



Labour Relations

A G E N C Y

Improving Employment Relations

Annual Report & Accounts

2006/2007

LABOUR RELATIONS AGENCY ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

*Laid before the Northern Ireland Assembly under Paragraph 15(5) and
Paragraph 116 of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992 by the
Department for Employment and Learning*

6 July 2007

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Mission Statement

The Agency aims to be the leading organisation in Northern Ireland for improving employment relations. We will contribute to organisational effectiveness by providing, on a quality basis, impartial and independent services for promoting good employment practices and preventing and resolving disputes.

Equality Statement

The Agency is fully committed to supporting the elimination of all forms of discrimination in employment and to using its services to help secure the objectives of fair employment, equality of opportunity and good relations. As a provider of services the Agency includes equality of treatment as a fundamental principle of good employment relations and best employment practice. As an employer the Agency seeks to ensure that its employment policies, procedures and practices conform to good practice as outlined in the relevant Codes of Practice. The Agency is required, under Section 75 of the Northern Ireland Act 1998, to produce an Equality Scheme. The Agency's Equality Scheme was approved by the Equality Commission for Northern Ireland on 5 July 2001.

Core Values

In delivering services the Agency will:

- be accessible;
- respond to customer needs;
- be open and accountable;
- act promptly;
- be professional;
- behave with integrity;
- maintain confidentiality;
- respect opinions.

28 June 2007

Dr Aideen McGinley
Permanent Secretary
Department for Employment and Learning
Adelaide House
39-49 Adelaide Street
Belfast
BT2 8FD

Dear Dr McGinley,

Annual Report and Accounts of the Labour Relations Agency: 2006-2007

In accordance with Article 16(1) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992, I have pleasure in submitting the Annual Report and Accounts of the Labour Relations Agency on its activities during the twelve month period ended 31st March 2007.

Yours sincerely



Patrick McCartan
Chairman

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THE LRA BOARD



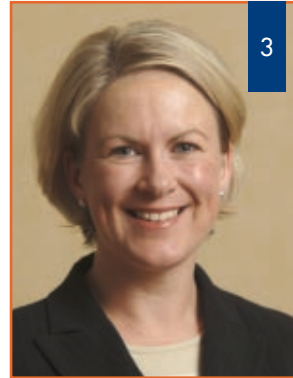
1. Patrick McCartan (Chairman)

Chairman of Belfast Health and Social Services Trust. Chairman of Northern Ireland Confederation of Health and Social Services Organisation (NICON), and Vice Chair of St Columbanus College Board of Governors.



2. Dr Boyd Black (Vice Chairman)

Senior Lecturer in the School of Management at Queen's University Belfast specialising in employment relations.



3. Julie Anne Clarke

Associate Partner in Elliott Duffy Garrett Commercial Lawyers specialising in employment law.



4. Harry Goodman OBE

Former Chief Executive of the Equality Commission for NI and prior to that Chief Executive of the Fair Employment Commission for NI. Member of the Council for Catholic Maintained Schools. Board Member of Stepping Stones (NI) Ltd.



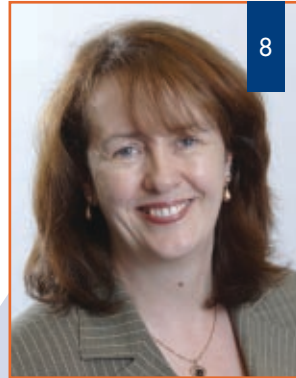
5. Norma Heaton

Senior Lecturer in Human Resource Management at the University of Ulster. Substantial record of research and publication in areas such as graduate careers and gender in the labour market and workplace partnerships. Member of the Chartered Institute of Personnel and Development and the Higher Education Academy.



6. Jim McCusker

Former General Secretary of NIPSA and former member of the Northern Ireland Committee and the Executive Council of the Irish Congress of Trade Unions, Member of the European Economic and Social Committee, Council for Healthcare Regulatory Excellence, Economic Development Forum and Concordia.



7. Eugene McGlone

Deputy Regional Secretary of the Amalgamated Transport and General Workers' Union. Member and Vice-Chairman of the Northern Ireland Committee of the Irish Congress of Trade Unions. Formerly Regional Organiser of the ATGWU.

8. Brenda Maitland

Formerly worked for British Telecom Northern Ireland as Senior Human Resources Business Partner. Member of the Nursing and Midwifery Council (NMC) and Chair of the NMC Appointment Board, and Member of War on Want NI Management Council. Board Member of the Health and Safety Executive NI and Ulster Supported Employment.

9. Gordon Milligan

Group Human Resources Director with Dunbia and formerly responsible for Human Resources within Nortel Networks' European Operations. Previously served on the CBI Employment Affairs Committee and on the Northern Ireland Skills Taskforce.

10. Patricia O'Farrell

Teacher. Executive member of the Equality Committee, Irish National Teachers' Organisation. Formerly Chair and Vice-Chair of the Northern Ireland Committee, Irish National Teachers' Organisation. Former Member of the Northern Ireland Teachers' Council. Board Member of the Council for Curriculum Examinations and Assessment.

11. Roden Ward

Recently Head of Human Resources in the First Trust Bank. Prior to that held managerial positions in human resources in both the public and private sectors in Northern Ireland. Fellow of the Chartered Institute of Personnel and Development.

12. Peter Williamson

Regional Secretary of AEEU/AMICUS trade union. Member of the Industrial Court Northern Ireland and Secretary to the NI District CSEU District committee and NI Executive Committee. Secretary to the Irish Executive Committee of AMICUS. Executive Committee Member of NIC-ICTU.

CHAIRMAN'S FOREWORD

This has been a year of major change for the Labour Relations Agency and in the business environment and economy which we serve. The Review of Public Administration, the expanding economy, the changing social issues arising from the in-flow of new workers to Northern Ireland, and the significant political developments leading towards the re-establishment of the Northern Ireland Assembly – these are all the elements of change which impact significantly on our work.

The Labour Relations Agency remains a watchword for impartiality, independence and fair dealing. We are rightly trusted and respected by employers, individuals, unions and government. It is imperative we continue to nurture these relationships and protect our integrity. Our main role is to improve organisations, workplaces and working life through better employment relationships. Our contribution remains vital to the productivity and competitiveness of Northern Ireland's workplaces, which increasingly are subject to world wide social and economic pressures.

In fulfilling our role the Labour Relations Agency has continuously improved its efficiency and effectiveness throughout the year despite difficult funding constraints. We have significantly reduced the number of outstanding individual employment rights disputes through conciliation, with over 88% of cases resolved without needing a decision of an Industrial or Fair Employment Tribunal (OITFET). This is a highly cost effective service not just in saving significant amounts for the public purse but also in ensuring employees receive their rights at the same time as employers' costs are minimised. Our Good Practice Seminars for employers – particularly small businesses – have been significantly increased and our corporate services made a major contribution to our effective financial stewardship and organisational performance.

It is the Labour Relations Agency's increasing ability to improve Northern Ireland's workplaces and working lives that should be our benchmark. We are doing this by shifting the emphasis on our services to prevention rather than cure. Early intervention with appropriate advice and services means we assist workplaces to resolve problems at the lowest cost and earliest opportunity whilst at the same time ensure that workplaces benefit from improved practices and working relationships. This means we are modernising and re-shaping our services and the way in which we communicate with our service users. It requires from us a proactive approach using more convenient and more accessible methods of contact and communication. In these hi-tech days of instant communication there are

great opportunities for our future development and the re-shaping of our services. We have already made significant strides but it is only by doing more in modernisation and profiling that we will continue to make a vitally important contribution to the Northern Ireland economy.

Our achievements during the year reflect the highest appreciation factors from our users

- very high levels of trust from employers and employees, trade unions and government;
- strong reputation for impartial advice on employment relations matters;
- excellent ratings and evaluations for knowledge and skills.



Bill Patterson, the Agency's Chief Executive, presents in greater detail the changes and services that our staff provided in 2006/07. However, I must record my own appreciation for the hard work that our Labour Relations Agency people have put into sustaining and developing our services. But we can't be complacent, the evolutionary changes in the political, economic and social environment for Northern Ireland bring about great pressures for us to continually improve and produce value for money. I have no doubt our staff will continue to meet these challenges as they have in the past year.

Finally I would like to thank my colleagues on the Labour Relations Agency Board who give up so much of their valuable time to oversee and contribute to the vital work we perform. In particular, I would like to thank Eugene McGlone and Harry Goodman whose terms of office as Board members expired during the course of 2006/07. The experience, expertise and wisdom of Board members make all the difference. Their commitment deserves the highest gratitude, and my personal thanks for their continued support.



Patrick McCartan
Chairman

CHIEF EXECUTIVE'S INTRODUCTION

Major developmental objectives contained in the Agency business plan 2006/07 were constrained by the budget as reported below. However work continued in respect of normal operations. The Agency Enquiry Point remained in high demand. The provision of employment advice and the handling of advisory cases continued to be very well received. The provision of workshops and good practice seminars exceeded our targets. The Agency website was enhanced with additional links. We believe that the Agency site represents the most comprehensive employment legislation and employment relations reference web-pages currently in existence in Northern Ireland. Of particular significance was the launch, in conjunction with the Equality Commission for Northern Ireland, of guidance on Bullying and Harassment in the Workplace.

As at the year end, the percentage of individual conciliation cases dealt with by the Agency stood at 88%. This exceeded our target of 85%. In effect this means that on average only 12% of cases received by the Agency are proceeding to Tribunal. This is a considerable achievement. We are at an early stage with fixed period cases and the jury is still out on how effective this relatively new arrangement will be. However, in respect of fixed period cases where the Agency exercised its power to extend the 7 and 13 week period, 31% of cases were either withdrawn or settled whilst with the Agency. This, in part, has been due to the Agency working closely with the Tribunals. During the year the Agency cleared 30 arbitration cases and 34 collective conciliation cases. In March 2007 the Gibbons Report was published. The Gibbons Report reviewed employment dispute resolution in Great Britain. Whilst the report does not apply to Northern Ireland it is likely to at least inform the considerations of the Department for Employment and Learning in assessing the effectiveness of dispute resolution provisions here. Such considerations may well provide an opportunity to improve the system of employment dispute resolution in Northern Ireland at the heart of which lie the Agency conciliation, mediation and arbitration services. At the year end the Agency was dealing with 10,031 tribunal cases (12,836 jurisdictions). Of these cases 7935 pre-dated 1 April 2005.

During the year the Agency Management Statement and Financial Memorandum were revised, the Agency Equality Scheme was reviewed and a new Employee Guide was developed. It is intended to issue a fully revised Staff Handbook next year. Whilst progress on

attaining liP was frustrated, the Agency, by the year end, had spent £97k on training which is roughly 3% of funding and is in line with liP recommendations. The Agency welcomed new Auditors, ASM Howarth and revised the Audit Committee Terms of Reference. A Freedom of Information Policy and Procedure was drafted and issued for internal feedback and consultation.



During the year the Agency maintained a close interest in the implementation of the Review of Public Administration. This included providing comment on Guiding Principles published by the Public Services Commission and providing advice on dispute resolution provisions to the NICS Central Personnel Group and Trades Unions.

During the year the Board approved a new Strategic Audit Plan. Board members were also involved in preparations for the Agency biennial conference to be held 24 April 2007. The Brendan Harkin Memorial Lecture was given in February 2007 by Michael Smyth, Senior Lecturer at the University of Ulster, on the history of the Northern Ireland labour market.

The financial year 2006-2007 was a challenging and difficult period for the Agency. The year's performance was significantly influenced by the limits imposed by the Agency's initial budget of £2,600k. As from 1 April 2006, it was apparent that the budget would not allow the Agency to recruit to full establishment and maintain normal organisational support services. There also was an abnormally high level of long term illness over the period. The Agency budget was uplifted by DEL in July 2006 to £2,698k; however this did not prevent a freeze on recruitment that resulted in a total of 9 vacancies being held. Training and organisational development was reduced to a minimum and developments with new technology were suspended as was the refurbishment of Agency accommodation. A number of the more progressive business plan objectives were held back such as work on the attainment of the Investors in People (liP) award, the commencement of a customer focus programme, the introduction of an upgraded Enquiry Point telephony system and the revision of Agency policies on

mediation and arbitration. It was not until November 2006, when the Department made available an additional £526k, that the majority of these outstanding matters began to be addressed through intensive recruitment and procurement programmes and the release of staff to progress work on Investors in People. However the provision of additional funding late in the financial year, whilst welcomed, created a further challenge of achieving revised expenditure targets by the year end. The eventual outturn was that £3,019k of the £3,224k made available to the Agency was utilised by 31 March 2007.

