

Cross-Departmental gender equality action plans (one for women, one for men) have been compiled for the period 2008-2011. An interim report on implementing the Gender Equality Strategy has been developed, in discussion with Departments and with the Gender Advisory Panel (which represents key stakeholder bodies). A complementary statistical analysis *Gender Equality Strategy – A Baseline Picture* has been published (May 2008).

Officials worked alongside the Government Equalities Office to co-ordinate the Administration's extensive contribution to the UK's Sixth Periodic Report to the United Nations and gave evidence at the United Nations on the implementation of the Convention on the Elimination of Discrimination against Women (CEDAW).

There have been high levels of media and FOI interest in the sexual orientation equality issues. Officials are working towards an exit strategy with the Steering Group established to manage the short term capacity-building fund granted by the previous Secretary of State under Direct Rule. The Steering Group is currently considering the findings and recommendations of the Needs Analysis it commissioned. A review of the draft sexual orientation equality strategy and action plans is being undertaken.

Tackling Poverty

The Programme for Government commits to work towards the elimination of child poverty by 2020 and towards the elimination of severe child poverty by 2012. To this end and in line with the requirements under Section 28E of the Northern Ireland Act 1998, the NI Executive has now adopted the broad architecture and underlying principles of Lifetime Opportunities as its strategy for tackling poverty and social inclusion in Northern Ireland. An Executive Sub-committee has been established to oversee this work and monitor progress.

Older People

On 18 December 2007, and in line with PSA 7 commitments to deliver a stronger independent voice for older people, the First and deputy First Ministers announced their decision in principle to establish an Office of a Commissioner for Older People. This will require primary legislation being brought through the Assembly. In the interim, Ministers have approved Dame Joan Harbison as Older People's Advocate with effect from December 2008. Dame Joan will provide independent advice to Ministers on issues of importance to older people and will remain in post until such times as a statutory appointment can be made.

OFMDFM officials are currently working on proposals on the possible role, remit and powers of an Older People's Commissioner. It is intended that a public consultation process will take place following the work on policy and this process will include a number of public meetings at which individuals and representatives of older people's groups will be given the opportunity to comment on proposals. When agreement has been reached on the Commissioner's role, remit and powers, the process of preparing the necessary primary legislation will begin. An appointment will be made in line with public appointment procedures once the legislation is in place.

The Department aims to introduce the necessary legislation during the lifetime of the current Assembly.

Promoting Social Inclusion (PSI) – Lone Parents and People with Disabilities

In 2008-09 work on Promoting Social Inclusion has continued for Lone Parents and for People with disabilities in conjunction with key stakeholders. This work aims to deliver on commitments within Programme for Government to remove barriers experienced by lone parents and to improve the lives of people with disabilities.

Lone Parents

Conclusions and recommendations arising from the work for lone parents was cleared by Ministers and discussed by the OFMDFM Committee in the autumn (2008). This work is seen as particularly relevant to tackling child poverty, particularly as a relatively high proportion of children in poverty live with lone parents.

Recommendations arising from all of the work on Lone Parents will be taken forward in the context of the implementation of 'Lifetime Opportunities' as adopted by the Executive as its overarching strategy for tackling poverty and social inclusion in Northern Ireland.

People with Disabilities

The work of the PSI Group for people with disabilities is well advanced and it is expected that the findings and recommendations will be presented to Ministers in the near future. The report will deal with issues such as support during early years, managing transitions, employment, communication and promoting independent living.

As with Lone Parents, recommendations arising from all of the work on PSI Disability will be taken forward in the context of the implementation of 'Lifetime Opportunities' as adopted by the Executive as its overarching strategy for tackling poverty and social inclusion in Northern Ireland.

Sustainable Development

In the last twelve months the Department has undertaken a variety of successful initiatives in the area of communications and education for sustainable development. These included:

- Development and delivery of a corporate training and communications programme in sustainable development to staff from across all Departments of the NICS, supporting the development of over 350 civil servants;
- Presentation of a sustainability workshop on environmental aspects of estates management in support of sustainable operations on the Government Estate – this

built upon the success of a previous Masterclass on economic opportunities inherent in the sustainable development agenda; and

- Building working partnerships with the academic and private sectors, through sponsorship of bursaries and events recognising excellence and achievement in sustainable development.

In addition, in its strategic policy coordination role, the Department has supported the mainstreaming of sustainability in Government and the wider public sector through the provision of advice and support through both formal and informal structures. This has included work with regulators and funding bodies, and addressed strategy, policy, operational and administrative areas of the work of public bodies.

PROGRESS ON PSA DELIVERY

PSA 7

Of the 35 indicators associated with PSA7, 30 are on track to meet or have already met targets.

A measurement for severe child poverty has not yet been determined. In terms of absolute and mixed measures of poverty, the outcome of the current Department of Work and Pensions led child poverty consultation on proposed child poverty legislation will inform development of this issue in NI.

The Victims and Survivors Commission is currently considering plans for establishing a forum as part of its overall work programme, together with the development of a funding programme during 2009.

PSA 11

In relation to PSA11, 11 of the 18 indicators are on track to or have already achieved their target.

The downturn in the land and property markets that took hold from early in 2008 has significantly affected progress in the disposal of surplus assets. It has not been possible to realise any assets under the capital asset realisation targets during the year due to the deteriorating market conditions. Work is continuing on developing opportunities for future disposals, but it is not possible at this stage to forecast when the markets will pick up and the prospects for value for money asset sales will return.

The development of a Sustainable Development Implementation Plan for the 2008-2011 period is dependent upon the finalisation of the second Sustainable Development Strategy, at which time the Implementation Plan will be taken forward.

The development of a Sustainable Consumption Action Plan will require identification of targets which will feed into the broader Sustainable Development Implementation Plan. Key targets associated with sustainable consumption and production objectives will be

incorporated into the Sustainable Development Implementation Plan, with progress being monitored.

Maze/Long Kesh is a site of regional significance. On 8 April 2009 Ministers confirmed that they would establish a development corporation to develop the site, building on the work previously undertaken by OFMDFM and the All-Party Maze/Long Kesh Consultation Panel.

Work has begun on regularising the legislation which will allow OFMDFM to engage in a new OFMDFM sponsored award scheme for achievement of specific sustainable development targets for schools. Officials have held a series of meetings that have identified the way forward on this issue and work will continue over the forthcoming months.

PSA 21

All indicators in this PSA are either on track or have achieved their target, demonstrating the effective support for Ministers in delivering on the Programme for Government.

FREEDOM OF INFORMATION IN OFMDFM

The number of Freedom of Information (FOI) requests received by OFMDFM again increased during 2008. There were 152 requests received during the year which represents a 9% increase on the 2007 figure and is more than double that received in 2005, the first year of FOI.

Of the 152 requests received, 132 (87%) were completed within the statutory 20 working day deadline or within permitted extensions. Where the information requested was held by the Department, it was released in full in 79% of cases rising to 91% when partial releases are included in the figures.

A quarter of requests received were from the media while public representatives and campaigning groups accounted for a further 20%. Approximately half were from members of the public (including staff) while researchers, businesses and solicitors made up the rest.

The requests covered a wide range of subjects such as government expenditure, policy decisions, political issues and personnel-related issues raised by staff.

A new Publication Scheme was introduced in early 2009 and has resulted in more Departmental information being published pro-actively.

MANAGING PERSONAL DATA

The profile of Data Protection and the management of personal data continued to receive widespread media coverage through 2008-09. OFMDFM has completed a comprehensive Departmental-wide exercise covering all aspects of the processing of personal data. Outputs have included the updating of policy and procedural guidance and the future delivery of a staff training and awareness programme.

The Department recognises the need for full compliance with the requirements of Data Protection legislation when processing personal data. It has been regularly highlighted to staff that personal data should be managed securely at all times, with access restricted to only those with legitimate business needs.

There were no personal data incidents in OFMDFM in 2008-09.

MANAGING ATTENDANCE

The Departmental target for absenteeism was set at 8.5 days per member of staff for 2008-09. NISRA are in the process of validating the absence information held on HRConnect. However preliminary figures indicate that the Department has achieved its target.

We have a wide variety of support mechanisms in place to help staff who are sick, including early referral to the Occupational Health Service, staff welfare services and access to an independent and confidential employee assistance programme, Carecall, which can provide advice and counselling where necessary to members of staff and immediate family members. The Department takes a proactive approach to employee health; a variety of health awareness events have taken place throughout the year including a series of cardiac risk assessments carried out by the Chest Heart and Stroke Association.

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

OFMDFM is in the lead across government in implementing the government's sustainable development strategy. The Economic Policy Unit drives this work, including the provision of funding for the independent Sustainable Development Commission's regional unit. A network of Departmental champions for sustainability has been set up to promote this work. In relation to the policy and operational work of the Department itself, OFMDFM has a key role to play in encouraging the delivery of sustainable development outcomes:

- As part of its responsibility on behalf of Ministers to deliver the Programme for Government and the Investment Strategy, OFMDFM has ensured that both have been given appropriate priority to sustainability;
- The Strategic Investment and Regeneration Division of OFMDFM is responsible for the Strategic Investment Board (SIB), the government owned body charged with addressing the significant infrastructure deficit and preparing the Investment Strategy. The SIB works actively with Departments on infrastructure projects to ensure the maximum uptake of sustainable objectives. The Division is also responsible for the development of former military sites including the Maze/Long Kesh and the former Ebrington Barracks where sustainability will be built into development plans; and
- OFMDFM work on good relations and reconciliation, anti-poverty and equality issues lies at the heart of the sustainable communities theme of the cross-Departmental sustainability strategy, and a range of objectives are in place, working with other Departments to deliver these cross-cutting aims.

FINANCIAL PERFORMANCE

OFMDFM Outturn against Estimate by Category of Spend

2008-09	Estimate £m	Outturn £m	Underspend / (Overspend) £m/%
Administration Costs	21.16	19.70	1.46 / 6.9%
Grants/Grant-in-Aid	34.82	33.59	1.23 / 3.5%
Other Current (including accruing resources)	13.57	12.89	0.68 / 5.0%
Total Resources	69.55	66.18	3.37 / 4.8%
Capital	4.28	3.10	1.18 / 27.6%
Departmental Total	73.83	69.28	4.55 / 6.2%

The Department's total Resource Outturn for the 2008-09 financial year was £66.18 million against an Estimate of £69.55 million. Total Capital Outturn for the 2008-09 financial year was £3.1 million against an Estimate of £4.28 million.

The table above provides a breakdown of the total outturn figure, as compared against Estimate, by category of expenditure.

The majority of the Department's non-administration expenditure is in relation to Grants or Grants-in-Aid in support of the Department's objectives. The Department's grant expenditure totalled £33.59 million, representing 72.3% of non-administration cost expenditure.

Resource Outturn

The Department had a total resource underspend against Estimate provision of £3.37 million, 4.8% of the budget for the year. The Department is committed to improving its overall financial performance and reducing the level of year end underspend.