It would be fair to say that the very positive features of the year's performance were overshadowed by the radical turnaround needed in order to deal with the change in the budget position in November 2006. All the Agency

members of staff deserve credit for focusing on core services up to November 2006 and responding very credibly to the challenge of getting the best out of the £526k made available in the final months of the financial year.

Overall, from an operational perspective, it was a solid if difficult period. The Agency looks forward to regaining the momentum for change and improvement during the coming year.



Bill Patterson
Chief Executive

Chapter 1: Good Practice in the Workplace

1.1 Introduction

The Advisory Services of the Agency endeavour to promote good employment relations both in terms of compliance with legislative requirements and also through encouraging the adoption of good employment practice.

1.2 Advisory Support

This year the Agency assisted 322 organisations develop and maintain good practice in employment policies and procedures (357 in 2005-2006). In over 95% of cases this involved an Agency officer assisting with the vetting and updating of existing employment policies and procedures to ensure compliance with legislative requirements and to promote good practice. Of note is the increasing variety of procedures that the Agency is being asked to comment on reflecting, in part, the growing scope and coverage of employment legislation. The Agency is of the view that sound policies and procedures are a desirable method of communicating rights and responsibilities in the workplace and form a valuable basis for the working relationship. In addition, sound procedures provide a means for disputes to be resolved in the workplace without the need for recourse to tribunals. The users of the service reflect the structure of the Northern Ireland economy in that the vast majority of clients (some 90%) employed less than 50 employees and came from a wide variety of market sectors.

1.3 Advisory Workshops on Employment Documentation

The Agency continues to assist in the preparation of new employment documentation through the provision of advisory workshops. At these workshops practical guidance is given on the preparation of employment documents such as Written Statements of Main Terms and Conditions of Employment, Disciplinary Rules and Procedures and Absence Notification and Certification Procedures. Whilst the workshops are designed primarily to provide participants with the necessary information to draft documentation which complies with statutory obligations and embraces good practice, they also provide an

awareness of a range of employment-related matters which, in the view of the Agency, enables disputes to be avoided and improves relationships in the workplace.

The Agency hosted a total of 47 advisory workshops during the year (53 in the previous year). The Agency also refined the standard documents issued at the workshops and continued to improve service delivery through the provision of working documents to participants by electronic means. This has helped organisations to further their drafting of basic employment documents. The Agency also offers a supplementary service of vetting these draft documents to ensure compliance with legislative requirements. As in previous years, feedback from the participants in the workshops remained very favourable.

1.4 Good Employment Practice Seminars

As part of its programme of promoting good employment practice and preventing disputes arising in the workplace, the Agency hosts a series of seminars led by experienced Agency staff. To publicise this service the Agency produces a brochure providing details of the seminars available.

Nine seminars were offered covering:

- Handling Redundancy;
- Managing Absence from Work;
- Trade Unions – Key Legal Issues;
- Bullying in the Workplace;
- Handling Discipline and Grievance;
- The Right to Request Flexible Working and The Labour Relations Agency's Arbitration Scheme for the Resolution of Flexible Working Disputes;
- Unfair Dismissal;
- The Less Favourable Treatment of Fixed-Term Employees Regulations;
- Recruitment and Selection.

These seminars, which are free and open to all, are held in the Agency's premises in either Belfast or Londonderry on set dates. Seminar programmes for 1 April 2006 to 30 June 2006, 1 September 2006 to 31 December 2006

and 1 January 2007 to 31 March 2007 were published with details of available seminars.

Parties who are interested in attending any of the seminars are asked to register an 'expression of interest' which can be made by telephone, fax, letter, email or completed online.

Where any one organisation indicates a sufficient number of attendees the Agency can facilitate seminars for that specific group either in the Agency or on-site. In addition to the above the Agency was requested by a number of organisations to host seminars covering The Working Time Regulations, The Statutory Dismissal, Disciplinary and Grievance Procedures as set out in the Employment (Northern Ireland) Order 2003 and Age Discrimination as set out in The Employment Equality (Age) Regulations (Northern Ireland) 2006.

The Agency also joined with the Equality Commission for Northern Ireland in delivering a series of joint good practice seminars on "Age Discrimination". These seminars are promoted via the Equality Commission's Training Programmes and are designed to develop the skills of those attending. The Agency also partnered with the Equality Commission and Opportunity Now in delivering seminars on Family-Related Employment Law and Gender Equality.

Reflecting the continuing and constant demand for information and guidance on employment law, the Agency provided a total of 103 good practice seminars throughout the year compared to 70 in the previous year.

During the year work began on developing a good practice seminar on The Work and Families (Northern Ireland) Order 2006 which came into effect on 1st April 2007. Other seminars which will be developed over the next year include Handling Investigations and Issues surrounding the employment of migrant workers.

1.5 Small Business Assistance

Acknowledging the nature of the Northern Ireland economy and our client base the Agency conducted initial research among a wide range of small business/employer representative groups regarding the value, nature, and delivery of the Agency's key advisory services including

seminars/workshops and document vetting. Whilst the responses to this exercise were almost entirely positive, it was decided that it would be appropriate to carry out a more detailed survey among past users regarding those services before making decisions about any possible amendments or refinements to the service. It is intended to conduct this survey early in the 2007-08 reporting year.

1.6 Good Employment Practice/Facilitative Services

Staff in the Good Employment Practice Division had a busy year working in a diverse number of sectors and industries on a diverse number of employment and industrial relations issues ranging from the facilitation of employee attitude surveys in the public sector through to the facilitation of efficiency reviews in the private sector.

Two of the main drivers of the work of the Good Employment Practice Division have been the public sector reform initiatives in Northern Ireland such as the Review of Public Administration (RPA) and the continuing implementation of phased collective employment law such as the Information and Consultation of Employees (NI) Regulations 2005. In addition the broader ramifications of the Statutory Dispute Resolution Regulations (NI) 2004 began to impact on policy issues areas such as bullying and harassment throughout both the public and private sectors alike.

Project work within the division typically involved facilitating projects such as:

- Facilitating the collaborative re-writing of policies to ensure both statutory compliance and good practice, e.g., Dignity at work policies which incorporated a mediation component which can be facilitated by the Agency.
- Chairing working groups made up of management and union representatives in order to devise solutions to joint industrial and employment relations difficulties.
- Facilitating an employment relations audit derived from a collaboratively devised employee attitude survey.
- Facilitation of analysis and review of disputes procedures and post-dispute facilitation programmes.

- Facilitation of implementation of job evaluation schemes
- Facilitation of collaboratively devised Information and consultation agreements and constitutions (pre-existing and negotiated)

The Division continues to receive requests for assistance regarding matters concerning information and consultation and to that end we have worked closely with the Industrial Court regarding regulation protocol, adherence and compliance. Other work with the Industrial Court involved facilitating a training day for court members on information and consultation law developments.

The shared interest stakeholder theme has continued this year with the Agency maintaining close links with the Equality Commission as a result of the success of the May 2006 joint publication "Harassment and Bullying in the Workplace" and partnership links with the Employment Rights branch within the Department for Employment and Learning in relation to matters such as the employment statute timetable for NI and the Agency's employment legislation web-pages. The Agency has also been engaged in an extended partnership with the Health and Safety Executive (N.I.) to improve awareness and encourage corrective action regarding workplace stress issues in the public sector. The Agency has also consulted with all the major public sector employers' bodies and the main trade unions within the context of the Review of Public Administration with a view to determining how the Agency can best engage and facilitate the employee relations issues which are likely to arise from this substantial change agenda.

Senior staff also continued to act as keynote speakers at conferences throughout the province addressing subjects as diverse as developments in individual employment rights related law through to collective labour law and change management in the public sector. Audiences for conferences ranged from CBI (NI) to joint union and management delegations from local government through to the Belfast Solicitors Association. Other services provided included facilitating the employment law seminar for new business start-ups as part of the Go for Growth Programme operated by Invest Northern Ireland.

During the year the Agency received 14 requests for assistance and by March 2007 18 projects were completed. Fifteen of the completed projects were with the public sector and three were with the private sector. Currently, as of April 2007 seven Good Employment Practice projects were on-going.

1.7 Enquiries and Advice

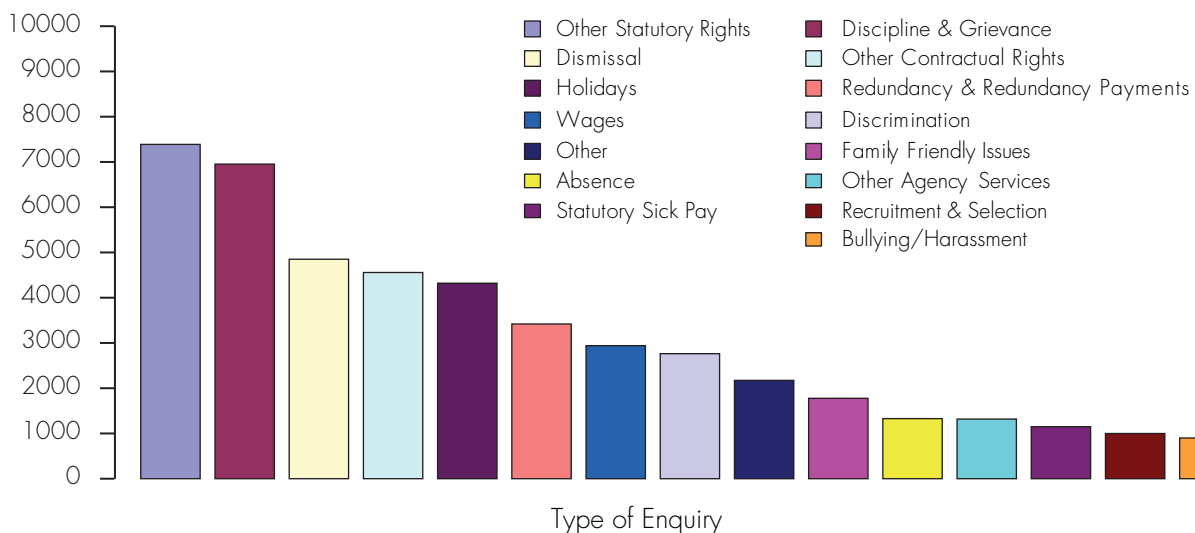
The Enquiry Helpline is often the first point of contact for users of the Agency's service and as well as providing an invaluable service for general employment related enquiries is often a gateway for other services that the Agency provides. Enquiry officers have considerable knowledge of employment law and practice and, while they will not give legal opinions, they will provide information and advice to enable employers, employees and their representatives to take informed decisions. The service is impartial, confidential and free and the Enquiry Officer will, where appropriate refer the caller to relevant guidance documents to provide further assistance. During the year ending 31 March 2007, the Agency dealt with 26,253 callers (26,336 in 2005-2006). Of the callers recorded, 25,915 contacted the Agency via the telephone and the remaining 338 callers had their enquiries dealt with in person via a pre-arranged appointment. As in previous years approximately 40% of users raised enquiries on behalf of employers and 60% on behalf of employees.

The Agency has invested substantially in technology to improve the availability of the enquiry helpline to all users and in the reporting year 2007-2008 the method by which callers for the enquiry helpline are assisted will change from the existing call back service to an automated call system where the caller will be able to queue and have their enquiry dealt with at the time of calling. Because of the complexity of most employment relations queries, it is not possible for the Agency to respond to enquiries received via e-mail.

Enquiries tend to vary considerably in their nature and complexity and the calls to the Enquiry Helpline in 2006-2007 generated a total of 46,834 separate enquiries on a wide range of employment topics (as shown in the table below).

Table 1:

Type of Enquiry	
Other Statutory Rights	7388
Discipline & Grievance	6952
Other Contractual Rights	4850
Holidays	4557
Dismissal	4321
Discrimination	3419
Wages	2940
Redundancy and Redundancy Payments	2763
Family Friendly Issues	2173
Absence	1777
Other Agency Services	1328
Other	1318
Recruitment and Selection	1149
Statutory Sick Pay	999
Bullying/Harassment	900
Total	46,834



1.8 Support for Migrant Workers

In recognition of the increasing number of migrant workers entering the Northern Ireland labour market the Agency engaged in wide based consultations with voluntary and representative bodies and other statutory providers to determine

the priorities for an employment relations action plan regarding migrant workers. The Agency's work coincided with the central public sector initiative, under the direction of the Race Forum, which sought to pull together all statutory service providers and voluntary sector bodies to provide for an overall "joined up" strategy to support migrant workers. This initiative is entitled, The Migrant Workers Thematic Sub Group (MWTSG) and the Agency integrated its action plan into the overall strategy of the process. The Agency action plan was installed into the MWTSG strategy and included website updates and translations, reviewing the methods of access to advice, introducing a formal seminar focused on employers of migrant workers and regular formal consultation with the Equality Commission (N.I.) to ensure that services are not duplicated.

1.9 Codes of Practice

The Agency revised its Code of Practice on Disclosure of Information to trade unions for collective bargaining purposes. This revision was initiated as a result of legislative developments since the initial publication of the Code in 1978 and amendments to the equivalent code issued by ACAS in Great Britain. The new Code came into operation by order of the Department for Employment and Learning on 12th November 2006. Copies can be downloaded from the publications section of the Agency's website at www.lra.org.uk

1.10 Website Development

This year has seen the continued expansion of the website as a means for the Agency to communicate advice and information on good employment practice. During the year the Employment Legislation section of the website was updated to include Acts, Orders and statutory rules up to the end of 2006. the news section also alerted browsers to the revised Code Of Practice on Information to Trade Unions for Collective Bargaining Purposes; the web links to Work and Family Rights; the joint LRA/Equality Commission publication on Harassment and Bullying in the Workplace; the launch of the Agency's Flexible Working Arbitration Scheme; Government proposals to increase workers' minimum annual statutory holiday entitlement from

20 to 30 days; and more recently the smoking ban in enclosed workplaces.

To date the Agency has used the services of an outside provider to update most of the content on a regular basis with an Agency officer having a very limited content management capability. A decision was made that the Agency should involve the Delivery and Innovation Division of the Department of Finance and Personnel in the design and development of a website which is up to date in terms of compliance with Northern Ireland e-Government Metadata Standards (NI eGMS) and which the Agency will have total control over the content management.

A working party was set up to oversee the design and development of the "new" website, authors and an approver were identified among existing Agency staff and the provision of the necessary training has been arranged. The Agency has also considered a range of possible e-learning applications as options for widening service provision and further research is continuing in this area.

1.11 Research

During the year work continued on the development of a formal research agenda. Discussions took place with the Department for Employment and Learning (DEL), representatives from universities both here and in Great Britain, the Labour Relations Commission and the National Centre for Partnership Performance regarding the feasibility of carrying out employment relations research in Northern Ireland. Preliminary work on the specification of a project looking at dispute resolution in association with DEL and the Office of Industrial Tribunals and Fair Employment Tribunal began. In addition, the Agency's website was expanded to include a page on Sources of NI Labour Market Information. This gives a summary of the type of labour market data collected by the main surveys conducted in NI. Links to sources of other non-Northern Ireland labour market information are also provided. Together these provide useful reference sources for researchers and economists alike.

Chapter 2: Promoting a Culture of Alternative Dispute Resolution

2.1 Introduction

The resolution of employment relations disputes, whether individual or collective, is the core responsibility of the conciliation and arbitration section. Disputes are resolved through individual or collective conciliation, mediation or arbitration. These services are referred to as third party alternative dispute resolution processes (ADR). They are an alternative to the use of the law or industrial action. The Agency offers these third party services on a voluntary and confidential basis.

Over recent years the number of individual employment rights has been increasing with the introduction of new entitlements such as the right to apply for flexible working and the right not to be discriminated against on the grounds of age. If an individual believes that there has been an infringement of their employment rights they may refer the matter to the Office of the Industrial Tribunals and the Fair Employment Tribunal.

The Agency receives a copy of all the applications to the tribunal offices and has a statutory duty to try to promote a settlement of these claims without the need for a tribunal hearing. This process of settlement is referred to as "individual conciliation". In conciliation a third party conciliator assists the parties to the dispute to come to their own resolution. It should be noted that individuals are not prevented from taking their case to a tribunal hearing if the conciliation process is unsuccessful in settling their case.

Industrial action can occur when a trade union becomes involved in a dispute with an employer about aspects of terms and conditions of employment. It can be noted that the origin of a dispute might lie in the decision of a union to put pressure on the employer's bargaining position, or vice versa. Wages are an issue that can often come under dispute. Industrial action can take the form of a 'go-slow', overtime ban or a strike. This form of dispute is known as a "collective dispute".

The Agency, with the agreement of both parties, can and does become involved in the process of resolving collective disputes. The participation of the parties in the process of resolution is voluntary. The time taken for the resolution of a collective dispute can vary. It is essentially dependent on the nature and complexity of the dispute itself. In some instances the dispute can be resolved at a

single meeting but in other cases a resolution may require a series of meetings over a period of weeks.

When, following conciliation, a dispute remains unresolved, the parties may decide to refer the issues to a mediator or an arbitrator for settlement. In employment relations mediation is understood as the process whereby a third party makes a recommendation to the parties to the dispute with respect to resolving the issues. Arbitration is the process whereby the arbitrator makes a decision on the resolution of the dispute. The decision is morally, but not usually legally, binding on both parties to the dispute. The Agency retains a panel of qualified people to act as mediators or arbitrators in determining such disputes.

2.2 Individual Conciliation

The Agency's conciliation officers have a high success rate in dealing with claims to a Tribunal. For example, the percentage of all claims proceeding to a tribunal hearing in the 2006-2007 reporting year was only 12%. This is an increase of 1% on the percentage of all claims proceeding to a tribunal hearing in the 2005-2006 reporting year. This figure is a reflection on the effectiveness of the conciliation team in resolving the vast majority of claims. It is notable that 88% of claims were either settled or withdrawn. This is a decrease of 1% on the settlement and withdrawal rate for 2005-2006.

The number of claims other than fair employment claims received by the Agency for the year ended 31 March 2007 was 5,715. This figure includes 1345 direct requests to the Agency and settled by the Agency. The claims made direct to the Agency concerned claims that could have been lodged with the tribunal system but for which, at the time of request to the Agency no such lodgement had been made. If the Agency achieves a settlement in these cases, then the individuals cannot subsequently submit an application to a tribunal for the same alleged infringement of employment rights. The number of direct requests received and settled increased by 58% from 851 requests in 2005-2006. This is a significant increase in the number of these direct requests, all of which were settled and which therefore did not become a tribunal claim.

The 5,715 claims other than fair employment claims received by the Agency for the year ended 31 March 2007 also includes a bulk case against one employer of 1,058 claims.

To ascertain the true level of the increase in claims other than fair employment claims received for the year 2006-2007 it is necessary to remove the bulk claim of 6183 added into the figures for 2005-2006 for recording purposes. There has been an increase in the number of claims other than fair employment claims received in 2006-2007 of 56.5% on the 2005-2006 year (9825 minus 6183 equals 3642 ie the true number of claims received in 2005-2006)

Table 2 summarises the claims other than fair employment received and dealt with during the year. The number of claims other than fair employment which were dealt with by the conciliation officers increased by 230 from 7,770 in the year 2005-2006 to 8,000 in the year 2006-2007. This represents a percentage increase of 3%. Over the past two years there has been an increase of claims dealt with by officers of 28% (claims dealt with by officers in the reporting year 2004-2005 numbered 6272).

Table 2: Individual Conciliation Claims Received and Dealt With (other than fair employment)

(For comparison, the 2005-2006 figures are given in brackets)

Jurisdiction	Claims Received		Claims Dealt With	
Unfair Dismissal	2121	(1645)	2656	(2462)
Wages Order	445	(442)	630	(1252)
Breach of Contract	435	(468)	538	(656)
Other Employment Rights	±1819	* (6771)	3011	(1454)
Equal Pay	183	(26)	263	(566)
Age Discrimination	24	(0)	0	(0)
Sex Discrimination	429	(245)	611	(1099)
Disability Discrimination	121	(127)	163	(174)
Race Discrimination	106	(81)	96	(86)
Sexual Orientation Discrimination	19	(11)	15	(10)
Flexible Working	13	(9)	17	(11)
Total	5715	(9825)	8000	(7770)
* This figure includes a bulk case against one employer of 1,058 claims which had previously been separately recorded but have now been incorporated into the overall figures.				
* This figure includes a bulk case against one employer of 6,183 claims which had previously been recorded separately but have now been incorporated into the overall figures.				

Table 3 provides an analysis of the outcome of the 8,000 claims dealt with between 1 April 2006 and 31 March 2007. The claims dealt with include a number of bulk claims¹. The number of conciliated settlements in 2006-2007 increased by 272 from 2,348 in 2005-2006 to 2,620 in 2006-2007. This represents an increase of 11.6%. The number of claims dealt with has exceeded the number of claims received which has led to a significant overall reduction in the number of claims remaining in the backlog.

¹ A bulk application is where a group of 5 or more individual claims are submitted at the same time, in respect of the same employer or group of employers and frequently in respect of the same alleged action/s by the employer.

Table 3: Individual Conciliation Claims Dealt with and their Outcome (other than fair employment)

(For comparison, the 2005-2006 figures are given in brackets)

Jurisdiction	Settled by Conciliation		Withdrawn During Conciliation		Referred to a Tribunal		Total Claims Dealt With	
Unfair Dismissal	1819	(1349)	599	(930)	238	(183)	2656	(2462)
Wages Order	180	(282)	301	(801)	149	(169)	630	(1252)
Breach of Contract	196	(204)	213	(305)	129	(147)	538	(656)
Other Employment Rights	211	(201)	2603	(1073)	197	(180)	3011	(1454)
Equal Pay	17	(29)	174	(507)	72	(30)	263	(566)
Age Discrimintaion	0	(0)	0	(0)	0	(0)	0	(0)
Sex Discrimination	107	(219)	386	(779)	118	(101)	611	(1099)
Disability Discrimination	51	(41)	99	(110)	13	(23)	163	(174)
Race Discrimination	34	(13)	49	(56)	13	(17)	96	(86)
Sexual Orientation Discrimination	4	(7)	10	(3)	1	(0)	15	(10)
Flexible Working	1	(3)	16	(8)	0	(0)	17	(11)
Total	2620	(2348)	4450	(4572)	930	(850)	8000	(7770)

2.3 Equal Pay for Work of Equal Value

The Agency maintains a list of independent experts who may be asked by an industrial tribunal to report on whether or not particular jobs are equally demanding. These requests usually arise out of equal pay for work of equal value claims. The members of the Agency's independent expert panel are listed below:

Mr R Allen

Mr W E Deane

Mr J N McCaul

Dr O Lundy

Dr J R Young

Mr J G Lyttle

2.4 Religious/Political Discrimination (Fair Employment)

The Agency has a statutory duty to promote the settlement of claims relating to complaints of religious and/or political discrimination in the same way as with other employment jurisdictions. Tables 4 and 5 summarise the complaints, alleging religious and/or political discrimination, received and dealt with by the Agency. The number of claims received in respect of religious and/or political discrimination decreased by 15% in the 2006-2007 year.

The number of claims dealt with by the conciliation officers (377) was far more than the number received (160) which has resulted in the number of claims held in the backlog being reduced considerably. The number of conciliated settlements in fair employment claims also decreased by 24 from 88 settlements in 2005-2006 to 64 settlements in 2006-2007, a decrease of 27%. Parties to fair employment claims generally delay entering into conciliation until the claim has been listed for hearing. During 2005-2006 the IC section reviewed the manner in which it deals with all discrimination claims and officers have begun to target conciliation to the time when parties are known to be most open to the service.

Table 4: Fair Employment Claims Received and Dealt With

Claims	2006 - 2007	2005 - 2006
Received for Conciliation	160	188
Dealt With	377	505

Table 5: Analysis of Fair Employment Claims Dealt With

Claims	2006 - 2007	2005 - 2006
Withdrawn	226	354
To Tribunal	87	63
Settled by Conciliation	64	88
Total Dealt With	377	505

2.5 Developments in the Conciliation Section

The major challenge facing the Conciliation Section in the year 2006-2007 was the consolidation of the process and procedural changes introduced as a result of the introduction of the fixed period of conciliation in April 2005. These regulations required a change in the way conciliation work was undertaken in order to ensure that the Agency can offer effective conciliation services within the fixed period of conciliation. The purpose of the fixed period is to encourage parties to conciliate at an earlier stage in proceedings. The changes to the systems and processes within Individual Conciliation which were introduced to deal with the fixed period of conciliation have now bedded in and this has resulted in an increase in the number of claims being settled within the 7 and 13 week periods of conciliation.

The Conciliation Section underwent the second part of an evaluation of their services which measured the impact of the Fixed Period of Conciliation on the service provision following the introduction of the Fixed Period of Conciliation in April 2005. The evaluation results were very favourable and any areas for improvement identified have been addressed by staff.

The Individual Case Management System continues to undergo refinement to meet the changing needs of the conciliation section. A significant programme of work to enhance the system was completed during the year. These changes in the technological aspects of ICMS will enable the conciliation team to further streamline their work and will result in increased efficiency and effectiveness in service delivery.