Analysis of Resource Underspend by Request for Resource

Summary of Resource Outturn by Request for Resource

Request for Resource (RfR)	Estimate £m	Outturn £m	Underspend £m/%
RfR A	33.02	30.46	2.56 / 7.7%
RfR B	36.53	35.72	0.81 / 2.2%
Departmental Total	69.55	66.18	3.37 / 4.8%

Request for Resources A (RfR A)

To assist government in making and implementing well-informed decisions and improving public services

The net underspend against RfR A of £2.56 million is mainly due to the following underspends:

- Support for the Government and Other Services (£1,192,000)
 - lower than anticipated expenditure on international relations (£277,000);
 - lower than anticipated spend as a result of unfilled staff vacancies on the following functions - supporting the Executive and other services across the Department (£221,000); Office of the Legislative Council (£125,000);
 - lower than anticipated expenditure on consultancy and other current costs associated with the review of the Strategic Investment Board (£190,000);
 - lower than anticipated expenditure as a result of delays in delivery of the Sustainable Development Strategy (£30,000);
 - lower than anticipated expenditure on IT and Knowledge Network due to the centralisation of IT services to IT Assist (£120,000);
 - lower than anticipated expenditure on Programme for Government consultation costs (£43,000); and
 - lower than anticipated expenditure on non-cash costs (depreciation) as a result of a reduction in the overall value of fixed assets (£113,000).
- Non-cash Items (£248,000)
This underspend relates to lower than anticipated cost of capital charges on land and buildings as a result of a reduction in the value of those assets;
- Strategic Investment Board (£631,000)
This underspend relates to delays in recruitment to the Central Assets Realisation Team (CART) and slippage in CART projects due to current market conditions;
- ILEX (£126,000)
This underspend is as a result of delays in business case and tendering/procurement processes on the Ebrington Masterplan Project; and

- Notional Charges (£465,000)
This underspend relates to an overestimation of notional charges required in relation to a Delivery and Innovation Division (DID) review of OCPA NI and an overestimation of cost of capital charges on net current assets.

Request for Resources B (RfR B)

To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage, and meet the needs of victims

RfR B shows a net underspend of £0.81 million which is mainly due to the following underspends:

- Support for Equality, Human Rights and Community Relations (£358,000)
This net underspend is as a result of a number of underspends across various business areas including:
 - lower than anticipated expenditure on the Community Capacity Building Programme in North Belfast (£120,000)
 - lower than anticipated spend on functions supporting equality, human rights and community relations as a result of unfilled vacancies across the Department (£130,000);
 - lower than anticipated expenditure on international relations (£99,000).
- Community Relations (£174,000)
This underspend relates to lower than anticipated drawdown of grants by the Community Relations Council, community relations groups and district councils;
- Victims (£184,000)
This underspend has arisen due to delays in the introduction of the next phase of the Victims and Survivors policy; and
- Notional Charges (£108,000)
This underspend relates to lower than anticipated notional charges for property valuations, accommodation costs and RecordsNI.

Management of Administration Costs

The Department is committed to achieving value for money and the delivery of efficiencies in the use of public funds. Departmental administrative expenditure on the following areas reduced in 2008-09 in contrast to 2007-08:

- Consultancy – reduction of £30,000 or 26% on 2007-08;
- Office Services – reduction of £558,000 or 46% on 2007-08; and
- Contracted-out Services – reduction of £82,000 or 34% on 2007-08.

A reduction in other expenses was achieved in 2008-09. Full details can be found in note 10 of the accounts (page 68).

Capital Outturn

The Department had a total capital underspend against Estimate provision of £1.18 million, 27.6% of the budget for the year. The Department is committed to improving its performance in the management of its capital expenditure.

Analysis of Capital Underspend by Request for Resource

Summary of Capital Outturn by Request for Resource

Request for Resource (RfR)	Estimate £m	Outturn £m	(Overspend)/Underspend £m/%
RfR A	3.49	2.31	1.18 / 33.8%
RfR B	0.79	0.79	0.00 / 0%
Departmental Total	4.28	3.10	1.18 / 27.6%

Request for Resources A (RfR A)

To assist government in making and implementing well-informed decisions and improving public services

The capital underspend against RfR A of £1.18 million is mainly due to the following underspends:

- lower than anticipated capital spend on remediation work at the Maze Long Kesh site (£200,000);
- lower than anticipated capital spend on the Ebrington site (£500,000); and
- lower than anticipated capital spend on fit out costs for new accommodation in Brussels (£480,000).

Request for Resources B (RfR B)

To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage, and meet the needs of victims

There was no capital underspend or overspend for RfR B.

Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

	2008-09	2007-08
	£000's	£000's
Net Resource Outturn (estimates)	66,180	61,233
<i>Adjustments to remove:</i>		
Provision voted for in earlier years		
<i>Adjustments to additionally include:</i>		
Non voted expenditure in the OCS		
CFER in OCS	-454	-117
Other adjustments		
Net Operating Cost Accounts	65,726	61,116
<i>Adjustments to remove:</i>		
Capital Grants to local authorities		
Capital Grants financed from Capital Modernisation Fund		
EU Income & Related Adjustments		
Voted expenditure outside the budget	-3,685	-3,098
<i>Adjustments to additionally include:</i>		
Other CFERs	454	117
Resource Consumption of NDPBs		
Unallocated Resource Provision		
Other adjustments		
Capital grants	-	-105
Resource Budget Outturn (Budget)	62,495	58,030
<i>of which</i>		
DEL	61,548	57,172
AME	947	858

Net Cash Requirement

The Net Cash Requirement for 2008-09 was £68.11 million. This is £3.29 million lower than the estimated net cash requirement of £71.40 million. The Resource Outturn underspend of £3.37 million (as detailed above on page 21), the capital underspend of £1.18 million (as detailed above on page 21) and accruals adjustments of £1.26 million reduced the net cash requirement by £3.29 million against the estimated net cash requirement of £71.40 million. The accruals adjustments of £1.26 million were as a result of lower than estimated non cash costs and higher than anticipated working capital requirements.

FUTURE EVENTS

The main trends and factors likely to affect the Department's future development, performance and position are monitored by the Departmental Board, which leads strategic planning and assists the Permanent Secretary and Accounting Officer in meeting their corporate governance responsibilities for the Department. It provides a forum for consideration and discussion of issues of relevance to the overall management and direction of the Department and its business units, and concentrates on strategic planning in relation to finance and human resources.

Economic and financial context

OFMDFM continues to be intensively engaged in efforts to develop a local response to the emerging economic downturn, and social concerns and vulnerabilities. Through 2009-10, OFMDFM will support the Executive in its efforts to provide a timely and appropriate response.

Devolution of policing and justice

The First Minister and deputy First Minister announced their agreement in November 2008 to proceed without undue delay towards devolution of policing and justice responsibilities. In January 2009, the Assembly and Executive Review Committee published a report on devolution of policing and justice, and its recommendations were adopted by the Assembly. Westminster legislation, making necessary changes to the Northern Ireland Act 1998 and justice legislation, was enacted in March.

OFMDFM will have a key role in leading the implementation within the NI Departments of steps needed to ensure successful devolution, subject to Ministerial decisions on timing. Devolution will have particular implications for OFMDFM. The Department will need to support the new post of Attorney General for Northern Ireland, who must be appointed by the First Minister and deputy First Minister when justice responsibilities are devolved. Responsibility for the NI Judicial Appointments Commission will transfer, as an NDPB, from the NI Court Service. More broadly, the establishment of a new Department of Justice and appointment of an additional Minister will have implications for OFMDFM's role in supporting the Executive, coordinating its policies and managing the legislative programme.

Responding to Swine Flu

Since the outbreak of Swine Flu was first reported on 24 April 2009, OFMDFM, through the Civil Contingencies Policy Branch, has facilitated the preparedness and response of the non-health sector. In this it has worked strategically with DHSSPS which is leading on the health response to the outbreak.

Should the outbreak become more severe or widespread, the involvement of OFMDFM will intensify in order to help ensure that cross-cutting strategic decisions are taken in an informed and timely manner, that information is supplied to the public and that essential services continue to be provided to the public through the period of disruption. This would be achieved through activation of the NI Central Crisis Management Arrangements, which would include regular meetings of cross-cutting strategic management groups, regular situation reporting and the development and issue of further briefing and guidance.

Supporting Ministers on International Relations work

2009-10 will see a concerted programme of work to implement the Executive's International Relations Strategy in pursuit of the Executive's strategic aim to position ourselves internationally with a reputation as a place to invest, trade, visit, study and exchange knowledge; and to be recognised internationally for our contribution to international aid and development particularly in promoting peace building and conflict resolution. OFMDFM will have a lead role on particular strands of the International Relations Strategy and an overall co-ordinating responsibility. A critical part of the work in this area will be agreeing and implementing the action plan in response to the European Commission's Taskforce Report on Northern Ireland.

Leading on Cross-cutting Issues

Having adopted the broad architecture and underlying principles of 'Lifetime Opportunities' as the overarching strategy to tackle poverty and social inclusion, the Department now needs to drive forward this strategy. 'Lifetime Opportunities' defines the Executive's high level approach to meeting its targets to eliminate Child Poverty by 2020. In the coming year, the Executive will work to agree actions aimed at tackling poverty and patterns of deprivation. An Executive Sub-group has been established to focus particularly on poverty and to agree on the priority actions that are needed.

The Department also needs to retain focus in bringing forward legislation to establish Office of a Commissioner for Older People. In the interim we have appointed an Older People's Advocate to provide independent advice and analysis to Ministers prior to the appointment of a Commissioner. The Department aims to launch a consultation on a draft Bill to establish the Office of Commissioner for Older People in the autumn of 2009 with a view to introducing the legislation to the Assembly in May 2010.

In the coming year we anticipate ratification by the UK Government of the United Nations Convention on the Rights of People with Disabilities and will work closely with the Equality Commission for Northern Ireland and the Human Rights Commission as designated independent State monitoring bodies, to more generally raise awareness of the implications of this important international convention. The Department will also work closely with the

Equality Commission for Northern Ireland to deliver clear guidance on emerging Anti Discrimination legislation and to raise awareness across the Northern Ireland Civil Service of the implications of revised guidance on the Section 75 Equality Duty.

By removing the exemption afforded to transport providers in the Disability Discrimination Act (2005) we will ensure that people with disabilities are afforded better access to public and private transport services.

Work is at an advanced stage to finalise the draft Programme for Cohesion Sharing and Integration to deliver the Executive's vision of a shared and better future for all. During 2008 Ministers placed particular priority on action to address issues in interface areas and this work is continuing in 2009.

The Commission for Victims and Survivors was established in May 2008. During the coming year implementation of the proposed Draft Strategy for Victims and Survivors will be progressed. This will include development of the proposals for the Victims and Survivors Service.

The work in support of the Ministerial Sub-Committee for Children and Young People will seek to place children and young people at the heart of government's agenda and improve the integration of policy and service delivery on cross-cutting issues. In 2009-10 it will include work to consider future options for childcare provision.

A Play and Leisure policy statement was published in February 2009. The benefits of play to children's development are now well-documented and we are committed to promoting these benefits through the development of cross-Departmental play and leisure implementation plans. A multi-agency implementation group has been established and tasked with drawing up implementation plans for 0-11 and 12-18 year olds. It is intended to publish these plans for consultation towards the end of this year.

The Executive's Programme for Government commits to implementation of the gender equality strategy (2006-2016). The high level objectives set in this strategy need now to be translated into tangible actions.

On 28 January 2008, the Executive published its first Programme for Government, in conjunction with its Budget and Investment Strategy. Together these documents represent the Executive's strategic plan, setting out the priorities, key programmes and associated resources and capital investment the Executive will pursue over the next three years. The Programme for Government recognises that many of the outcomes and targets within the Programme for Government and the associated Public Service Agreement Framework are interdependent and will only be achieved where Departments work closely together and co-ordinate their approach.