The LRA, in conjunction with DEL, OITFET and the Court Service, is examining the feasibility of introducing a single case management system using the ACAS/ETS model as the basis for further development. A Working Party involving all stakeholders is currently examining the feasibility of this project.

During the year under review, relationships were further strengthened between the Agency and its partners in the provision of services to those with industrial tribunal applications.

Meetings were held with the relevant staff in the Department for Employment and Learning and the Office of the Industrial Tribunals and the Fair Employment Tribunal (OITFET).

Within the year the Conciliation and Arbitration section has undergone an internal audit of its operations with a good outcome in respect of risk management.

The Conciliation Section is reviewing its area of the Agency web-site and would hope that it will make this area of the web-site more user friendly.

Within the year the Conciliation Section has looked at more qualitative ways to measure its performance to enable us to identify the areas where we have added value. We would envisage that this would be implemented for the next reporting year.

Within this reporting year the Conciliation Section continued the pilot of a system where the clerical officers would give administrative assistance to the individual conciliation officers in the preparation of correspondence to the relevant parties regarding settlements. This development has enabled the Individual Conciliation Officers to spend more time on direct conciliation. The full implementation of this change is currently under review.

A number of newly appointed staff joined the Conciliation Section during this year and have undertaken a full training programme. There were a number of vacancies in the Conciliation Section which had not been filled by the year end.

2.6 Arbitration/Mediation

During the year under review, the Agency received 36 requests for arbitration other than under the Agency's Arbitration Scheme for the Resolution of Unfair Dismissal Disputes. The sources of these requests are outlined below:

from procedures agreed within the non-teaching sector of the Education service	9
from procedures agreed within the teaching sector of the Education service	9
from procedures agreed within other public sector voluntary bodies	10
from procedures agreed within local government	3
from procedures agreed within the further education sector	5
from the private sector	0

The subjects of these 36 requests were:

Grievance	20
Harassment	7
Grading/Job Evaluation	2
Redundancy	1
Discipline/Dismissal	6

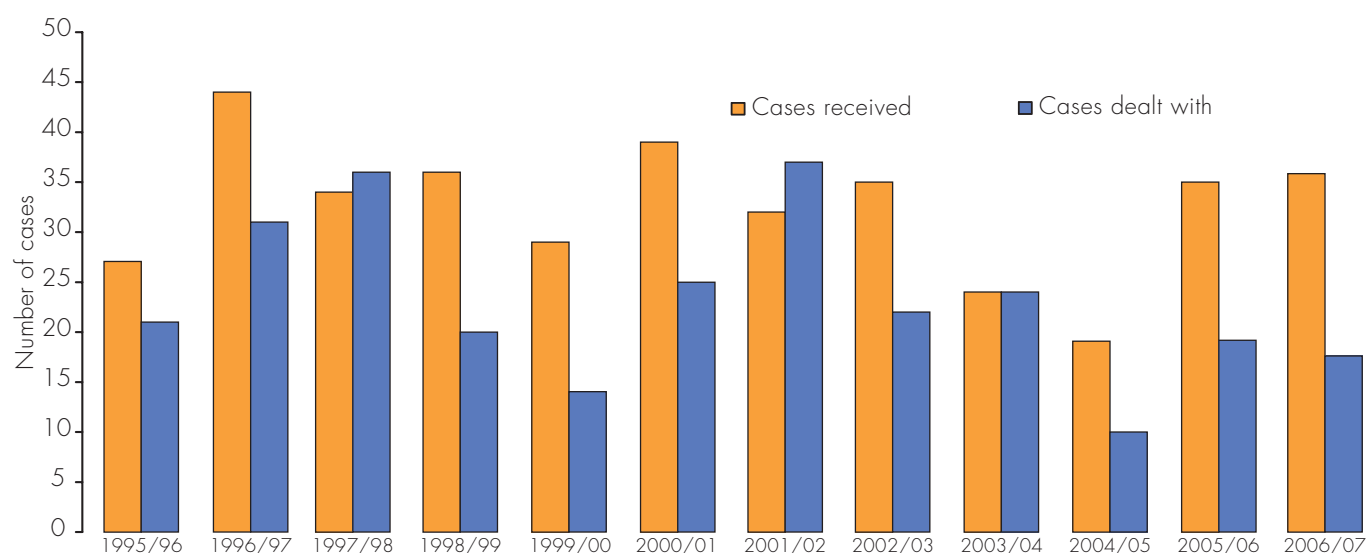
The 36 requests received when combined with the 16 cases brought forward from the previous year amounted to a caseload of 52 arbitration cases. A total of 18 cases were determined during the year. Independent arbitrators from the list of qualified people retained by the Agency were appointed to hearings and decisions were issued in all 18 cases. A total of 12 cases were withdrawn and 30 cases were cleared during the year. Twenty Two requests have been carried forward into the 2007-2008 year.

Table 6 shows the arbitration cases received and dealt with from 1995/96 to 2006/07.

Arbitration and mediation remain effective means of resolving difficult disputes. The Agency is encouraging employers and trade unions to review internal procedures with a view to formally incorporating arbitration and/or mediation as alternatives to pursuing industrial action or taking legal proceedings.

Table 6: Arbitration Cases Received and Dealt With 1995-2006

Cases Year	1995 /96	1996 /97	1997 /98	1998 /99	1999 /00	2000 /01	2001 /02	2002 /03	2003 /04	2004 /05	2005 /06	2006 /07
Cases brought forward from previous year	2	2	14	8	19	18	21	12	18	8	11	16
Cases received in year	27	44	34	36	29	39	32	35	24	19	35	36
Total cases in hand	29	46	48	44	48	57	53	47	42	27	46	52
Cases dealt with	21	31	36	20	14	25	37	22	24	10	19	18
Cases withdrawn	6	1	4	5	16	11	4	7	10	6	11	12
Cases carried forward into next year	2	14	8	19	18	21	12	18	8	11	16	22



2.7 The Agency's Statutory Arbitration Scheme for the Resolution of Unfair Dismissal Disputes

The Agency's Statutory Arbitration Scheme for the Resolution of Unfair Dismissal Disputes offers an alternative to using the Industrial Tribunal. It became operational on 28 April 2002. An extensive range of documentation to support the Scheme is available and has been circulated widely to relevant organisations and individuals. These publications are also available on the Agency's website or on request from the Agency.

It is normal practice that all applicants, respondents and their representatives for cases of alleged unfair dismissal are sent appropriate documentation on the Scheme with their first contact letter from their allocated conciliation officer. This ensures that all relevant parties are fully informed about the Scheme as early as possible.

The Agency received one case under the Scheme in 2006/07. This case was heard and determined by an arbitrator from the Agency Panel.

2.8 Appointment of Arbitrators/Mediators

The Agency retains a list of qualified people who are prepared to act as mediators or arbitrators.

Single arbitrators or panels of arbitration are appointed by the Agency after consultation with the parties to each dispute. An arbitration panel consists of an independent person in the Chair, a person to represent employer interests and a person to represent employee interests.

There is a preference for single arbitrators in the private sector, but most procedural agreements in the public sector provide for panels of arbitration to determine disputes. In the education sector, panels of arbitration are referred to in the agreed procedures as Independent Appeals Committees. These procedures require the Agency to appoint the Chairperson only and each party nominates its own panel member to serve on each Committee.

Occasionally parties will agree to refer a dispute to mediation. In such cases a single mediator is appointed by the Agency, after consultation with the parties, to make recommendations for a resolution.

The Agency has also been providing a mediation service to the teaching sector of the Education Service under their Bullying and Harassment Procedures. This service is a welcome addition to the range of ADR options available to our clients.

The Agency also occasionally nominates individuals from its panel of arbitrators to facilitate parties who wish to make their own private arbitration arrangements.

2.9 Flexible Working Arbitration Scheme

A Flexible Working Arbitration Scheme was approved by the Board of the Agency and submitted to DEL. Approval by DEL was granted in May 2006.

2.10 Collective Conciliation

Collective disputes can arise in a number of ways, most commonly when an employer and a trade union are in dispute over pay and/or conditions of employment, trade union activities, discipline, redundancy or dismissal. The Agency has a statutory role to provide assistance to parties involved in such disputes. Article 96 of the Industrial Relations (Northern Ireland) Order 1992 defines, in comprehensive terms, the meaning of a trade dispute for the purpose of conciliation.

The Agency received 38 new requests for conciliation in trade disputes in the year under review. The number of requests received was lower than the number received in the previous year. In total 34 cases were dealt with during the year under review. An analysis of the cases received and dealt with compared to the previous year, is shown in Table 7.

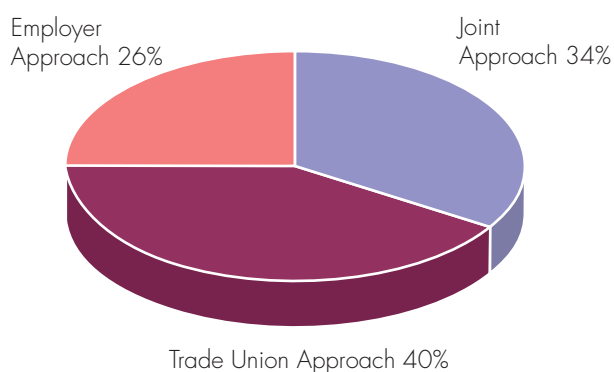
Table 7: Collective Conciliation Cases Received and Dealt With

Cases	2006-2007	2005-2006
Brought forward from previous year	10	13
Received for conciliation	38	39
Total	48	52
Dealt with during the year	34	42
Carried forward to following year	14	10

The Agency may receive requests for assistance from either of the parties or may actively contact the parties to a dispute to offer assistance. Table 8 shows the sources of requests for assistance.

Table 8: Sources of Requests for Collective Conciliation

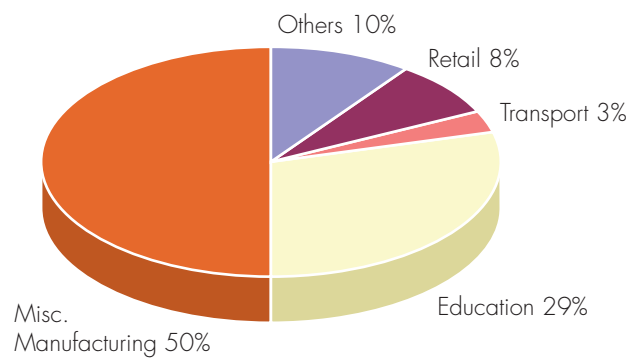
	2006-2007	2005-2006
Trade Union Approach	15	18
Employer Approach	10	16
Joint Approach	13	4
LRA	0	1
Total	38	39



The sectors with the largest number of disputes were the manufacturing sector with the Education sector a close second.– see Table 9.

Table 9: Collective Conciliation Cases Received by Industry Classification

Type of Industry	Cases Received
Retail	3
Transport	1
Education	11
Miscellaneous Manufacturing	19
Others	4
Total	38



The majority of requests for assistance are resolved relatively quickly. However, there was a very difficult dispute which required the involvement of two conciliation officers due to the complexity of the dispute. This dispute was resolved satisfactorily following seven continuous days of collective conciliation and involving Company and Trade Union representatives at the highest level. It is important to note that the collective conciliation officers are available at all times to assist in the resolution of trade disputes. Involvement of the Agency at the earliest possible stage of a trade dispute will generally lead to a quicker resolution of the issues in dispute between the parties.

At year end 14 cases were still the subject of ongoing collective conciliation assistance. One of these cases is the subject of a long-term conciliation with a view to enabling the parties to reach agreement on a range of issues, some of which are complex.

There have been a number of disputes in which the Agency has given advice to the parties and where the disputes have been subsequently resolved without the

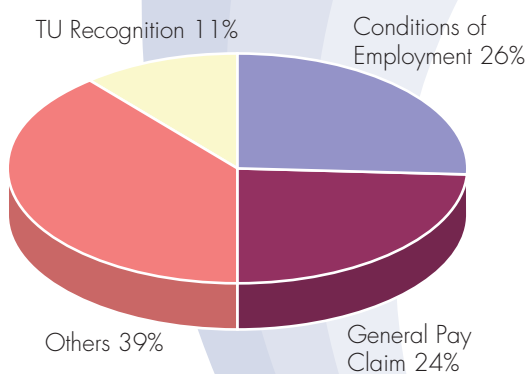
parties seeking formal conciliation assistance from the Agency.

The Agency is proactive in respect of contacting parties to known disputes at the earliest stage possible in order to offer assistance.

The majority of the disputes have involved pay and conditions of employment. There has been an increase in the disputes involving other issues particularly other terms and Conditions of Service. In addition four disputes involving trade union recognition were received. Table 10 provides information on the nature of the disputes in the year under review.