The Executive has established a delivery framework to act as a robust and effective basis for monitoring and reporting progress, at the strategic level, on Programme for Government targets. In the coming year progress against targets will be reported to the Executive at regular intervals.

During 2009-10 departments will continue to take forward the Investment Strategy for Northern Ireland 2008-2018, building on the successes achieved during the first year when a

record level of new capital investment, expected to be around £1.5bn, was delivered. Major new investments will continue in health, education, transport, environmental improvement and the productive sector. Going forward the strengthening of asset management across the public sector will be critical to ensuring optimum targeting of new investment, and the findings of the review of the report of the Capital Realisations Taskforce, due to report in the summer, are expected to be significant in this regard.

Building on a statement by Ministers on 8 April 2009, plans will be taken forward in the year ahead for the development of the Maze/Long Kesh.

Sustainable Development

In seeking to move strategic sustainable development policy forward, the Department intends to publish a new Sustainable Development Strategy which balances social, economic and environmental objectives in a way that is consistent with the aims, and challenges, associated with the Programme for Government. OFMDFM will accompany this with an Implementation Plan which identifies targets in support of the Sustainable Development Strategy objectives.

To do this, the department will be engaging in a process of consultation with Government Departments and other key stakeholders aimed at the production of a strategy that will act as an enabler for future progress against the Sustainable Development objectives of the Executive. Our aspiration for the Sustainable Development Strategy Implementation Plan is for it to support the objectives of the Strategy by setting robust, measurable, long-term targets for achievement of objectives, with concrete, measurable milestones to ensure ongoing progress, and clear designation of responsibility for achievement. OFMDFM also wants to see the Implementation Plan going beyond Government Departments to capture the efforts of the wider public sector, and the rest of Northern Ireland society to progress the sustainable development agenda.

For these reasons, the development programme for the Implementation Plan will be inclusive and wide ranging, with OFMDFM providing a strong, strategic focus to ensure that targets and actions in the plan are coordinated effectively and supportive of Strategic Objectives.

The Department will also be engaging with relevant stakeholders in support of the effective implementation of the statutory duty to promote sustainable development placed on public authorities by the Northern Ireland (Miscellaneous Provisions) Act 2006. OFMDFM wants to explore how the impact of this legislation can be optimised, and will be working with affected bodies and other stakeholders to explore how to do this best.

The Sustainable Development Commission will be coming to Northern Ireland in June 2009 for its plenary session. The Department will be hosting a reception for the visiting Commissioners, and anticipates the opportunity for a productive session.

Embedding Civil Service Reform

Work will continue in 2009-10 to embed the new ways of working and drive out the benefits of reform for the Department. In particular, completing the roll-out of the HRConnect programme will be a priority in the year ahead. Account NI, IT Assist, and Records NI are now fully implemented in OFMDFM and are being embedded into Departmental practice.

Future@work will continue to evolve and support NICS staff as they embrace change and innovation across all Departments and public service sectors. The possibilities created through changing technology and evolving work practices will continue to be looked at and learned from and made available to staff through future@work, to encourage workplace innovation in the NICS.

Legislative Programme

A review is being carried out of all the primary legislation required by Departments over the next 3 years, including that to deliver on Programme for Government commitments, with a view to preparing a Legislative Programme for the period up to dissolution of the Assembly for the election in 2011.

NI Direct

The new NI Direct website was launched in April 2009. The Executive Information Service Central Editorial Team will be responsible for ensuring the new website operates as a key source of information across all government Departments, offering the citizen easy access through a single point online.

POST BALANCE SHEET EVENTS

Equal Pay

The former Minister for Finance and Personnel announced measures in May 2008 to address equal pay issues in the Northern Ireland Civil Service. The present Minister for Finance and Personnel has assured NIPSA of the commitment to resolve the equal pay issue, if possible, through a negotiated settlement and without the need for litigation. In May 09 he confirmed to NIPSA that a settlement offer had not been made but that he had instructed officials to work intensively with NIPSA to establish, as clearly as possible, parameters within which a negotiated settlement might be reached so that he, in conjunction with his Ministerial colleagues in the Executive, can consider how the matter should be taken forward. NIPSA has lodged equal pay claims with the Industrial Tribunal on behalf of its female members in the AA, AO and EOII and analogous grades in the NICS. The Department of Finance and Personnel (DFP) has assessed the potential impact of these equal pay claims and the wider equal pay issue against relevant accounting standards, in particular FRS 12. The ministerial statements have created an obligation on the part of the NICS to comply with equal pay legislation and to address any anomalies that may exist in its present pay and grading structures. However, DFP considers that a reliable estimate cannot be made, at this point in time, of the potential liability to resolve the issue. This is as a result of the complexities associated with the resolution of the issue, including establishing clearly the extent to which the claims may be valid, the groups of staff that might be entitled to a payment and the size of those payments. Consequently, DFP does not consider that it is possible to reach a reliable estimate of the obligation, and thus make a provision under the criteria set out in FRS 12.

On 5th April 2009 a contract for approximately £1m was awarded, through CPD, for the design of the Parade Ground, Infrastructure and enabling Platform on the Ebrington Site.

The financial statements were authorised for issue by the Accounting Officer on 29 June 2009.

MANAGEMENT

Responsibility for the Department has been jointly exercised by the First Minister and deputy First Minister, who are supported in all aspects of their responsibilities by two Junior Ministers.

Sir Nigel Hamilton held the position of Head of the Civil Service until he retired in July 2008. Sir Nigel was replaced by Bruce Robinson as Head of the Civil Service and Permanent Secretary of OFMDFM when he took up post on 14 July 2008. John McMillen has undertaken the role of Accounting Officer throughout the period.

OFMDFM Departmental Board

During 2008-09 the Accounting Officer was supported by a Departmental Board which exists to assist the Permanent Secretary and the Principal Accounting Officer in meeting their corporate governance responsibilities for the Department. The Board operates within HM Treasury's Corporate Governance in Central Government Departments: Code of Good Practice. The Board met 16 times throughout the year.

The main role of the Board is to determine the Department's objectives, overall priorities and business strategy. The Board approves the Department's published Public Service Agreement (PSA) and Business Plan and ensures that budget planning is fully integrated with those business planning documents. The Board takes strategic decisions to:

- ensure coherence of policy across OFMDFM business areas;
- provide corporate leadership of the Department;
- consider issues of strategic importance to the management of OFMDFM and its business areas; and
- make recommendations on the allocation of resources across OFMDFM business areas.

The Board provides a forum for consideration and discussion of issues of relevance to the overall management and direction of the Department and its business units and concentrates on strategic planning in relation to finance and human resources.

The Board undertakes an annual evaluation of its performance and every two years it formally considers its remit, constitution and operating procedures. A review of the management, role and responsibility of the Departmental Board was undertaken in July 2007.

A Finance Sub Committee has operated to assist and enhance business planning, financial decision making and strategic financial management within OFMDFM. The sub committee has met 6 times in the 2008-09 year to consider issues such as Departmental financial plans, projections and management, strategic funding issues, and major capital projects managed by the Department. The Finance Sub-Committee is a standing committee of the OFMDFM Board and is responsible and accountable at all times and in all decisions to the Board as a whole.

The Permanent Secretary regularly reviews the performance of the Independent Board Member and evaluates the arrangements between that member and the Department. The primary role of the Independent Member is to contribute to the good governance of the Department by assisting the Board in monitoring business performance and assisting with the development of strategy. The Independent member is expected to make constructive contributions to debates and provide rigorous challenge to existing practice in a dispassionate and independent fashion.

The Independent Board Member is also Chair of the Audit Committee (a sub-committee of the Board) and therefore, has a role in scrutinising financial information to ensure it is accurate and that controls and systems of risk management are robust and defensible.

The Departmental Board is comprised of the following members:

- Sir Nigel Hamilton, Permanent Secretary (to 14 July 2008)
- Bruce Robinson, Permanent Secretary (from 14 July 2008)
- John McMillen, Director of Resources, RPA and International Relations, Accounting Officer, and Director of Strategy
- Frank Cushnahan, Non-executive Director (Independent Member)
- George Gray, First Legislative Counsel
- Eddie Rooney, Director of Equality
- Rosalie Flanagan, Director of Executive Services
- Stephen Grimason, Director of the Executive Information Service
- Mary Bunting, Joint Secretary (North), North/South Ministerial Council Joint Secretariat
- Deirdre Kenny, Director of Corporate Services
- Jackie Kerr, Director of Finance

OFMDFM Audit Committee

The Accounting Officer has established an Audit Committee as a sub-committee to the Departmental Board to support him in his responsibilities for issues of risk, control and governance and associated assurance. Frank Cushnahan, the Independent Member of the Departmental Board, has acted as Chairman of the Audit Committee throughout the 2008-09 financial year. The Audit Committee met on 3 occasions during 2008-09.

Membership of Audit Committee

Membership of the OFMDFM Audit Committee in 2008-09 comprised:

- Frank Cushnahan, Chairman and Non-executive Member, Departmental Board
- Noel Lavery, on loan from Department of Enterprise, Trade and Investment; and
- Stephanie Lowry, Independent Board Member

Audit Committee meetings are normally attended by the Accounting Officer, Finance Director, the Head of Internal Audit and a Northern Ireland Audit Office (NIAO) representative. However, the Audit Committee may ask any other Departmental officials to attend to assist it with its discussions on any particular matter.

Appointment of Senior Officials

The Permanent Secretary of the Department was appointed by external competition. The appointment is for an indefinite period under the terms of the Senior Civil Service contract. The rules of termination are set out in paragraph 5 of the Northern Ireland Civil Service (NICS) Staff Handbook.

The Departmental Board consists of the Permanent Secretary of the Department, the Senior Officers responsible for the main business areas and an Independent Board Member. The appointments of Senior Officers are made through transfer, internal promotion or external competition. The non-executive director to the Board was appointed following a competitive process.

Ministerial Remuneration

Details of the remuneration of Ministers are provided in the Departmental Remuneration Report at page 37.

Remuneration of Senior Officials

The Permanent Secretary of the Department is also Head of the NICS. Pay of the Permanent Secretary of the Department is determined as part of the Permanent Secretary remuneration arrangements in Whitehall on the recommendation of Sir Gus O'Donnell.

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

Details of the remuneration of senior officials in salary bands are provided in the Departmental Remuneration Report at page 38.

Note 1.8 (page 61) and note 9 (page 67) of the accounts and the Departmental Remuneration Report (pages 36 - 43) provide details of the pension scheme for past and present employees and explain the treatment applied to pension liabilities in the accounts.

PUBLIC INTEREST AND OTHER

Disabled Persons

The Department's Equal Opportunities policy applies to the employment of people with a disability. The Department is committed to ensuring that its policies and practices comply with the requirements of the Disability Discrimination Act 1995 and published its Disability Action Plan following consultation with representative groups. A copy of the Disability Action Plan may be viewed on the Department's website at www.ofmdfmini.gov.uk. The Department has also established a Disability Focus Group and a network of Disability Contact Officers who have received disability awareness training. At 31st March 2009, the Department employed 12 staff who consider themselves to have a disability.