Table 10: Nature of Disputes

	2006-2007	2005-2006
Conditions of Employment	10	12
General Pay Claim	9	9
Other	15	17
Trade Union Recognition	4	1
Total	38	39



2.11 Regional Office

The Regional Office of the Agency is located in Derry. The Regional Office provides advisory services, individual conciliation and collective conciliation services to employers and employees in the North West of the Province.

The Regional Office dealt with 12 of the 34 collective conciliation cases completed during the year.

Plans are in place for a refurbishment of the office in Derry in order to accommodate additional staff subject to funding. A new telephony system has been planned which will enable conciliation staff to take direct telephone calls from clients.

Chapter 3: Enabling better performance, control and reporting

3.1 Introduction

Corporate Services aims to continuously improve staff and organisational development through the enhancement of facilities, systems and reporting.

The primary areas of responsibility for Corporate Services are in the improvement / development of:

- Corporate Governance;
- Human Resources;
- Finance and Assets;
- Information and Communications Technology; and
- PR, Information and Publications.

3.2 Corporate Governance

The Board of the Agency has 10 non-executive members including the Chairman (Pat McCartan). All of the Board members are independent.

Board meetings are normally held 11 times per year. The Board has an Audit Committee chaired by Roden Ward, other members being Norma Heaton, JulieAnne Clarke, Jim McCusker and Gordon Milligan. The Audit Committee normally meets at least 3 times per year. This committee focuses on corporate governance and the management of risk. The spring meeting concentrates on internal audit matters. The summer meeting reviews the draft accounts and the autumn meeting focuses on the risk register, the committee's terms of reference and general corporate governance issues.

The terms of reference of the Board's Audit Committee keep pace with HM Treasury's Audit Committee Handbook (presently 2003 edition) which is updated from time to time. In summary form, its current terms of reference are as follows:

The Audit Committee is an advisory body with no executive powers. Its functions are:

- (i) *to help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds;*

- (ii) *to improve the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board;*
- (iii) *to promote a climate of financial discipline and control which will help to reduce the opportunity for financial mis-management;*
- (iv) *to promote the development of internal control systems which will help satisfy the Board that the Agency will achieve its key objectives and targets and is operating:*
- *in accordance with any statutory requirements for the use of public funds;*
 - *within delegated authorities laid down by the Department and the Agency's own rules on what matters should be referred to the Board;*
 - *in a manner which will make most economic and effective use of resources available.*

The Audit Committee chairperson, who will preferably have expertise and experience in dealing with financial matters, will be appointed by the Board from within its membership. It should be noted that the chairperson of the Agency's Board cannot chair the Audit Committee.

There is also a Personnel and Finance Sub Committee of the Board chaired by Pat McCartan (other members comprising Patricia O'Farrell, Brenda Maitland and Boyd Black). This normally meets 4 times per year and is required to focus in greater detail on the finance and personnel issues which are presented to the Board on an ongoing basis throughout the year.

Members of the Board are appointed under the Offices of the Commissioner for Public Appointments Regulations administered through the Agency's sponsoring Department, Department for Employment and Learning (DEL).

Each Board member receives a performance appraisal annually and records of these are returned to DEL.

Board members as non-executives have the following roles:

- provide leadership of the Agency within a framework of prudent and effective controls which enable risk to be assessed and managed;
- set the Agency's strategic aims, ensuring that the necessary financial and human resources are in place for the company to meet its objectives;

- review senior management performance;
- set the Agency's values and standards and ensure that its obligations to its stakeholders and others are understood and met.

Therefore, activities of the Board as non-executives have the following key components:

- Strategy:** Constructively challenging and contributing to the development of strategy.
- Performance:** Scrutiny of the performance of management in meeting agreed goals and objectives, and monitoring the reporting of performance.
- Risk:** Obtaining assurance that financial information is accurate and that financial controls and systems of risk management are robust and defensible.

Following the issue of new guidance from the Department of Finance and Personnel (DFP) on Management Statements and Financial Memoranda, the Agency has been in discussion with its sponsoring Department, DEL, to establish drafts for new corporate governance documents which fit in with the DFP template but maintain the integrity of the Agency in terms of its standing in statute. This work is now in its final phase with revisions expected to be implemented in 2007/08.

During the year, Audit Committee Terms of Reference were revised in line with HM Treasury guidance. A mid year Audit Committee meeting has been introduced which focuses on risk management and general corporate governance.

The existing Internal Audit contract which had been in place for seven years was put out for tender with ASM Howarth winning the competition. The Agency proffers its thanks and appreciation to Southern Internal Audit Services who provided a sterling service from 1998 to 2005.

By statute, the Labour Relations Agency is required to pay the Certification Officer's remuneration and to provide support services. Until March 2005, support services were limited to office space with seconded staff from DEL providing administrative support. However, from April 2006, the Certification Officer has been supported

fully by staff from the Labour Relations Agency. As the objectives and function of the Certification Officer are fundamentally different from those of the Agency, it has been decided as appropriate that support is provided through a Memorandum of Understanding / Service level Agreement. This was developed and agreed by the Agency's Board in November of 2006 and has since been issued for comment to the Agency's key stakeholders.

During the year, in relation to the Agency's Equality Scheme, a five year review of the scheme was completed on schedule in July 2006. An equality impact assessment for Access was drafted by the end of March 2007 and subsequently submitted for consultation.

A Freedom of Information Act policy and procedure document was drafted towards the end of the financial year with a view to commencing the process for feedback and consultation in April 2007.

3.3 Human Resources

Corporate Services objectives as previously set out are reflected in an Agency commitment to work towards the attainment of the liP award. Whilst the majority of this work is project driven through a "Continuous Improvement Group (CIG)", the Corporate Services Human Resources (HR) function made significant improvements to its policies, processes and systems during the course of the year.

A new procedure on Customer Complaints (including staff complaints) was issued.

New Discipline and Grievance procedures which meet statutory requirement are now close to agreement with the trades union (NIPSA).

A range of new policies and procedures have been drafted in preparation for the consultation process. These include ones covering dignity at work (bullying and harassment), computer usage, absence management, Freedom of Information and Whistleblowing. Of additional particular note is a new appraisal system which was at its late stages of drafting by the CIG at the year end.

In the latter period of the year, it was decided that the Agency would implement the Sage Personnel software package as this was consistent in its format with financial and payroll packages in operation. Previously, personnel

records had been mainly manual and supplemented by ad-hoc applications on Excel. The implementation of Sage enabled the automation of absence records and the computerisation of training records allowing the dissemination of individualised training reports to staff for the first time.

The HR section also developed a more comprehensive approach to the management of training and implemented a new process for personal development plans (as initially designed through the CIG).

Although not governed by a training plan, the financial statements for the year indicate that staff training came to approximately £97,000 which is over £1,700 per member of staff. In other words, training was approximately 3.3% of Net Operating Cost for the year representing a significant investment in the skills and competencies of staff, the major asset of the Agency. Key courses included training for the senior management team, accredited mediation training for operational staff, employment law updates, middle management training, Train the Trainer courses, fire training, first aid training and support for staff gaining additional relevant qualifications which included degrees, an MSc and post graduate diplomas. Members of staff were also supported in gaining relevant professional qualifications such as Chartered Institute of Personnel and Development (CIPD) and National Examination Board for Occupational Health and Safety (NEBOSH). A number of officers are undertaking courses which will lead to CIPD qualification and it is encouraging to report that some have successfully graduated.

All members of the conciliation team took part in the first three days of accredited mediation training provided by Total Conflict Management (10 days in full programme) which when completed will lead to accreditation status for all officers completing the training programme. This accredited mediator status will significantly enhance the skills base of the conciliation team and will enable the Agency to meet expected growth in demand for mediation services.

Good employment relations have been maintained within the Agency through management and trades union representatives working together to enhance the effectiveness of the Agency, improve staff satisfaction

and develop equality of opportunity and good relations. This is achieved through quarterly Joint Negotiating and Consultative Committee meetings involving union and management supplemented by regular informal meetings between the staff and management side secretaries. A new up-to-date Trades Union Facilities Agreement was developed in the course of the year and agreed.

A key area identified for improvement in the year was the induction process for new staff. Developments in this area were delivered by the Continuous Improvement Group and the HR function working in partnership. This has resulted in the enhancement of the Agency's induction programme with new modules including awareness of the key risks to health and safety and development of a (draft) employee guide covering about 40 aspects of working in the Agency for initial distribution as part of the induction process for new employees from May 2007. This document is currently at the consultative stage with NIPSA.

3.4 Finance and Assets

The 2006/07 year was complex for financial management in the Agency. A period of cost cutting and budget rationing was required between June and November followed in the remainder of the year with a period where focus was on spending against an ambitious procurement plan and filling vacant posts of which there were about nine.

The section also had to incorporate changes to accounting policy as described elsewhere in the financial statements.

The Agency is conscious that payments to suppliers need to be made more promptly. In this respect, an invoice register was established to improve management monitoring. As a result, as reported in the financial statements, overall out turn for the year was that 57% of suppliers were paid within 30 days compared with 37% last year. The controls put in place are clearly having an effect and should deliver further improvement in 2007/8.

3.5 Information and Communication Technology (ICT)

Although information technology projects are led by user project managers, Corporate Services has a key role for developing the infrastructure and arranging for the provision of financial and technical support for these projects. During the course of 2006/07, there were three major areas of development with regard to ICT:

1. Telecommunications
2. Infrastructure Upgrade
3. Disaster Plan

TELECOMMUNICATIONS

An internal audit report in 2003/04 followed by a business review carried out in 2004/05 indicated that the Agency's Enquiry Point (which provides advice via telephone to clients) would benefit from automation. Corporate Services facilitated a feasibility study which indicated that an automated call management system would lead to improvements in service and relieve pressure on the central receptionist. Corporate Services then drafted a business case which was approved by DEL in late 2006 allowing a procurement to proceed in the latter months of the year. By the end of March 2007, the core equipment was in place and installed with final developments expected to be completed in the first quarter of 2007/08. The project involves total replacement of the Agency's telephone system with one based on "Voice over Internet Protocol". As well as basic automation of call management, this technology is expected to enable automated classification and filing of certain key parameters such as the legal jurisdictions which formed the substance of the call. This makes the local administration of telephony less complex and facilitates an interface between the voice and data network systems which reduces the number of devices on enquiry officers' desks.

INFRASTRUCTURE UPGRADE

The Agency's server based central installation was implemented in 2001 and is now starting to show serious

degradations in performance. Furthermore, systems enhancements now require greater control making it unacceptable that new developments have to be tested in the production environment. Facing such challenges, Corporate Services obtained approval for a business case to upgrade the central infrastructure. By the year end, the equipment had been purchased with a view to early implementation in 2007/08.

DISASTER PLAN

The Agency's existing disaster plan is to rely on backup tapes which are stored remotely. It had been a long held view that the feasibility of improving controls in this area should be examined. In course of the year, Corporate Services presented two technical enhancements involving imaging of all software and/or real time replication of systems. The more conservative option involving imaging has been approved via a business case and procurement is expected to be initiated in early 2007/08.

3.6 PR, Information and Publications

The Agency continued to promote the improvement of employment relations throughout course of the year with articles in the local business press and seminars such as the Brendan Harkin Memorial Lecture held at the Linen Hall Library in February on the topic of The Northern Ireland Labour Market, 1977 to 2007: Then, Today and Tomorrow given by Michael Smyth of the University of Ulster. This talk was subsequently published as an occasional paper. Other PR initiatives included:

- A feature article on the LRA website, www.lra.org.uk in the June/July 2006 issue of Glosik, Northern Ireland's first Polish language magazine;
- Promotion of a new Flexible Working Arbitration Scheme through a facilitated launch via a conference and related publications;
- Facilitated launch of a Bullying and Harassment publication in co-operation with the Equality Commission.

Much of the last quarter of the year was spent planning the Agency's Biennial Workplace Conference, an event

to be held on 24 April 2007. This involved tight project management, liaison with PR and set design firms and with a subcommittee of the Board which established the themes and committed the key speakers.

3.7 Retirements

The Agency would like to acknowledge the long and productive service of Joan Dillon who retired from the Agency in the course of 2006/07.

Chapter 4:
Management
Commentary for
the Year Ended 31
March 2007

Background Information

The Labour Relations Agency is an executive Non-Departmental Public Body sponsored by the Department for Employment and Learning established in 1976 under the Industrial Relations (Northern Ireland) Order 1976 and continued by the Industrial Relations Order (Northern Ireland) 1992.

The Agency's accounts have been prepared in accordance with paragraph 15(2) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992 and in accordance with the Financial Reporting Manual (FRM) issued by HM Treasury and accounting and disclosure requirements issued by the Department for Employment and Learning with the approval of the Department of Finance and Personnel insofar as these are relevant.