Equal Opportunities

The Department is an Equal Opportunity employer. It is fully committed to the elimination of all forms of discrimination, harassment and victimisation, not only because of the legal requirements under which it operates, but because it makes sound business sense and ensures that working relationships are based on mutual trust, respect and understanding. This allows the best use to be made of the wide variety of skills, abilities and attributes available in the Department and promotes a harmonious working environment.

In addition to this the Department has a statutory obligation under Section 75 and Schedule 9 of the Northern Ireland Act 1998 to ensure that it carries out its various functions relating to Northern Ireland having due regard to the need to promote equality of opportunity between 9 social categories, including persons of different religious belief, political opinion, racial group, age, marital status, sexual orientation, gender, persons with/without a disability and persons with/without dependants.

In addition to this, the Department is also required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion, and racial group.

These statutory obligations are implemented through our Equality Scheme, (which is approved by the Equality Commission for NI) which shows how we propose to fulfil these duties, and by carrying out equality screening and, where necessary, Equality Impact Assessments (EQIAs) on policies. The purpose of these two processes is to ascertain whether the policy has any potential positive or negative implications for equality of opportunity on one or more of the nine categories listed above.

Payment to Suppliers

The Department is committed to the prompt payment of bills for goods and services received. On 21 October 2008 the Department for Business Enterprise and Regulatory Reform announced: “ *central Government has committed to paying businesses within 10 days - and we're urgently speaking to the wider public sector to extend this commitment.*”

On 27 November 2008, DFP issued DAO (DFP) 12/08 ‘Supporting Businesses: Prompt Payment of Invoices’ in which it asked Accounting Officers to ensure that all possible steps were being taken to pay suppliers in respect of valid invoices as promptly as possible and in particular to support the commitment to pay businesses within 10 days. This was followed by an announcement of the 10 day target by the Finance Minister on 28 November 2008. In the period 1 December 2008 to 31 March 2009, OFMDFM paid 63% of invoices within 10 days.

The Confederation of British Industry’s Prompt Payment Code for achieving good payment performance in commercial transactions requires payment within 30 days of the receipt of the goods or services or on presentation of a valid invoice or similar demand, whichever is later (unless otherwise stated in the contract). During the year 85% of bills were paid within this standard.

Auditors

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

The audit of the financial statements for 2008-09 resulted in a notional audit fee of £49,000 and is included in the administration costs in the operating cost statement.

Audit Information

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

Employee Involvement

The Department recognises the benefit of keeping all its employees regularly informed about progress towards achieving its aims and objectives. The Department's Business Plan has been communicated to all staff and the Department continues to meet with local Trade Union representatives as required. There is also a formal bi-monthly team briefing process.

Health and Safety

The Department is committed to applying all existing health and safety at work legislation and regulations to ensure that staff and visitors enjoy the benefits of a safe environment.

Register of Interests

No members of the Departmental Board held any positions outside the Department which may have conflicted with their management responsibilities.

Approved and signed



John McMillen

Accounting Officer

29 June 2009

DEPARTMENTAL REMUNERATION REPORT

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. Further information about the work of the Review Body can be found at www.ome.uk.com

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

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

Service Contracts

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

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

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

Remuneration and pension entitlements

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

Remuneration

Ministers (Audited)

	2008-09		2007-08	
	Salary £'s	Benefits in kind (to nearest £100)	Salary £'s	Benefits in kind (to nearest £100)
Rev I Paisley (to 5 June 2008)	12,721 (71,434 full year equivalent)	NIL	64,137 (71,350 full year equivalent)	NIL
Mr P Robinson (from 5 June 2008)	58,713 (71,434 full year equivalent)	NIL	NIL	NIL
Mr M McGuinness	71,434	NIL	64,137 (71,350 full year equivalent)	NIL
Mr J Donaldson	19,609	NIL	1,859 (19,609 full year equivalent)	NIL
Mr G Kelly	19,609	NIL	17,606 (19,609 full year equivalent)	NIL

Senior Civil Servants (Audited)

	2008-09		2007-08	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Sir Nigel Hamilton <i>Head of the Department (to 14 July 2008)</i>	70-75	NIL	170-175	NIL
Mr Bruce Robinson <i>Head of the Department (from 14 July 2008)</i>	100-105 (150-155 full year equivalent)	NIL	-	-
Mr George Gray <i>Director</i>	130-135	NIL	120-125	NIL
Mrs Mary Bunting <i>Director</i>	95-100	NIL	95-100	NIL
Mrs Rosalie Flanagan <i>Director</i>	100-105	NIL	95-100	NIL
Mr Stephen Grimason <i>Director</i>	95-100	NIL	95-100	NIL
Mr John McMillen <i>Director</i>	95-100	NIL	90-95	NIL
Dr Eddie Rooney* <i>Director (to 28 February 2009)</i>	90-95 (90-95 full year equivalent)	NIL	NIL (85-90 full year equivalent)	NIL
Mr Frank Cushnahan <i>Non Executive Director</i>	5-10	NIL	0-5	NIL
Mrs Deirdre Kenny <i>Director</i>	65-70	NIL	55-60	NIL
Mrs Jacqueline Kerr <i>Director</i>	60-65 (75-80 full year equivalent)	NIL	55-60 (65-70 full year equivalent)	NIL

* As payroll records for Dr Eddie Rooney were not transferred between Departments until after 31 March 2009, the full year charge is showing against Dr Eddie Rooney for 2008-09.

Salary

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

From 1 April 2008, the Office of the First Minister and deputy First Minister was under the joint control of the First Minister, Rev Ian Paisley and the deputy First Minister Martin McGuinness. Peter Robinson MP replaced the Rev Ian Paisley as First Minister on 5 June 2008. Their Ministerial salaries and allowances were paid by the Northern Ireland Assembly and have therefore been treated as a notional cost in these resource accounts. Details of their Ministerial salaries, allowances and other benefits are given above. These amounts do not include costs relating to the Ministers' roles as MLAs/MPs which are disclosed elsewhere.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. None of the above received any benefits in kind.

Pension Benefits

Ministers (Audited)

	Accrued pension at age 65 as at 31 March 2009	Real increase in pension at age 65	CETV at 31 March 2009	CETV at 31 March 2008**	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Rev I Paisley (to 5 June 2008)*	0-5	0-2.5	14	14	0
Mr P Robinson (from 5 June 2008)	0-5	0-2.5	53	36	18
Mr M McGuinness	0-5	0-2.5	46	22	23
Mr J Donaldson	0-5	0-2.5	4	1	4
Mr G Kelly	0-5	0-2.5	11	5	6

* As the Minister is aged 75 or over, no additional pension benefits accrue beyond that conferred by annual uprating of existing preserved pension entitlement. A lump sum commutation was paid on 6 April 2006 meaning that no further pension contributions are payable either by the Minister or by the Assembly.

** The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2009.

Ministerial pensions

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

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

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

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

Senior Civil Servants (Audited)

	Accrued pension at age 60 as at 31 March 2009 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31 March 2009	CETV at 31 March 2008***	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Sir Nigel Hamilton <i>Head of Department (to 14 July 2008)</i>	70-75 plus 220-225 lump sum	0-2.5 plus 0-2.5 lump sum	1,766	1,752	NIL	NIL
Mr Bruce Robinson <i>Head of Department (from 14 July 2008)</i>	70-75 plus 215-220 lump sum	7.5-10 plus 25-27.5 lump sum	1,702	1,403	195	NIL
Mr George Gray <i>Director</i>	55-60 plus 175-180 lump sum	0-2.5 plus 0-2.5 lump sum	1,421	1,331	5	NIL
Mrs Mary Bunting <i>Director</i>	35-40 plus 110-115 lump sum	0-2.5 plus 0-2.5 lump sum	834	769	3	NIL
Mrs Rosalie Flanagan <i>Director</i>	25-30 plus 80-85 lump sum	0-2.5 plus 0-2.5 lump sum	616	582	NIL	NIL
Mr Stephen Grimason <i>Director</i>	10-15 plus 30-35 lump sum	0-2.5 plus 2.5-5 lump sum	209	176	16	NIL
Mr John McMillen <i>Director</i>	35-40 plus 115-120 lump sum	0-2.5 plus 0-2.5 lump sum	855	779	4	NIL
Dr Eddie Rooney <i>Director (to 28 February 2009)</i>	25-30 plus 80-85 lump sum	0-2.5 plus 0-2.5 lump sum	543	492	7	NIL
Mr Frank Cushnahan <i>Non Executive Director</i>	NIL	NIL	NIL	NIL	NIL	NIL
Mrs Deirdre Kenny <i>Director</i>	25-30 plus 80-85 lump sum	0-2.5 plus 0-2.5 lump sum	611	553	12	NIL
Mrs Jacqueline Kerr <i>Director</i>	20-25 plus 60-65 lump sum	0-2.5 plus 0-2.5 lump sum	288	262	2	NIL

*** The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2009.

Northern Ireland Civil Service (NICS) Pension arrangements

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

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

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

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension

figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

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

Approved and signed

A handwritten signature in black ink, appearing to read 'John McMillen', written in a cursive style.

John McMillen

Accounting Officer

29 June 2009

SUSTAINABILITY REPORT

Throughout the reporting period, the Department continued to progress its work associated with sustainable development targets within the Implementation Plan emanating from the first Northern Ireland Sustainable Development Strategy. Of the ten targets for which our Department has lead responsibility, actions under nine have been completed. Actions under the remaining target, which is scheduled for completion during 2009, are being progressed as part of strategic communications work for Sustainable Development.

Of the five targets in the Implementation Plan for which OFMDFM shares lead responsibility with other Departments, OFMDFM's contribution has been delivered under three of those targets. Delivery under the remaining two targets has been progressed as far as possible at present, but completion has not been possible, due to delays incurred in the implementation of the Review of Public Administration.

Additionally, in relation to the Department itself, the OFMDFM Sustainability Champion is responsible for drawing up an Action Plan for Sustainable Development. This is currently under review to build on progress to date. Key steps already taken include setting up a cross-Departmental group to prepare a Stormont area Workplace Travel Plan and the introduction of 100% recycled paper for printing and copying.

CORPORATE GOVERNANCE REPORT

The Department complies with the requirements of the HM Treasury Code of Good Practice on Corporate Governance in Central Government Departments. In compliance with the Code, the Department has established the following Corporate Governance Framework:

- the appointment of an Accounting Officer, with responsibility for the propriety and regularity of the public finances voted to the Department - see Statement of Accounting Officer Responsibility page 46;
- the Accounting Officer is supported by the Departmental Board, which is chaired by the Permanent Secretary. The role of the Board, and details of the membership of the Board during 2008-09 are set out in the Management Commentary, at pages 31 and 32. The Board membership comprises senior officials from each major business area, and includes an independent Non-Executive Director, and a professionally qualified Finance Director;
- the Board has established an Audit Committee, chaired by the Non-Executive Director on the Board. Details of the membership of the Audit Committee, its role, and the frequency of and attendance at meetings during 2008-09 can be found in the Management Commentary, at page 32;
- the Departmental Board, with advice from the Audit Committee, provides strategic leadership on risk management and control, through the regular review of the Corporate Risk Register - see Statement of Internal Control, sections 3 and 4, pages 47 and 48; and
- the Internal Audit function provides an independent opinion on the adequacy and effectiveness of the Department's system of internal control to the Accounting Officer and Audit Committee - see Statement of Internal Control, sections 5 and 6, pages 48 to 50.

The Department is responsible for 7 sponsored bodies - see Directors Report, pages 2 to 5. Oversight of each is managed by a sponsor division within the Department, responsible for the provision of advice on and monitoring of adherence to all aspects of accountability and good governance. During 2008-09, the Chairman of the Audit Committee and the Accounting Officer attended the Audit Committee of the Equality Commission for Northern Ireland.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITY

Under the Government Resources and Accounts Act (NI) 2001, the Department is required to prepare resource accounts for each financial year, in conformity with a DFP direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.

The Accounting Officer is appointed by DFP and is responsible for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the Financial Reporting Manual (FREM) prepared by DFP, and in particular to:

1. observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
2. make judgements and estimates on a reasonable basis;
3. state whether applicable accounting standards, as set out in the FREM, have been followed, and disclose and explain any material departures in the accounts; and
4. 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 an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by DFP and published in Managing Public Money Northern Ireland.

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

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

All relevant internal control considerations, including any issues of risk, are taken into account with regard to the achievement of Departmental policies, aims and objectives and where necessary are brought to the attention of the Ministers.

The Department sponsors three Non Departmental Public Bodies (NDPBs) and three Companies Limited by Guarantee. The NDPBs are the Equality Commission for Northern Ireland, The Commissioner for Children and Young People, and the Commission for Victims and Survivors. The Companies Limited by Guarantee are The Economic Research Institute of Northern Ireland, Strategic Investment Board and Ilex Urban Regeneration Company. The Community Relations Council is an independent company with charitable status. I have designated the senior officials in each NDPB as Accounting Officers for their organisations.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Office of the First Minister and deputy First Minister for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

3. Capacity to handle risk

The Departmental Board and the Departmental Audit Committee play fundamental roles in providing leadership in the management of risk by setting the tone and influencing the culture of risk management across the Department. The Department's capacity to manage risk is established through the risk management strategy and the increasing experience of managers in the risk management process. Directors and senior managers provide leadership to the risk management process in their particular areas of responsibility and also corporately through their involvement in the Departmental Board and the Departmental Audit Committee.

Guidance/Legislation issued centrally is communicated to staff for implementation, as appropriate. Where this impacts on the business of a directorate, either as a new requirement or as a change to existing processes, it is considered in the wider context of the directorate

business plan and risk register. Where significant, the risk is documented in the risk register and ownership allocated and reviewed on an ongoing basis.

4. The risk and control framework

The Department's risk management strategy is based on the development and maintenance of Departmental and Directorate risk registers, which are informed by lower level divisional/branch risk and control frameworks. The Department's risk management strategy is managed by the Departmental Board which considers and satisfies itself that the significant risks identified in the Departmental and Directorate risk registers have been adequately identified, evaluated and managed. Fundamental to this process is the responsibility placed on individual Directors to establish sound systems of internal control and to identify, manage and regularly report to the Departmental Board on key risks within their business areas. The process of identification, evaluation and control of risk is a continual one at divisional, directorate and Departmental levels. Directors are required to review their Directorate Risk Register twice annually and, to report to the Departmental Board on any amendments, and to review and revise the Risk Register as necessary. The potential impact of risks are established on a risk by risk basis and are assessed against the potential impact on the delivery of Departmental objectives and targets.

As part of an ongoing process to identify and control risks to information, the Department has extensively reviewed the management of personal data across all business areas. Following Ministerial direction, the Department has also undertaken a mandatory self-assessment exercise on the management of personal data. I have been appointed as Senior Information Risk Owner and am leading a review of the Department's information governance arrangements.

5. Review of effectiveness

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

A number of elements contribute to the review of effectiveness of the system of internal control including:

- The Departmental Board, which exercises authority at a corporate level within the Department and comprises the Accounting Officer, and Directors;
- The Departmental Audit Committee, chaired by a non-executive Director, which met 3 times in 2008-09, receives reports concerning internal control. It provides oversight in ensuring that appropriate steps are being taken to manage risks in significant areas of responsibility and monitoring progress;
- The internal audit function, which the Department receives from the Department of Finance and Personnel Internal Audit Unit, operates to standards defined in the Government Internal Audit Standards. Regular reports are submitted which include

the Head of Internal Audit (HIA) independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement; and

- Two recent reviews of NDPBs. A comprehensive review of ERINI was completed by external consultants for the Department in late 2007. Ministers are in the process of considering the final report findings and recommendations. A comprehensive review of NICCY was carried out during the year for the Department, the findings of which have been agreed. The recommendations are currently being implemented.

6. Significant internal control issues

In the Department's 2008-09 Annual Assurance Statement the HIA concluded that, overall, a satisfactory level of assurance can be placed on OFMDFM internal control systems.

Account NI

Internal Audit has provided an overall satisfactory level of assurance with regards to Account NI. However, an unacceptable level of assurance was given for Procure to Pay Data Retention, and a limited level of assurance was provided on i-Procurement and Accounts Payable. Account NI has responded favourably to all recommendations made by Internal Audit and, where possible, has implemented these. Residual recommendations will be addressed in the 2009-10 financial year and Internal Audit will follow-up on all audit recommendations made. The Department is satisfied with the action being taken to address these issues.

HR Connect

An area of significant change in-year, with associated risks, was the transition to new payroll arrangements mid-year. Until 31 October 2008, NICS payroll services were provided by the Department of Finance and Personnel. From 1 November 2008, these services have been provided by HR Connect.

The 2008-09 Departmental resource accounts have been prepared using employee and remuneration data obtained from the new HR Connect system. Post go-live, the stabilisation of the system is being closely monitored by the Service Management Office in Corporate HR.

Internal Audit conducted a review of the HR Connect payroll service prior to go-live focusing on the documented operating procedures for shared service centre and NICS staff and provided a satisfactory level of assurance in these areas. However, Internal Audit has not undertaken any direct work since the HR Connect Service went live in November 2008.

The internal audit of the HR Connect service in 2008-09 was undertaken by the main contractor, in accordance with contractual provisions. A set of internal reports have been received from the main contractor, including a review of actual controls against expected controls in respect of the non-industrial payroll system. These have been reviewed by Corporate HR and DFP Internal Audit who are satisfied that although some weaknesses have been identified these are being addressed by Capita and Fujitsu. Corporate HR has also welcomed the establishment of a monthly forum at which Capita and Fujitsu will discuss progress on issues raised in these reports and will monitor progress on the implementation of

recommendations. DFP Internal Audit will be conducting direct audit work in HR Connect during 2009-10. The Department is satisfied with the assurances provided.

Appointment of Directors to the Strategic Investment Board (SIB)

Ministers are currently considering the appointment of non-executive directors to fill vacancies on the SIB Board. Currently, the Board has only one “non-executive director”, raising concerns about governance which require to be addressed.

Planning and Water Appeals Commissions

Internal Audit has placed limited assurance over the systems of control established by management in the Commission in relation to financial management. Internal Audit recognised that recent staffing changes and loss of key skills within the Commission had impacted adversely on operating procedures and practices. The Department is satisfied that the Commission is taking active steps to address the issues raised.

Economic Research Institute of Northern Ireland (ERINI)

The Department has been working closely with ERINI and other stakeholders to bring forward final decisions on the findings contained in the KPMG review of ERINI. It is anticipated that final determinations will be made by the end of June 2009.

Throughout the 2008-09 financial year the Department has worked with ERINI on its business plan for the 2008-09 financial year. ERINI failed to bring forward a business plan for the year that was affordable within its budget allocation.

ERINI’s accounts were not available for the financial year 2008-09 within the timeframe for the preparation and audit of the Department’s Resource Accounts. ERINI’s accounts for the financial year 2007-08 were filed late, on 27 February 2009. ERINI’s auditors, in their review of the 2007-08 accounts, raised concerns about the company’s status as a going concern. As Accounting Officer, I and the Chairman of the OFMDFM Audit Committee have met with the Board of ERINI to consider the financial status of the organisation.

Northern Ireland Commissioner for Children and Young People (NICCYP)

NICCYP’s Internal Auditor has placed limited assurance on the procedures governing IT equipment and information, and payroll. The Department is satisfied that NICCYP is taking active steps to address the issues raised.



John McMillen

Accounting Officer

29 June 2009

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

I certify that I have audited the financial statements of the Office of the First Minister and deputy Minister for the year ended 31 March 2009 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

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

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

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

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report, the Sustainability Report and the Corporate Governance Report. I consider the implications for my report if I become

aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Department's affairs as at 31 March 2009 and the net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- information which comprises the Director's Report and the Management Commentary included within the Annual Report is consistent with the financial statements.

Opinion on Regularity

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

Emphasis of matter: significant uncertainty on any liability over equal pay issues

Without qualifying my opinion, I draw attention to note 24 to the financial statements. This refers to the obligation of the Northern Ireland Civil Service to comply with equal pay legislation and address any anomalies that may exist in its present pay and grading structures. Equal pay claims have been lodged with the Industrial Tribunal by the Northern Ireland Public Service Alliance (NIPSA) on behalf of its relevant members. The present Minister of Finance and Personnel has assured NIPSA of the commitment to resolve the equal pay issue, if possible, through a negotiated settlement and without the need for litigation. The Department of Finance and Personnel considers that a reliable estimate of the potential liability cannot be made at this point in time due to the complexities associated with the resolution of the issue. These complexities include establishing clearly the extent to which the claims may be valid, the groups of staff that might be entitled to a payment and the size of these payments. Consequently a provision has not been made in the financial statements for any liability that may result.

Report

I have no observations to make on these financial statements.

A handwritten signature in black ink, appearing to read 'JM Dowdall', is written over a faint, illegible stamp.

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

29 June 2009

Office of the First Minister and deputy First Minister
Statement of Parliamentary Supply
for the year ended 31st March 2009

Summary of Resource Outturn		Estimate			2008-09			2007-08	
					Outturn				
		Gross expenditure	Accruing Resources	NET TOTAL	Gross expenditure	Accruing Resources	NET TOTAL	Net total outturn compared with Estimate saving/ (excess)	Prior-year outturn
		1	2	3	4	5	6	7	8
		£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources	Note								
A	2	33,147	(130)	33,017	30,589	(130)	30,459	2,558	31,552
B	2	41,184	(4,654)	36,530	39,979	(4,258)	35,721	809	29,681
Total resources		74,331	(4,784)	69,547	70,568	(4,388)	66,180	3,367	61,233
Non-operating Accruing Resources			-			-		-	-

Net cash requirement 2008-09		2008-09			2007-08	
		Note	Estimate	Outturn	Net total outturn compared with estimate	Outturn
			£000	£000	£000	£000
Net cash requirement	4		71,398	68,113	3,285	58,366

Summary of income payable to the Consolidated Fund

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

	Note	Forecast 2008-09		Outturn 2008-09	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	5	524	-	454	462

The notes on pages 59 to 78 form part of these accounts.

Explanation of variances between Estimates and Outturn are given in Note 2 and the Management Commentary.