Auditor Details

The Northern Ireland Audit Office has been appointed under statute to examine these accounts and report to the Parliament on the audit examination. The agreed fees of £6,900 (2006:£5,100) to cover the Labour Relations Agency and the Certification Office are confined to the statutory audit and neither include or permit other services which might diminish auditor independence.

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

Principal Activities

The Agency's principal activities are to assist employers, employees and their representatives to improve the conduct of their employment relations.

The Labour Relations Agency provides effective, impartial and confidential services including:

- advice and assistance on all aspects of employment relations and employment practices
- comprehensive conciliation and arbitration facilities for resolving both individual and collective matters

to those engaged in industry, commerce and the public services in Northern Ireland. This service is available to employers, employers' associations, individual employees, trade unions and other organisations or to individuals who require assistance with any question relating to employment relations or employment matters.

Certification Officer for Trade Unions and Employers' Associations

Under Article 69(3) of the 1992 Order, the Agency is required to pay the Certification Officer's remuneration and allowances and to provide support services. These costs are reflected in the financial statements.

The Certification Officer's functions are contained in the Industrial Relations (Northern Ireland) Order 1992 (as amended) and in the Trade Union and Labour Relations (Northern Ireland) Order 1995 and the Employment Relations (Northern Ireland) Order 1999. The Certification Officer is responsible for ensuring that Trade Unions and Employers' Associations comply with statutory provisions relating to the regulation of Trade Unions and Employers' Associations.

Review of Activities

During the course of 2006/07, the Agency continued with its core activities of:

- Preventing disputes through the promulgation of good employment relations practice across the province;
- Preparing information sheets and codes of practice;
- Responding to enquiries via meetings and telephone (the system having been upgraded in course of the year);
- The provision of workshops;
- The provision of individual conciliation services;
- Facilitation the resolution of collective disputes; and
- Facilitation of arbitration hearings.

At the end of the year, the Agency had spent all of the grant provided to it other than a balance in the bank of £255,342.

The main trends affecting the development, performance and position of the Agency are:

- **Staff**, where a key trend is knowledge loss through the retirement of long-experienced staff and where the training needs of remaining staff is a growing strategic consideration;
- **Systems**, where new requirements for internal systems and systems shared with other organisations have become strategically desirable; and
- **Stakeholders**, where a structured process of evaluation across all areas of the Agency's business has been identified.

The Agency intends to continue developing the main trends identified in the Review of Activities above:

- **Staff**, where the Agency is actively engaged in continuous improvement, currently involving attainment of liP accreditation;
- **Systems**, where the Agency envisages an integrated approach to upgrading its systems supported by a formal Information Systems Strategy; and
- **Stakeholders**, where the Agency will continue with its processes of engagement and consultation to ensure that the differing views and objectives of Government, the community, unions, management bodies and employees are treated with respect and that the ensuing policies and practices of the Agency optimise the value of its services which can impact on all of these areas.

The Agency's policy and achievement of policy on social and community issues during the year was:

- Support for implementation of the legislative environment requiring:
 - Exercise of internal employment relations procedures prior to citizens taking cases to the Industrial Tribunals; and
 - Adjustments to dispute resolution processes to enable "Fixed Term Conciliation" arrangements to be put into effect.
- Collective conciliation with regard to a number of industrial disputes.

The Agency has an ongoing policy to decrease its energy costs and to generally act in an environmentally friendly manner. At the present stage, it has not established monitoring systems to measure progress in these areas and expects to do so in the 2007/08 financial year.

Pension Liabilities

Details of how pension liabilities are treated in the accounts are given in the Remuneration Report which follows and notes 1.4, 3(e) & 3(f) to the accounts.

Results for the Year

The results of the Labour Relations Agency and The Certification Officer for Northern Ireland are set out in detail in the Operating Cost Statement. The Net Operating Cost for the year was £2,709,238 for the Agency and £172,011 for the Certification Officer, totalling £2,881,249 (2006: Total Net Operating Cost, as restated of £3,039,466).

At the beginning of the financial year, the Agency was allocated £2,600,000 grant-in-aid. This was uplifted to £2,698,000 in July. A further injection of in-year funding towards the end of November brought total Agency funding for the year to £3,224,000.

As a consequence, the Agency needed to deploy a cost constraint strategy in the middle of the year. This utilised vacant posts and the associated on-costs to remain within budget. From the start of December, the Agency recommenced recruitment and embarked on a procurement plan. At the year end, from a logistical standpoint, the procurement plan had not been entirely completed and the new starts from the recruitment programme had not at that stage taken up post.

As a result, the outturn of this process is as illustrated in Note 11 to the accounts whereby £3,019,000 of the available £3,224,000 was called down.

Fixed Assets

Details of the movement of fixed assets are set out in note 7 to the accounts.

Important Events Occurring after the Year End

There have been no significant events since the year end which would affect these accounts.

Charitable Donations

No charitable donations exceeded £200.

Board Members

The following served as Board members during the year:

- Mr P McCartan – Chairman, part-time
- Mr E McGlone (left September 2006)
- Mr H Goodman (left December 2006)
- Dr B Black
- Mr G Milligan
- Mr W R Ward
- Ms J A Clarke
- Mr J McCusker
- Mrs N Heaton
- Mrs P O'Farrell
- Mr P Williamson (from October 2006)
- Mrs B Maitland (from January 2007)

Between the end of the financial year and the date on which these accounts were issued there were no changes to the composition of the Board.

Board Members' Interests

An up to date register of Board members' interests is maintained by the Chief Executive, as Accounting Officer, and is available for inspection at the Agency's head office, 2-8 Gordon Street, Belfast, BT1 2LG.

Research and Development

The Agency was not involved in any research and development during 2006/07.

Disabled Employees

The policy of the Agency in relation to disabled persons is to ensure compliance with the spirit and purpose of related legislation and the requirements set out in relevant Codes of Practice. The detail of the Agency's policy is set out in the Agency's Equal Opportunities policy.

Employee Involvement

Information is provided and consultation undertaken with employees through day-to-day contact, regular section briefings, notice boards and staff circulars. The Agency and the recognised trade union NIPSA has in place a Joint Negotiating and Consultative Committee which meets quarterly and on an as and when basis.

Equality Statement

The Agency is fully committed to supporting the elimination of all forms of discrimination in employment and to using its services to help secure the objectives of fair employment and equality of opportunity and good relations. As a provider of services the Agency includes equality of treatment as a fundamental principle of good employment relations and best employment practice. As an employer the Agency seeks to ensure that its employment policies, procedures and practices conform to good practice as outlined in the relevant Codes of Practice.

Payment to Suppliers

The Labour Relations Agency is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of goods or services, or presentation of a valid invoice or similar demand, whichever is later. With ongoing administrative pressures (staff turnover and exceptional administrative responsibilities), the average payment to suppliers within 30 days was 57% (2006: 37%) for the Agency, and was 71% (2006: 72%) for the Certification Officer.

Chapter 5:
Remuneration Report
for the Year Ended
31 March 2007

Remuneration Policy

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

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

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

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

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

The remuneration of all senior civil servants is entirely performance based. Permanent Secretaries pay awards are determined by the Northern Ireland Civil Service (NICS) Permanent Secretary Remuneration Committee.

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

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.

Policy relating to notice periods and termination payments is contained in the Northern Ireland Civil Service (NICS) Staff Handbook.

The Agency does not have a Remuneration Committee. Although members of staff are not civil servants, all members of staff including the Board are paid within Northern Ireland Civil Service (NICS) pay framework.

Within this framework, notice entitlements are as follows:

Notice Entitlements/Requirements

In the event of termination of employment, except in the case of summary dismissal, the following periods of notice, which meet (but improve upon) the minimum provisions of the Employment Rights (Northern Ireland) Order 1996, as subsequently amended are to be given to staff who have satisfactorily served the specified probationary period.

Period of Continuous Service	Notice Entitlement
Less than 4 years' continuous service	5 weeks
4 or more years' continuous service	one week for each year of continuous service

Board Members (Audited Information)

The Board is appointed by the Agency's sponsoring Department (Department for Employment and Learning, DEL) and Board salaries prescribed at the outset. These salaries are not altered without an express instruction from DEL. Usually any instructions of this type are centrally agreed through the Department of Finance and Personnel (DFP) and reflect adjustments for inflation.

All Board members with the exception of the Chairman are paid the same rate.

The above sets the current remuneration policy in respect of Board members and this is expected to continue in future years.

A standard set of criteria is used to assess the performance of each Board Member. This is processed annually by the Chairman and forwarded to DEL.

This methodology is a requirement of DEL and is incorporated in the terms of Board Member appointment. It reflects the approach to be taken for public sector boards in general as set out in Treasury and DFP guidelines.

Board members are paid a flat rate which is not subject to performance conditions.

Board members are appointed for a period of three years which is renewable only once for a further 3 years.

There are no termination payments available to Board Members.

The details of the service contracts for each Board Member who served in the year are as follows:

Board Members	Date of Contract	Unexpired Term of Current Contract (months from 31 March 2007)
Mr P McCartan, Chairman	1 February 2002	10
Dr B Black	1 October 2002	18
Mr H Goodman, OBE	1 January 2001	-
Mr E McGlone	1 October 2000	-
Mr G Milligan	1 October 2002	18
Mr W R Ward	1 October 2003	30
Ms J A Clarke	1 October 2003	30
Mr J McCusker	1 October 2003	30
Mrs N Heaton	1 December 2004	8
Mrs P O'Farrell	1 December 2004	8
Mr P Williamson	1 October 2006	30
Mrs B Maitland	1 January 2007	33

No compensation provision exists for early termination.

Senior Managers

The Senior Management Team is appointed by the Board of the Agency. Senior managers progress through scales for their grade in the same way as do all more junior grades of staff.

Each year, a central agreement on pay is implemented with specific instructions from the Department of Finance and Personnel applied. This defines how progress is made through the grades. This is dependent on performance and can be a combination of consolidated and non-consolidated payments.

Performance of the Chief Executive is assessed by the Chairman and agreed with the Finance and Personnel Subcommittee of the Board. Performance of Directors is assessed by the Chief Executive and countersigned by the Chairman.

The performance assessment methods used originated with those developed for the NICS and are consistent with current practice in the public sector.

They were chosen and further developed because they are considered to provide a good alignment with the nature of the Agency's values, competencies and objectives.

Members of the Senior Management Team are on permanent contracts which in the main mirror those of civil servants.

The award to Chief Executive who operates within a performance related pay band structure of the Senior Civil Service was 3.0%.

For Directors who are within Grade 7 of the Civil Service, the award was premised on an overall package to staff for all grades at Grade 7 and below. The 2006 pay settlement is a 3-year pay deal and it covers each of the three years from 2006/07 to 2008/09, and is in respect of the reporting years 1 April 2005 to 31 March 2006, 1 April 2006 to 31 March 2007 and 1 April 2007 to 31 March 2008. The award is payable at 1 August each year following the end of the retrospective reporting period. The first year's elements were therefore payable from the settlement date of 1 August 2006, and the 2006/07 award is estimated to be worth an earnings growth of 3.30%.

There are no termination payments available to members of the Senior Management Team.

Salary and Pension Entitlements (Audited Information)

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

No element of the remuneration package for board members or senior management is not cash.

No amounts were payable to third parties for services of board members or senior management during the year.

Salary

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

Benefits in kind

No benefits in kind are made available to management or staff of the Agency.

Details are given overleaf of salary and pension entitlement (excluding any pension benefits arising from Additional Voluntary Contributions or the pension benefits transferred from another scheme) of the Chairman, other Board members, the Chief Executive and other senior management. Other than the Chairman, the Board members are not in the pension scheme.

Board Members	2006/07 Salary £000	2005/06 Salary £000
Mr P McCartan Chairman	20-25	22-25
Dr B Black	0-5	0-5
Mr H Goodman, OBE	0-5	0-5
Mr E McGlone	0-5	0-5
Mr G Milligan	0-5	0-5
Mr W R Ward	0-5	0-5
Ms J A Clarke	0-5	0-5
Mr J McCusker	0-5	0-5
Mrs N Heaton	0-5	0-5
Mrs P O'Farrell	0-5	0-5
Mr P Williamson	0-5	-
Mrs B Maitland	0-5	-
Management		
W Patterson Chief Executive & highest paid employee	75-80	75-80
P Holloway	40-45	40-45
D McGrath	45-50	45-50
G O'Neill	45-50	45-50

	P McCartan £	W Patterson £	P Holloway £	D McGrath £	G O'Neill £
Pension increase at 31/03/06 – 31/03/07	0-2,500	0-2,500	0-2,500	0-2,500	0-2,500
Lump sum increase at 31/03/06 – 31/03/07	0-2,500	0-2,500	0-2,500	0-2,500	0-2,500
Accrued pension at 31/03/07 or date of leaving	0-5,000	25,000-30,000	15,000-20,000	15,000-20,000	10,000-15,000
Accrued lump sum at 31/03/07 or date of leaving	10,000-15,000	75,000-80,000	45,000-50,500	55,000-60,000	40,000-45,000
CETV @ 31/03/07 or at date of leaving (to nearest £k)	*	530	343	423	325
CETV @ 31/03/06 or at date of leaving (to nearest £k)	*	409	290	307	240
Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)	*	9	11	9	8

Other than P McCartan, no other Board member benefits from a pension with the Agency.
* having reached 60 years of age in 2005/06, Mr McCartan can no longer transfer his fund out of the Civil Service pension scheme.

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in 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 from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensions-ni.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 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Bill Patterson
Chief Executive

4 July 2007

Annual Report to the Equality Commission for Northern Ireland



The Agency continues with its obligations laid out in its Equality Scheme (approved July 2001).

During the course of 2006/07, the Agency continued to deploy equality training into its staff development programmes. This included seminars on: bullying and harassment in the workplace, assertive communication for women, conflict resolution, discrimination, retirement age issues, stress management, counseling skills, migrant worker awareness and how public authorities provide services to minority groups.

The Agency has developed a broad brush approach to the definition of what are “policies” within the definition of Section 75 and aims to ensure that all of the operational decisions introduced under its control are screened.

During the course of the year, the Agency was able to resource an Equality Impact Assessment of Access, defined as being the physical and locational arrangements which allow clients, potential clients or stakeholders to engage with the Agency services. By the year end, this document was in draft format ready for release for consultation. The consultation process began in April 2007.

The Agency joined with the Equality Commission for Northern Ireland in delivering a series of joint good practice seminars on “Age Discrimination”. These seminars are promoted via the Equality Commission’s Training Programmes and are designed to develop the skills of those attending. The Agency also partnered with the Equality Commission and Opportunity Now in delivering seminars on Family-Related Employment Law and Gender Equality. Of particular significance was the launch, in conjunction with the Equality Commission for Northern Ireland, of guidance on Bullying and Harassment in the Workplace. This document has been very well received.

Current Publications



CURRENT PUBLICATIONS

Available to download from the Labour Relations Agency website www.lra.org.uk

Codes of Practice (£1 per copy plus p&p)

Disclosure of Information to Trade Unions for Collective Bargaining Purposes

Disciplinary and Grievance Procedures

Time-Off for Trade Union Duties and Activities

Advisory Guides (£1 per copy plus p&p)

No.1 Collective Disputes Resolution

No.2 Varying a Contract of Employment

Joint Publications

Harassment and Bullying in the workplace – Published by the Labour Relations Agency and the Equality Commission for Northern Ireland

Occasional Papers

An Examination of Recent and Likely Future Development in Employment Law in Northern Ireland, Patricia Maxwell, Jan 2004

The Changing World of Work, Boyd Black, Dec 2004

Developments in Employment Law in Northern Ireland, Patricia Maxwell, Jan 2005

New Developments in Public Sector Pay Setting, May 2005

Annual Reports and Accounts

Annual Report & Accounts 2001-2006

Annual Review 2005 - 2006

Corporate Plan

Corporate Plan 2003-2006

Sample Letters and Flow charts

Sample letters to be used in disciplinary and grievance situations in conjunction with the LRA Code of Practice on disciplinary and grievance procedures.

Easy to follow flow charts to guide you through the disciplinary and grievance process contained in the Labour Relations Agency's Code of Practice on disciplinary and grievance procedures.

Conference Publications

Employment Relations Agenda for Change. Key Issues for Northern Ireland Conference Proceedings Oct 2003

Publications in other languages

WELCOME TO THE LABOUR RELATIONS AGENCY. HOW WE CAN HELP YOU

(English) Feb 2006

WITAMY W AGENCJI d/s STOSUNKÓW PRACY (THE LABOUR RELATIONS AGENCY)

Polish Nov 2006

LAIPIŅI LŪGTI DARBA ATTIECĪBU AĢENTŪRĀ KĀ MĒS JUMS VARAM PALĪDZĒT

Latvian Nov 2006

SVEIKI ATVYKE Į DARBO SANTIKIŲ ĮSTAIGĄ KAIP MES GALIME JUMS PADĖTI

Lithuanian Nov 2006

BEM-VINDO À AGÊNCIA DE RELAÇÕES DO TRABALHO COMO PODEMOS AJUDÁ-LO – Portuguese Nov 2006

Information Notes Series (showing dates of last revision/issue)

No.1	Recruitment, Selection and Induction	Under Revision
No.2	Employment Particulars and Itemised Pay Statement	March 1997
No.3	Employee Grievances	February 2007
No.4	Disciplinary Matters	December 2006
No.5	Holidays, Holiday Pay and Entitlements	February 2007
No.6	Sickness Absence Notification and SSP	Under Revision
No.7	Lay-Off/Guarantee Payments	September 2000
No.8	Transfer of Undertakings (Protection of Employment) Regulations 1981	Under Revision
No.9	Consultation on Collective Redundancies	March 2000
No.10	The Employment Rights (Dispute Resolution) (Northern Ireland) Order 1998	September 2002
No.11	Discrimination against Disabled Workers	Under Revision
No.12	Industrial Relations and Employment Law Differences between Northern Ireland and Great Britain	Under Revision

No.13	Family-Friendly Employment Policies	Under Revision
No.14	Ill Health Absence	May 1997
No.15	Continuity of Employment	March 1997
No.16	Access to Medical Reports for Employment Purposes	January 1992
No.17	Equal Pay for Work of Equal Value	October 1989
No.18	Data Protection Act 1984	Under Revision
No.19	Federations, Associations and Other Organisations of Employers	March 2002
No.20	Trade Unions and Other Employees' Associations	Under Revision
No.21	Employment Relations (Northern Ireland) Order 1999	October 2002
No.22	Chairmen/Members of Statutory Bodies	December 2002
No.23	The Statutory Employment Rights of Employees	Under Revision
No.24	Statutory Maternity Pay	Under Revision
No.25	Europe and the Social Dimension	Under Revision
No.26	Protection of Workers in Relation to Wage Deductions by and Payments to Employers	March 1997
No.27	The Trade Union and Labour Relations (Northern Ireland) Order 1995	October 2002

Single copies of individual Agency Information Notes are available free of charge; a full set requires a stamped addressed envelope (stamps to the value of £1.20). Copies can also be downloaded from the Agency's website at www.lra.org.uk.

Financial Statements



Financial Statements
of
The Labour Relations Agency
and
The Certification Officer for Northern Ireland
31st March 2007

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STATEMENT OF THE AGENCY'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Background Information

The Labour Relations Agency is an executive Non-Departmental Public Body sponsored by the Department for Employment and Learning established in 1976 under the Industrial Relations (Northern Ireland) Order 1976 and continued by the Industrial Relations Order (Northern Ireland) 1992.

Under paragraph 15(2) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992 the Agency is required to prepare a statement of accounts in the form and on the basis determined by the Department for Employment and Learning, with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- observe the accounts direction issued by the Department for Employment and Learning, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable UK accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Labour Relations Agency will continue in operation.

The Accounting Officer of the Department for Employment and Learning has designated the Chief Executive of the Agency as the Accounting Officer. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officer's Memorandum, issued by the Department of Finance and Personnel.

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 achievements of the Department for Employment and Learning's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

In the above context, Agency's Financial Memorandum sets out the accountability arrangements which, inter alia, include the approval of a corporate plan and an annual operating plan which establishes specific goals supporting the corporate plan. This is monitored through formalised quarterly meetings involving the Assistant Secretary of the Department and myself as the Accounting Officer of the Agency.

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 Agency 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 Agency for the year ended 31 March 2007 and up to the date of issue of the annual report and accounts, and accords with DFP guidance.

3. Capacity to Handle Risk

Agency internal controls are designed to manage rather than eliminate the risk of failure in achieving the Agency's policies, aims and objectives; the system of internal control can therefore only provide a reasonable and not an absolute assurance of effectiveness.

The system of internal control comprises ongoing processes designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

Through its Audit Committee, the Board receives periodic reports concerning internal control. As detailed further in section 4, the appropriate steps are being taken to manage risks in significant areas of responsibility.

To provide an internal audit service for the Agency, the organisation retains the services of ASM Horwath which operates to standards defined in the Government Internal Audit Manual. The work of ASM Horwath is informed by an analysis of the risks to which the Agency is exposed. Annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Agency's Audit Committee and approved by the Chief Executive. At least annually, ASM Horwath provides me with a report on internal audit activity in the Agency. The report includes their independent opinion on the adequacy and effectiveness of the Agency's system of internal control.

My review of the effectiveness of internal control is informed by the work of ASM Horwath, the Audit Committee which oversees the work of ASM Horwath, the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Statement of Assurance issued by ASM Horwath following their work carried out in 2006/07 opined that the Agency has a “reasonable” framework of Control which provides reasonable assurance regarding the effective and efficient achievement of the Agency’s objectives, with minor reservations, none of which were high risk, in respect of a small number of areas.

Certain work has already been done in addressing these issues. The remaining matters are in the course of being addressed.

Each year, as Chief Executive Officer, I ensure that business risks are identified and evaluated on a directorate basis. I check the outcome to ensure that a sufficiently strategic view is applied.

A revised framework agreed with the Board in 2005 indicates that the Risk Register will be reviewed by the Audit Committee every year.

The risk of fraud has been identified within the risk register. A Fraud Action Plan is in place and has been promulgated to staff. It is acknowledged in the Risk Register that the Fraud Action Plan is now due for revision and re-issue (an action for 2007/2008).

The Board and senior management layers undergo training in risk management. To date there have been two training exercises (in 2002 and 2003). It is in the terms of engagement of the internal auditors that they will supply training in risk management to the Audit Committee and senior managers on a biennial basis.

Risk management training is now written into the responsibilities of Internal Audit. The current schedule is that Audit Committee members will be trained in 2007/2008 and Management training will be in 2008/2009 with the process being repeated thereafter on an ongoing basis.

4. The Risk and Control Framework

The Agency has in place a framework for risk management which includes arrangements to identify, assess and manage risks across all aspects of its governance and business.

Risk is considered to be a function of the potential impact and the likelihood of materialisation,

ie Risk = probability x impact (or consequence)

Impact is classified as insignificant (score = 1), minor (score = 2), moderate (score = 3), major (score = 4) or catastrophic (score = 5).

Probability is scored as rare (score = 1), unlikely (score = 2), moderate (score = 3), likely (score = 4) or almost certain (score = 5).

Risk strategies depend on individual circumstances. They include:

Tolerate – accept the risks and their associated costs (in the main);

Treat – accepting the risks, establishing controls, parameters and tolerance limits;

Transfer – not performing the activity, insuring, paying a third party to take the risk, considering other courses of action, deferring a decision pending more information;

Terminate – avoiding the risk say by closing down a programme or postponing until further information or contingencies can be determined;

Through the Board, the Agency is essentially risk averse. However, it recognises that risks must be taken in the furtherance of Government objectives and at times of resource constraint. All ensuing risks identified which are greater than “low” as classified above, are subject to close senior management team scrutiny and prompt action.

5. Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of effectiveness of the system of internal control is informed by the work of internal auditors and the executive managers within the Agency 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 is in place.

As part of the risk management framework, the following arrangements apply.

- The Board through its Audit Committee oversees the policy and framework for risk management and reviews the most significant risks on an annual basis.
- The Chief Executive (CEO) is accountable for approving, implementing, monitoring and evaluating an adequate risk policy, framework and arrangements. The CEO submits an annual Risk Management Report to the Board through the Audit Committee. This includes key risk indicators and sets out the status of management in covering exposed areas of risk.
- Directors have general responsibility for identifying any new areas of risk, or significant changes in risk, and bringing these to the attention of the CEO. As the Chief Executive must formally address risk reporting on an annual basis, Directors should expect to review the risks associated with their operational area on an ongoing and, at minimum, a 6 monthly basis and to report the outcome to the Director (Corporate Services) who has formal responsibility for maintaining the Risk Register.
- Internal Audit base their planning on the Agency’s Risk Register (as a starting point) and focus their findings on priorities set by the Agency.

6. Significant Internal Control Risks

In the course of 2006/07 no significant internal control risks arose.