Office of the First Minister and deputy First Minister
Operating Cost Statement
for the year ended 31st March 2009

		2008-09			2007-08	
	Note	Staff Costs £000	Other Costs £000	Income £000	Total £000	£000
Administration costs:						
Staff costs	9	13,550			13,550	14,384
Other administration costs	10		6,153		6,153	5,912
Operating income	12			(403)	(403)	(115)
Programme costs						
Request for resources A						
Staff costs	9,11	2,428			2,428	2,672
Programme costs	11		13,611		13,611	14,875
Income	12			(174)	(174)	(243)
Request for resources B						
Staff costs	9,11	2,167			2,167	100
Programme costs	11		32,659		32,659	25,829
Income	12			(4,265)	(4,265)	(2,298)
Net operating cost	3	<u>18,145</u>	<u>52,423</u>	<u>(4,842)</u>	<u>65,726</u>	<u>61,116</u>

Statement of Recognised Gains and Losses
for the year ended 31st March 2009

	2008-09	2007-08
	£000	£000
Net (loss) / gain on revaluation of tangible fixed assets	<u>(13,295)</u>	<u>13,639</u>
Total recognised (losses) and gains for the financial year	<u>(13,295)</u>	<u>13,639</u>

The notes on pages 59 to 78 form part of these accounts.

Office of the First Minister and deputy First Minister**Balance Sheet***as at 31st March 2009*

			2008-09	2007-08
	Note	£000	£000	£000
Fixed assets				
Tangible assets	14	<u>21,551</u>	21,551	<u>32,566</u>
Current assets				
Debtors	15	8,525		2,944
Cash at bank and in hand	16	<u>417</u>		<u>242</u>
		<u>8,942</u>		<u>3,186</u>
Creditors (amounts falling due within one year)	17	<u>(13,654)</u>		<u>(12,184)</u>
Net current liabilities			<u>(4,712)</u>	<u>(8,998)</u>
Total assets less current liabilities			16,839	23,568
Creditors (amounts falling due after one year)			-	-
Provisions for liabilities and charges			<u>-</u>	<u>-</u>
			<u>16,839</u>	<u>23,568</u>
Taxpayers' Equity				
General fund	18		14,818	1,617
Revaluation reserve	19		<u>2,021</u>	<u>21,951</u>
			<u>16,839</u>	<u>23,568</u>

The notes on pages 59 to 78 form part of these accounts.



John McMillen
Accounting Officer
29 June 2009

**Office of the First Minister and deputy First Minister
Cash Flow Statement**

for the year ended 31st March 2009

	Note	2008-09 £000	2007-08 £000
Net cash outflow from operating activities	20a	(65,507)	(55,537)
Capital expenditure and financial investment	20b, 20c	(1,568)	(1,807)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund	17	(47)	(517)
Financing	20d	<u>65,998</u>	<u>57,437</u>
Increase / (decrease) in cash in the year	20e	<u>(1,124)</u>	<u>(424)</u>

Office of the First Minister and deputy First Minister
Consolidated Statement of Operating Costs by Departmental Aim and Objectives
for the year ended 31st March 2009

	2008-09			2007-08		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
<i>Aim:</i>						
RfR A	30,589	(403)	30,186	31,793	(358)	31,435
RfR B	39,979	(4,439)	35,540	31,979	(2,298)	29,681
Net operating costs	<u>70,568</u>	<u>(4,842)</u>	<u>65,726</u>	<u>63,772</u>	<u>(2,656)</u>	<u>61,116</u>

The Department's objectives were as follows:

RfR A

To assist government in making and implementing well-informed decisions and improving public services.

RfR B

To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage and meet the needs of victims.

The expenditure has been apportioned according to core administration costs which apply to both RfR A and B.

See Note 21.

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts

1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2008-09 Government Financial Reporting Manual issued by the Department of Finance and Personnel. The accounting policies contained within FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. In addition to the primary statements prepared under UK GAAP, the FReM also requires the Department to prepare two additional primary statements. The **Statement of Parliamentary Supply** and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The **Statement of Operating Cost by Departmental Aim and Objectives** and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

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

1.1 Accounting convention

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

1.2 Tangible fixed assets

The minimum level for capitalisation of a tangible fixed asset is £1,000.

Computer systems (bespoke software), which have been developed internally, have been capitalised at the full cost incurred. Where material, assets have been pooled/grouped so as to reflect more accurately asset holdings.

Assets are re-valued at net replacement cost using appropriate indices compiled by the Office for National Statistics.

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Standards prepared and published by the Royal Institution of Chartered Surveyors (RICS). Full professional valuations of land and buildings are undertaken at specific intervals, but at least every five years. Land and buildings are revalued annually, between valuations, either by reassessment or using indices provided by the Office of National Statistics (ONS).

Operational properties are valued on the basis of existing use value, unless they are specialised, in which case they are valued on a depreciated replacement cost basis. Non-operational properties are valued on a market value basis. All the valuations were carried out by LPS, an external valuer as defined in the Appraisal and Valuation Standards referred to above.

Surpluses and deficits arising on revaluation are taken to the revaluation reserve. Where appropriate, permanent reductions in the value of fixed assets are taken to the revaluation reserve to the extent that they exceed previous revaluations. Permanent reductions exceeding previous revaluations are charged to the Operating Cost Statement.

1.3 Depreciation

Tangible fixed assets are depreciated at rates calculated to write down to estimated residual value on a straight line basis over their estimated useful lives. Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the department respectively. No depreciation is provided on freehold land and items for collections since they have unlimited or very long estimated useful lives.

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

Asset lives are normally in the following ranges :

Telecoms Equipment	5 years
Computer Equipment	3-6 years
Office Equipment	5-10 years
Computer Systems	6-10 years
Buildings	25 years

1.4 *Operating income*

Operating income is income which related directly to the operating activities of the department. It principally comprises fees and charges for services provided on a full-cost basis to external customers, as well as public sector repayment work. It includes not only accruing resoures of the Estimate but also income to the Consolidated Fund, authorised by the Department of Finance and Personnel to be treated as operating income. Operating income is stated net of VAT.

1.5 *Administration and programme expenditure*

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

1.6 *Capital charge*

A charge reflecting the cost of capital utilised by the Department is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the simple average carrying amount of all assets and liabilities, except for :

- Consolidated Fund Extra Receipts payable to the Consolidated Fund
- EU Creditor balance
- Supply Debtor or Creditor balance
- Inter-Departmental balance

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

1.7 Foreign exchange

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

1.8 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)) which are described in Note 9. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution scheme, the department recognises the contributions payable for the year. A separate scheme statement is prepared for PCSPS (NI) as a whole.

1.9 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the department, the asset is recorded as a tangible fixed asset and a debt is recorded to the lesser of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

1.10 Grants payable

The department is responsible for the payment of a number of Government Grants, both discretionary and mandatory. These grants are recorded in the period in which the recipient carries out the activity which created the entitlement. The recognition of entitlement will vary according to the details of the individual scheme. Unpaid and unclaimed grants may represent obligations to be recognised as liabilities. Where the amount of the claim is not known at the balance sheet date, an estimate will be made. Overpayments of grants are shown as debtors at the balance sheet date.

1.11 Provisions

The department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 3.5%).

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

1.12 Contingent liabilities

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

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

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

1.13 Value Added Tax

Value Added Tax is accounted for in line with SSAP 5.

1.14 Disclosure of Figures

The Office of the First Minister and deputy First Minister have no other entities within the accounting boundary which require consolidation. The accounts have been presented as a single entity.

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

2 Analysis of net resource outturn by section

Outturn							2008-09		2007-08
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing resources £000	Net total £000	Estimate Net total £000	Net total outturn compared with estimate £000	Prior-year outturn £000
Request for resources A :									
<i>Central Government spending</i>									
A1 Support for Government and Other Services	12,034	1,522	991	14,547	-	14,547	15,739	1,192	14,079
A2 North/South Ministerial Council	-	744	-	744	-	744	758	14	862
A3 Civic Forum	-	208	-	208	-	208	247	39	226
A4 Planning Appeals Commission and Water Appeals Commission	-	2,477	-	2,477	(130)	2,347	2,368	21	1,914
A5 Reinvestment and Reform Initiative	-	874	-	874	-	874	696	(178)	4,179
A6 Non cash Items	-	947	-	947	-	947	1,195	248	858
A7 Strategic Investment Board	-	-	6,978	6,978	-	6,978	7,609	631	7,276
A8 Ilex	-	-	1,298	1,298	-	1,298	1,424	126	-
A9 Notional charges	2,516	-	-	2,516	-	2,516	2,981	465	2,158
Total	14,550	6,772	9,267	30,589	(130)	30,459	33,017	2,558	31,552
Request for resources B :									
B1 Support for Equality, Human Rights and Community Relations	4,075	3,055	2,433	9,563	-	9,563	9,921	358	8,784
B2 Community Relations	-	-	7,136	7,136	-	7,136	7,310	174	5,581
B3 EU Programme for Peace and Reconciliation	-	-	5,677	5,677	(4,258)	1,419	1,445	26	766
B4 Victims *	-	7,355	-	7,355	-	7,355	7,539	184	4,594
B5 Equality Commission	-	-	7,226	7,226	-	7,226	7,185	(41)	7,294
B6 Commissioner for Children and Young People	-	-	1,853	1,853	-	1,853	1,853	-	1,722
B7 Notional Charges	1,078	91	-	1,169	-	1,169	1,277	108	940
Total	5,153	10,501	24,325	39,979	(4,258)	35,721	36,530	809	29,681
Resource Outturn	19,703	17,273	33,592	70,568	(4,388)	66,180	69,547	3,367	61,233

RfR A - To assist government in making and implementing well-informed decisions and improving public services.

RfR B - To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage and meet the needs of victims.

The underspend in RfR A of £2,558,000 is mainly due to underspends in Support for the Government and Other Services (£1,192,000), Strategic Investment Board (£631,000), Non Cash Items (AME) (£248,000), Ilex (£126,000) and Notional Charges (£465,000).

The underspend of £809,000 in RfR B is mainly due to underspends in Support for Equality, Human Rights and Community Relations (£358,000), Victims (£184,000), Notional Charges (£108,000) and Community Relations (£174,000).

Detailed explanations of the variances are given in the Financial Performance Review (page 21 to 24) of the Management Commentary.

* Expenditure on Victims includes expenditure of £783,425 by the Commission for Victims and Survivors. The Commission was set up during the 2008-09 financial year on the 2nd June 2008. Expenditure on the Commission by the department is considered to be the equivalent of grant in aid for the purposes of these accounts. The Commission will account for this expenditure in its own financial statements for 2008-09.

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

3 Reconciliation of Outturn to net operating cost and against Administration Budget

3(a) Reconciliation of net resource outturn to net operating cost

	Note	2008-09		2007-08	
		Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net resource outturn	2	66,180	69,547	3,367	61,233
Non supply income (CFERs)	5	(454)	(524)	(70)	(117)
Net operating cost		65,726	69,023	3,297	61,116

3(b) Outturn against final Administration Budget

	Note	2008-09		2007-08	
		Budget £000	Outturn £000	Outturn £000	Outturn £000
Gross Administration Budget	2	21,163	19,703	20,296	
Administration expenditure excluded from the Administration cost limit	2	21,163 (4,258)	19,703 (3,594)	20,296 (3,083)	
Net outturn against final Administration Budget		16,905	16,109	17,213	

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

4 Reconciliation of resources to cash requirements

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate saving/ (excess) £000
Resource Outturn	2	69,547	66,180	3,367
Capital :				
- Acquisition of fixed assets	14	4,282	3,096	1,186
Non-operating Accruing Resources :				
- Proceeds of fixed asset disposal		-	-	-
Accruals adjustments :				
- Non-cash items	9,10,11,18	(5,665)	(5,448)	(217)
- Changes in working capital other than cash	20a, 15,17	3,234	4,285	(1,051)
Net cash requirement		71,398	68,113	3,285

Further variance explanations can be found in the Management Commentary at page 26

5 Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income related to the department and is payable to the Consolidated Fund.

Note	2008-09 forecast		2008-09 outturn	
	Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts - excess Accruing Resources	524	-	-	-
Other operating income and receipts not classified as Accruing Resource			454	462
Subtotal	524	-	454	462
Non-operating income and receipts - excess Accruing Resources	7	-	-	-
Other non-operating income and receipts not classified as Accruing Resources	8	-	-	-
Other amounts collectable on behalf of the Consolidated Fund			-	-
Excess cash surrenderable to the Consolidated Fund			-	-
Total income payable to the Consolidated Fund	524	-	454	462

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

6 Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2008-09 £000	2007-08 £000
Operating income	12	4,842	2,656
Adjustments for transactions between RFRs		-	-
Gross income		4,842	2,656
Income authorised to be Accruing Resources	2	(4,388)	(2,539)
Operating income payable to the Consolidated Fund	5	454	117

7 Non-operating income - Excess accruing resources

	Note	2008-09 £000	2007-08 £000
Other miscellaneous income	12	-	-
Non-operating income - excess accruing resources		-	-

8 Non-operating income not classified as Excess accruing resources

	2008-09 £000	2007-08 £000
Non-operating income not classified as accruing resource	-	-

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Notes to the departmental resource accounts cont.

9 Staff numbers and related costs

Staff costs

Staff costs consist of :

	2008-09				2007-08
	Total £000	Permanently employed staff* £000	Others £000	Ministers* £000	Total £000
Wages and salaries	14,716	14,308	154	254	13,683
Social security costs	1,077	1,045	-	32	1,096
Other pension costs	2,469	2,428	-	41	2,397
Sub total	18,262	17,781	154	327	17,176
Inward secondments:					
Wages and salaries	50	-	50	-	90
Social security costs	4	-	4	-	6
Other pension costs	9	-	9	-	11
Total	18,325	17,781	217	327	17,283
Less recoveries in respect of outward secondments:					(127)
Wages and salaries	(142)	(142)	-	-	
Social security costs	(11)	(11)	-	-	
Other pension costs	(27)	(27)	-	-	
Total net costs	18,145	17,601	217	327	17,156

*Permanently employed staff includes the cost of the Department's Special Advisors, all eight of which are paid in the band (£57,300 - £79,740) There were movements in the number of Special Advisors employed throughout the year.

**Ministers salary costs are notional.

Staff costs by Departmental Aim and Objectives at 31 March 2009

	2008-09 £000	2007-08 £000
RfR A	12,395	12,716
RfR B	5,750	4,440
	18,145	17,156

The Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)) is an unfunded multi-employer defined benefit scheme, but the Office of the First Minister and Deputy First Minister is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2007, and details of the valuation are available in the PCSPS (NI) resource accounts.

For 2008-09, employers' contributions of £2,451,246 were payable to the PCSPS (NI) (2007-08 £2,396,984) at one of four rates in the range of 16.5% to 23.5 % of pensionable pay, based on salary bands (16.5% to 23.5% 2007-08).

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2009-10, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2010). The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2007-08 £nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5 % of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil, 0.8% of pensionable pay, were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at that date were £nil.

2 persons (2007-08: 1 person) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £1,310 (2007-08: £2,525)

The inflation adjustment factor for carrying out the calculation of the increase in real terms of the accrued pension for someone covered by the full reporting year to 31 March 2009 is 2.7%.

Average number of persons employed

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

	2008-09				2007-08
	Total	Permanently employed staff	Others	Ministers	Total
RfR A	266	262	0	4	254
RfR B	125	123	2	0	138
Total	391	385	2	4	392

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

10 Other Administration Costs

	2008-09	2007-08 as 2007-08 re-stated published	
	£000	£000	£000
Rental under operating leases			
Land and buildings	423	541	530
Other operating leases	144	-	11
Non-cash items :			
Depreciation	92	123	123
Disposal of fixed assets	5	1	1
Permanent diminution in value of fixed assets	1	8	8
Cost of capital charges	(324)	(226)	(226)
Auditors' remuneration and expenses	49	41	41
Office accommodation	-	-	1,920
Other notional charges	3,543	2,835	915
Other expenses (see breakdown below)	2,220	2,589	2,589
Total	6,153	5,912	5,912

	2008-09	2007-08 as 2007-08 re-stated published	
	£000	£000	£000
<i>Breakdown of other expenses is as follows :</i>			
<i>Advertising</i>	-	-	150
<i>Communications</i>	-	-	202
<i>Consultancy</i>	86	116	116
<i>Hospitality</i>	-	-	186
<i>Incidentals</i>	-	-	381
<i>Foreign exchange losses</i>	-	-	18
<i>IT</i>	-	-	214
<i>Legal Costs</i>	-	-	(299)
<i>Professional Costs</i>	164	(243)	-
<i>Publications and stationery</i>	-	-	781
<i>Service and building costs</i>	-	-	217
<i>Training</i>	-	-	130
<i>Travel and subsistence</i>	-	-	493
<i>Other (including hospitality)</i>	200	358	-
<i>Office Services (including advertising, communications and stationery)</i>	646	1,204	-
<i>Non Capital purchases</i>	72	176	-
<i>Contracted Out Services</i>	159	241	-
<i>Accommodation costs</i>	131	123	-
<i>Staff related costs (including travel and subsistence and training)</i>	762	614	-
	2,220	2,589	2,589

Following the implementation of AccountNI in December 2007, and the subsequent development of generic system reports, the 2007-08 published analysis has been restated in line with the AccountNI common reporting structure. This is not a prior year adjustment.

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

11 Programme Costs

	2008-09	2007-08 as re-	2007-08
	£000	stated	published
	£000	£000	£000
Staff costs	4,595	2,772	2,772
EU Programme Spend	5,677	3,064	3,064
Non EU programme Spend	5,396	-	36,766
Grants	27,915	29,957	-
Accommodation Costs	657	460	-
Consultancy Costs	401	2,326	-
Contracted Out Services	950	549	-
Non Capital Purchases	63	7	-
Office Services	926	391	-
Professional Costs	779	314	-
Rentals under operating leases	135	39	-
Staff related costs	231	203	-
Other	1,384	2,520	-
<u>Non Cash Costs</u>			
Depreciation	30	-	-
Impairment	687	-	-
Loss on Disposal	1	-	-
Cost of capital charges	1,038	874	874
Total	50,865	43,476	43,476

Following the implementation of AccountNI in December 2007, and the subsequent development of generic system reports, the 2007-08 published analysis has been restated in line with the AccountNI common reporting structure. This is not a prior year adjustment.

12 Income

	2008-09			2007-08
	RfRA £000	RfRB £000	Total £000	Total £000
EU Income	-	4,258	4,258	2,298
Planning and Water Appeals Commission	130	-	130	243
Rental Income	241	-	241	95
Miscellaneous Other Operating Income	32	181	213	20
	403	4,439	4,842	2,656

13 Analysis of net operating cost by spending body

	2008-09		2007-08
	Estimate £000	Outturn £000	Outturn £000
Spending Body :			
Core Department	48,157	44,995	43,904
Grants to Local Authorities	2,350	2,452	-
<u>Non-Departmental Public Bodies</u>			
Northern Ireland Commissioner for Children and Young People (NICCY)	1,853	1,853	1,722
Equality Commission for Northern Ireland (ECNI)	7,185	7,226	7,294
Economic Research Institute of Northern Ireland (ERINI)	969	924	920
Strategic Investment Board (SIB)	7,609	6,978	7,276
Ilex	1,424	1,298	-
	19,040	18,279	17,212
Net Operating Cost	69,547	65,726	61,116

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

14 Tangible Fixed Assets

	Land & Buildings £000	Computer Equipment £000	Office Equipment £000	Computer Systems £000	Telecoms Equipment £000	Assets under Construction (AUC) £000	Total £000
Cost or valuation							
At 1 April 2008	30,826	705	177	184	56	1,444	33,392
Additions	2,942	3	18			133	3,096
Reclassifications (a)	1,320	-	-	-	-	(1,320)	-
Transfers	-	(3)	-	-	-	-	(3)
Disposals	-	(166)	(8)	(12)	-	-	(186)
Impairment	(688)	-	-	-	-	-	(688)
Indexation	(16)	(10)	8	-	3	-	(15)
Revaluation (b)	(13,280)	-	-	-	-	-	(13,280)
At 31 March 2009	21,104	529	195	172	59	257	22,316
Depreciation							
At 1 April 2008	-	525	113	153	35	-	826
Charged in period	5	65	26	15	11	-	122
Transfers	-	(3)	-	-	-	-	(3)
Disposals	-	(160)	(8)	(12)	-	-	(180)
Impairment	-	-	-	-	-	-	-
Indexation	-	(8)	6	-	1	-	(1)
Revaluation (b)	-	1	-	-	-	-	1
At 31 March 2009	5	420	137	156	47	-	765
NBV							
At 31 March 2009	21,099	109	58	16	12	257	21,551
At 31 March 2008	30,826	180	64	31	21	1,444	32,566
Asset financing :							
Owned	21,099	109	58	16	12	257	21,551
Net book value at 31 March 2009	21,099	109	58	16	12	257	21,551

(a) Reclassifications relate to assets transferred from Assets Under Construction to additions to land and buildings.

(b) In addition to the adjustment in (a) revaluations were undertaken in respect of the Maze Long Kesh sites, Former HMP Belfast, Ebrington Barracks, Former Base Magherafelt and the Crisis Management Centre as at 31st March 2009 by Land & Property Services. The Maze Long Kesh sites were revalued at £11,000,000 from an opening valuation before in year additions of £20,000,000; Ebrington Barracks was revalued at £5,500,000 from an opening valuation before in year additions of £8,000,000; Former HMP Belfast was revalued at £2,900,000 from an opening value of £1,701,548; Former Magherafelt Base was revalued at £1,500,000 from an opening value of £1,081,047; and the Crisis Management Centre opening valuation of £300,000 was unchanged.

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

15 Debtors	2008-09	2007-08	
		as re-stated	2007-08 published
15(a) Analysis by type	£000	£000	£000
Amounts falling due within one year:			
Trade debtors	59	53	53
Other debtors	46	37	1,509
Deposits and Advances	636	1,472	-
Prepayments & Accrued Income*	1,041	284	284
Supply Debtor	1,959	-	-
Amounts due from EU	4,595	629	629
VAT	179	469	469
	<u>8,515</u>	<u>2,944</u>	<u>2,944</u>
Amounts falling due > 1 yr			
Other debtors	10	-	-
	<u>8,525</u>	<u>2,944</u>	<u>2,944</u>

* Prepayments and accrued income contains £41,962 which will be surrendered to the Consolidated Fund when received.

15(b) Intra-Government Balances

	2008-09		2007-08	
	£000	£000	£000	£000
Amounts falling due within one year				
Balances with other central government bodies	2,208	626	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	743	-	-	-
	<u>2,951</u>	<u>626</u>	<u>-</u>	<u>-</u>
Amounts falling due after one year				
Subtotal : intra-government balances	2,951	626	-	-
Balances with bodies external to government	5,564	2,318	10	-
	<u>8,515</u>	<u>2,944</u>	<u>10</u>	<u>-</u>
Balance at 31 March 2009	8,515	2,944	10	-

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

16 Cash in hand and bank balances

	2008-09 £000	2007-08 £000
Balance at 1 April	(423)	1
Net change in cash balances	<u>(1,124)</u>	<u>(424)</u>
Balance at 31 March 2009	<u>(1,547)</u>	<u>(423)</u>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	<u>(1,547)</u>	<u>(423)</u>
Balance at 31 March 2009	<u>(1,547)</u>	<u>(423)</u>
The balance comprises		
Cash	417	242
Overdraft	<u>(1,964)</u>	<u>(665)</u>
	<u>(1,547)</u>	<u>(423)</u>

17 Creditors

17(a) Analysis by type

	2008-09 £000	2007-08 £000
Amounts falling due within one year:		
Bank Overdraft	1,964	665
Creditors due < 1 yr		
Trade creditors	101	856
Other creditors	-	1,475
Accruals and deferred income	8,808	8,186
Fixed Asset Accruals	2,327	799
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	156
Consolidated fund extra receipts due to be paid to the Consolidated Fund		
Received	412	(3)
Receivable	<u>42</u>	<u>50</u>
	<u>13,654</u>	<u>12,184</u>

17(b) Intra-Government Balances

	2008-09 Amounts falling due within one year £000	2007-08 Amounts falling due within one year £000
Balances with other central government bodies	5,443	5,203
Balances with local authorities	779	675
Balances with NHS Trusts	89	94
Balances with public corporations and trading funds	<u>-</u>	<u>-</u>
<i>Subtotal</i> : intra-government balances	6,311	5,972
Balances with bodies external to government	<u>7,343</u>	<u>6,212</u>
Total creditors at 31 March 2009	<u>13,654</u>	<u>12,184</u>

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

18 General Fund

The General Fund represents the total assets less liabilities of each of the entities within the accounting boundary, to the extent that the total is not represented by other reserves and financing items.

	2008-09		2007-08	
	£000	£000	£000	£000
Balance at 1 April		1,617		693
Opening Balance adjustment				50
Net Parliamentary Funding				
Drawn Down	65,998		57,437	
Deemed Supply	156		1,085	
		66,154		58,522
Year End Adjustment				
Supply (Creditor)/Debtor - current	1,959		(156)	
Excess Vote - prior year	-		-	
		1,959		(156)
Net Transfer from Operating Activities				
Net Operating Cost	(65,726)		(61,116)	
CFERs repayable to Consolidated Fund	(454)		(117)	
		(66,180)		(61,233)
Non Cash Charges				
Cost of capital charges	714		648	
Notional costs	3,870		3,042	
Auditors' remuneration	49		41	
		4,633		3,731
Transfer from Revaluation Reserve		6,635		10
Balance at 31 March		14,818		1,617

19 Revaluation Reserve

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

	2008-09		2007-08	
	£000	£000	£000	£000
Balance at 1 April			21,951	8,322
Arising on revaluation during the year (net)			(13,295)	13,639
Transfer to General Fund to reconcile Revaluation Reserve to Fixed Asset Register *			(6,625)	-
Transferred to General Fund in respect of realised element of revaluation reserve			(10)	(10)
Balance at 31 March			2,021	21,951

* This adjustment results from an exercise carried out to reconcile the Fixed Asset Registers of all departments maintained centrally by Account NI.

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

20 Notes to the Cash Flow Statement

20(a) Reconciliation of operating cost to operating cash flows	Note	2008-09 £000	2007-08 £000
Net operating cost	3	(65,726)	(61,116)
Adjustments for non-cash transactions	9,10,11,18	5,448	3,863
Adjustment to Bank and cash in hand Brussels deposit account		-	50
(Increase)/decrease in stock		-	-
(Increase)/decrease in debtors	15	(5,581)	213
Less movements in debtors relating to items not passing through the OCS	18	-	50
Increase/(decrease) in creditors	17	1,470	923
Less movements in creditors relating to items not passing through the OCS	15, 17	(1,118)	480
Net cash outflow from operating activities		(65,507)	(55,537)

20(b) Analysis of capital expenditure and financial investment	Note	2008-09 £000	2007-08 £000
Tangible fixed assets additions	14,17	(1,568)	(1,807)
Proceeds on disposal of fixed assets		-	-
Net cash outflow from investing activities		(1,568)	(1,807)

20(c) Analysis of capital expenditure and financial investment by Request for Resource

Note	Capital Expenditure £000	Loans £000	Accruing Resources £000	Net total £000
Request for Resources A	2,305	-	-	2,305
Request for Resources B	791	-	-	791
Net movement in debtors/creditors	(1,528)	-	-	(1,528)
Total 2008-09	1,568	-	-	1,568
Total 2007-08	1,807	-	-	1,807

20(d) Analysis of financing	Note	2008-09 £000	2007-08 £000
From the Consolidated Fund - current year	18	65,998	57,437
From the Consolidated Fund - prior year		-	-
Net financing		65,998	57,437

20(e) Reconciliation of net cash requirement to increase/decrease in cash	Note	2008-09 £000	2007-08 £000
Net cash requirement	4	(68,113)	(58,366)
From the Consolidated Fund (Supply) - current year	18	65,998	57,437
Bank overdraft		-	(665)
Adjustment in respect of Interdepartmental bank account		-	2,368
Bank and cash in hand adjustment - rent deposit account		-	50
Difference on prior year supply DR/CR calculation		576	-
Amounts due to the Consolidated Fund received in a prior year and paid over	17	3	(397)
Amounts due to the Consolidated Fund received and not paid over	17	412	(3)
Increase/(decrease) in cash		(1,124)	424

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

21 Notes to the Consolidated Statement of Operating Costs by Departmental Aim and Objectives

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

	2008-09 £000	2007-08 £000
RfR A	16,039	17,547
RfR B	34,826	25,929
	<u>50,865</u>	<u>43,476</u>

The majority of capital employed is on Land & Building infrastructure within the organisation and relates to RfR A programme.

Capital Employed by Departmental Aim and Objectives at 31 March 2008

	2008-09 £000	2007-08 £000
RfR A	14,650	23,568
RfR B	2,189	-
	<u>16,839</u>	<u>23,568</u>

22 Capital Commitments

	2008-09 £000	2007-08 £000
Capital Commitments		
Expire within 1 year	500	839
Expire after 1 year but not more than 5 years	-	-
	<u>500</u>	<u>839</u>

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

23 Commitments under leases

23.1 Operating leases

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

	2008-09 £000	2007-08 £000
Obligations under operating leases comprise :		
Land and buildings:		
Expire within 1 year	133	138
Expire after 1 year but not more than 5 years	413	191
Expire thereafter	<u>275</u>	<u>-</u>
	<u>821</u>	<u>329</u>
Other :		
Expire within 1 year	2	-
Expire after 1 year but not more than 5 years	21	15
Expire thereafter	<u>-</u>	<u>-</u>
	<u>23</u>	<u>15</u>

23.2 Finance leases

The department has no finance lease commitments.

24 Contingent liabilities disclosed under FRS 12

Further to the appointment of four Victims Commissioners in 2008, a judicial review action has been taken in respect of the appointments process. It is not known when, or at what value, settlement will be reached.

There are currently several Judicial Review cases pending against the Planning Appeals Commission and Water Appeals Commission, which falls within the Departmental boundary. It is not known when, or at what value, settlement will be reached.

The former Minister for Finance and Personnel announced measures in May 2008 to address equal pay issues in the Northern Ireland Civil Service. The present Minister for Finance and Personnel has assured NIPSA of the commitment to resolve the equal pay issue, if possible, through a negotiated settlement and without the need for litigation. In May 09 he confirmed to NIPSA that a settlement offer had not been made but that he had instructed officials to work intensively with NIPSA to establish, as clearly as possible, parameters within which a negotiated settlement might be reached so that he, in conjunction with his Ministerial colleagues in the Executive, can consider how the matter should be taken forward.

NIPSA has lodged equal pay claims with the Industrial Tribunal on behalf of its female members in the AA, AO and EO11 and analogous grades in the NICS. The Department of Finance and Personnel (DFP) has assessed the potential impact of these equal pay claims and the wider equal pay issue against relevant accounting standards, in particular FRS 12. The ministerial statements have created an obligation on the part of the NICS to comply with equal pay legislation and to address any anomalies that may exist in its present pay and grading structures. However, DFP considers that a reliable estimate cannot be made, at this point in time, of the potential liability to resolve the issue. This is as a result of the complexities associated with the resolution of the issue, including establishing clearly the extent to which the claims may be valid, the groups of staff that may be entitled to a payment and the size of those payments. Consequently, DFP does not consider that it is possible to reach a reliable estimate of the obligation, and thus make a provision under the criteria set out in FRS 12.

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

25 Contingent liabilities not required to be disclosed under FRS 12 but included for Parliamentary reporting and accountability purposes

25.1 Quantifiable

The department has no liabilities of this nature.

25.2 Unquantifiable

The department has no liabilities of this nature.

26 Financial Instruments

FRS 13, 25, 26 & 29 Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Office of the First Minister and deputy First Minister is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13, 25, 26 & 29 mainly applies. The department has very limited powers to borrow or invest surplus funds and except for relatively insignificant forward purchases of foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

As permitted by FRS 13, 25, 26 & 29 debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

26.1 Liquidity risk

The department's net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. The Office of the First Minister and deputy First Minister is not therefore exposed to significant liquidity risks.

26.2 Interest-rate risk

The department's financial assets and its financial liabilities carry nil or fixed rates of interest, and the Office of the First Minister and deputy First Minister is not therefore exposed to significant interest-rate risk.

26.3 Foreign currency risk

The department's exposure to foreign currency risk is not significant. Foreign currency income and foreign currency expenditure is not significant.

26.4 Fair Values

In a comparison by category of book values and fair values of the department's financial assets and liabilities as at 31 March 2009, fair value is not significantly different from book value.

Office of the First Minister and deputy First Minister

Notes to the departmental resource accounts cont.

27 Losses and special payments

	2008-09	2007-08
	£000	£000
Total - Losses	<u>7</u>	<u>42</u>

These losses are made up of non refundable charges and asset write offs.

28 Related-party transactions

The Office of the First Minister and deputy First Minister has had a number of material transactions with other government departments and central government bodies. No minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year. The Department is also the sponsor of NDPB's and companies Limited by Guarantee, as referred to in the Annual Report.

29 Entities within the departmental boundary

The entities within the boundary during the period were as follows :

- a) Supply financed agencies None
- b) Non-executive NDPBs North/South Ministerial Council
 Planning Appeals Commission and Water Appeals Commission (www.pacni.gov.uk)
 Civic Forum
 Office of the Commissioner for the Public Appointments for Northern Ireland
 (www.ocpani.gov.uk)
- c) Other entities None

30 Post balance sheet events

The former Minister for Finance and Personnel announced measures in May 2008 to address equal pay issues in the Northern Ireland Civil Service. Further detail on this equal pay issue can be found in Note 24 and in the Annual Report on page 30.

On 5th April 2009 a contract for approximately £1m was awarded, through CPD, for the design of the Parade Ground, Infrastructure and Enabling Platform on the Ebrington site.