William Patterson

Chief Executive / Accounting Officer

28 June 2007

Date

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

I certify that I have audited the financial statements of Labour Relations Agency ended 31 March 2007 under the Industrial Relations (NI) Order 1992. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective Responsibilities of the Accounting Officer and Auditor

The Accounting Officer is responsible for preparing the Annual Report and the financial statements in accordance with the Industrial Relations (NI) Order 1992 and Department of Employment and Learning 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 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 Industrial Relations (NI) Order 1992 and Department of Employment and Learning directions. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Assembly and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, 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 page 18 reflects the Labour Relations Agency's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Labour Relations Agency'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. 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 Labour Relations Agency'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 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 Industrial Relations (NI) Order 1992 and directions made thereunder by Department of Employment and Learning, of the state of the Labour Relations Agency's affairs as at 31st March 2007 and the Net Operating Costs, 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 Industrial Relations (NI) Order 1992 and Department of Employment and Learning directions; and
- The information given within the Annual Report, which comprises the management commentary and remuneration report, is consistent with the financial statements.

Audit Opinion on Regularity

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

I have no observations to make on these financial statements.



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

4 July 2007

OPERATING COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	Agency £	Certification Officer £	2007 Total £	2006 Total (as restated) £
Income					
Operating income	2	953	-	953	702
Total income		<u>953</u>	<u>-</u>	<u>953</u>	<u>702</u>
Expenditure					
Staff costs	3	1,813,134	105,650	1,918,784	2,013,402
Depreciation	7	55,422	3,992	59,414	64,275
Amounts written off fixed assets	7	4,787	217	5,004	8,158
Other operating costs	5	<u>826,315</u>	<u>62,385</u>	<u>888,700</u>	<u>945,354</u>
		2,699,658	172,244	2,871,902	3,031,189
Notional cost (credit) of capital	6	<u>10,533</u>	<u>(233)</u>	<u>10,300</u>	<u>8,979</u>
Total expenditure		<u>2,710,191</u>	<u>172,011</u>	<u>2,882,202</u>	<u>3,040,168</u>
Net operating cost for the year	11	2,709,238	172,011	2,811,249	3,039,466
(Credit)/debit in respect of notional cost (credit) of capital	6	<u>(10,533)</u>	<u>233</u>	<u>(10,300)</u>	<u>(8,979)</u>
Net expenditure deducted from the General Fund		<u>2,698,705</u>	<u>172,244</u>	<u>2,870,949</u>	<u>3,030,487</u>

All amounts above relate to continuing activities.

Notes 1 to 17 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 (as restated) £
Unrealised (deficit)/surplus on revaluation of fixed assets	11	<u>(9,086)</u>	<u>2,014</u>
Total recognised (losses)/gains for the year		<u><u>(9,086)</u></u>	<u><u>2,014</u></u>

Notes 1 to 17 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2007

	Notes	2007 £	2006 (as restated) £
Fixed assets			
Tangible assets	7	<u>275,572</u>	209,948
Current assets			
Debtors	8	<u>67,339</u>	36,308
Cash at bank and in hand	9	<u>255,342</u>	226,968
		322,681	263,294
Current liabilities			
Creditors – amounts falling due within one year	10	<u>(234,478)</u>	(248,432)
Net current assets		<u>88,203</u>	14,862
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>363,775</u>	<u>224,810</u>
Financed by: TAXPAYERS' EQUITY			
General Fund	11	<u>344,366</u>	203,881
Revaluation Reserve	11	<u>19,409</u>	20,929
		<u>363,775</u>	<u>224,810</u>

The financial statements were approved by the Board on 28 June 2007,
were authorised for issue on 6 July 2007 and were signed on its behalf by:



Patrick McCartan,
Chairman



William Patterson,
Chief Executive and Accounting Officer

Notes 1 to 17 form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 (as restated) £
Net cash inflow from operating activities	12.1	(2,856,723)	(2,946,818)
Financing- grant drawn down from Department for Employment & Learning			
- Agency		2,845,000	2,720,000
- Certification Officer		174,000	245,000
	11	3,019,000	2,965,000
Payments to acquire fixed assets		(133,921)	(24,977)
Increase (decrease) in cash	12.2	28,356	(6,795)

Note:

Grant is drawn down under Request for Resources B (2006: Request for Resources B).

Notes 1 to 17 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

1 Accounting Policies

1.1 Accounting Convention

The Agency has the responsibility under Article 69 of the Industrial Relations (Northern Ireland) Order 1992 to provide the Certification Officer for Northern Ireland with the requisite accommodation, equipment, facilities, remuneration, travelling and other expenses, together with such sums as he may require for the carrying out of his duties. The Agency also has the responsibility under paragraph 15(2) of Schedule 4 to the 1992 Order to show separately sums disbursed to or on behalf of the Certification Officer.

The financial statements incorporate the results for The Certification Officer for Northern Ireland, and have been prepared in accordance with the historical cost convention, modified by the revaluation of certain fixed assets, and with the Industrial Relations (Northern Ireland) Order 1992.

Without limiting the information given, the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the United Kingdom accounting standards issued or adopted by the Accounting Standards Board, the Financial Reporting Manual (FRM) issued by H M Treasury, and accounting and disclosure requirements issued by the Department of Finance and Personnel, insofar as those requirements are appropriate.

1.2 Changes in Accounting Policies

1.2 (a) Change in Accounting Policy for Grant applied towards revenue expenditure

The FRM introduced changes in the accounting treatment for Grant applied to finance activities and expenditure which support the statutory and other objectives of the Agency.

This grant is now credited directly to the General Fund, rather than taken through the Operating Cost Statement (formerly Income and Expenditure Account), as it is regarded as contribution from a controlling party which gives rise to a financial interest in the residual interest of the Agency.

This represents a change in accounting policy from earlier periods when such items were recorded as income and the prior year figures have accordingly been restated in:-

- The Operating Cost Statement;
- The Statement of Total Recognised Gains and Losses;
- The Cash Flow Statement;
- Notes 11 and 12.1.

This prior period adjustment does not impact in the total net asset position at 31st March 2007 or 2006.

1.2 (b) Change in Accounting Policy for Grant Income applied towards Capital Expenditure

The FRM also introduced changes in accounting treatment for Grant applied toward capital expenditure.

This grant is now also credited directly to the General Fund, rather than taken to deferred income and released over the useful lives of the related assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

1.2 (b) Change in Accounting Policy for Grant Income applied towards Capital Expenditure (cont'd)

This also represents a change in accounting policy and the prior year figures have accordingly been restated in:-

- The Operating Cost Statement;
- The Balance Sheet;
- The Cashflow Statement;
- Notes 11 and 12.1.

This prior period adjustment increases the total net asset position at 31st March 2006 by £183,435.

1.2 (c) The effect of these changes in accounting policy on the certified 2005-2006 accounts and the impact of the changes on the results of the current year are shown below:-

2005/2006: Income and Expenditure Account (now Operating Cost Statement)	£
Amount transferred to reserves from the former Income and Expenditure Account, as previously stated	11,155
Impact of adopting the new policies 1.2(a) & (b)	<u>(3,041,642)</u>
Net expenditure deducted from General Reserve, as per the new Operating Cost Statement	<u><u>3,030,487</u></u>

General Fund	
General Fund, as previously stated at 31st March 2006	20,446
Impact of adopting the new accounting policy 1.2 (b)	<u>183,435</u>
General Fund at 31st March 2006, as restated	<u><u>203,881</u></u>

NOTES TO THE FINANCIAL STATEMENTS

2006/2007	At 31 March 2007 (without applying the new policy) £	Impact of adopting the new policy 1.2(b) £	At 31 March 2007 (applying the new policy) £
General Fund	86,221	258,145	334,366

1.3 Fixed Assets

The cost of fixed assets comprises the purchase price and any installation charge.

A capitalisation threshold of £250 (2006:£250) is applied.

For all assets depreciation is calculated to write off their cost or valuation over their estimated useful lives. Additions in the year bear a due proportion of the annual charge.

The methods adopted and estimated useful lives used are:

Adaptations to short leasehold buildings	-	10 years straight line
Office equipment, furniture and fittings	-	5 & 7 years straight line
Computer equipment	-	3 years straight line

Fixed assets are revalued by reference to appropriate "Price Index Numbers for Current Cost Accounting" published by the Central Statistical Office. Surpluses on revaluation of assets are credited to revaluation reserve pending their realisation.

To the extent that depreciation based on the revalued amount exceeds the corresponding depreciation on historical cost, the excess represents realisation of the surplus and is transferred annually from the revaluation reserve to the general fund.

1.4 Treatment of Pension Liabilities

During the year the Agency participated in the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NII)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The Agency meets the cost of pension cover provided for staff they employ by payment of charges calculated on an accruing basis.

1.5 Value Added Tax

The Agency does not have any income which is subject to output VAT. Accordingly, the Agency cannot recover any input VAT.

2. Operating Income

	2007 £	2006 £
Operating income comprises:		
Miscellaneous receipts	953	702
Total	953	702

NOTES TO THE FINANCIAL STATEMENTS

3. Staff Costs

(a) The number of Board members serving at any one time during the year was:	2007 No	2006 No
Board members (including Chairman)	10	10
The average weekly number (full time equivalent) of: Management (including Chief Executive)	4	4
Operational (permanent)	38	39
Operational (temporary)	1	1
Support	9	10
The Certification Officer (part-time)	1	1
Certification Office Support Staff (inc. seconded staff)	3	5
	56	60
Employment Agency staff	3	4
Total (including The Certification Officer)	69	74

(b) The costs incurred in respect of these staff were:	2007 £	2006 £
Agency (excluding Certification Office):		
Wages and salaries (permanent staff)	1,371,478	1,404,631
Wages and salaries (temporary staff)	18,440	20,225
Social security costs	102,685	105,391
Other pension costs – superannuation	239,2054	242,024
Employment Agency staff	81,326	86,887
Total (excluding Certification Office)	1,813,134	1,859,158
Certification Office:		
The Certification Officer and assistants		
Wages and salaries	87,130	93,184
Social security costs	6,667	7,544
Other pension costs – superannuation	11,853	11,364
	105,650	112,092
Seconded staff assistants to The Certification Office	-	42,152
Total (re the Certification Office)	105,650	154,244
TOTAL STAFF COSTS	1,918,784	2,013,402

NOTES TO THE FINANCIAL STATEMENTS

(c) The above staff costs are analysed as follows:	2007 £	2006 £
Board members		
Chairman's salary and other Board member's fees	65,916	64,968
Social security costs	1,717	2,282
Other pension costs – superannuation re Chairman	3,927	4,865
	<u>71,560</u>	<u>72,115</u>
Staff: Chief Executive and other management		
Salary	214,526	208,575
Social security costs	20,711	20,200
Other pension costs – superannuation	45,917	41,085
	<u>281,154</u>	<u>269,860</u>
Operational: Salaries (permanent staff)		
Salaries (temporary staff)	18,440	20,225
Social security costs	66,754	66,074
Other pension costs – superannuation	166,196	153,587
	<u>1,150,639</u>	<u>1,172,245</u>
Support: Salaries		
Social security costs	191,787	198,730
Other pension costs – superannuation	13,503	16,835
Employment Agency staff	23,165	42,487
	<u>81,326</u>	<u>86,887</u>
	<u>309,781</u>	<u>344,939</u>
Total staff costs (excluding Certification Officer)	<u>1,813,134</u>	<u>1,859,159</u>
Certification Officer: Salary		
Social security costs	18,646	26,027
	<u>1,742</u>	<u>2,957</u>
	<u>20,388</u>	<u>28,984</u>
Support: Salaries		
Social security costs	68,484	67,156
Other pension costs – superannuation	4,925	4,587
	<u>11,853</u>	<u>11,364</u>
	<u>85,262</u>	<u>83,107</u>
Seconded staff assistants to the Certification Office	-	42,152
Total Certification Office staff costs	<u>105,650</u>	<u>154,243</u>
TOTAL STAFF COSTS	<u><u>1,918,784</u></u>	<u><u>2,013,402</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(d) Pension costs

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)) is an unfunded defined benefit scheme which produces its own resource accounts, but the Labour Relations Agency is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31st March 2007, details of which are available in the PCSPS (NI) Resource Accounts.

For 2006/2007, employer's contributions of £251,058 were payable to the PCSPS(NI) (2005/2006: £250,610) at one of four rates in the range 16.5 to 23.5 percent of pensionable pay, based on salary bands. From 1st April 2007 the salary bands will be revised but the rates will remain the same. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1st October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £2,858 (2005/2006:£2,858) were paid to one or more of panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 percent of pensionable pay. Employers also match employee contributions up to 3 percent of pensionable pay. In addition, employer contributions of £148 (2005/2006: £148), 0.8 percent 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 this employee.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2006:£nil). Contributions prepaid at that date were £nil (2006: £nil).

Details of contributions due to PCSPS (NI) are given in note 10.

4. Performance Against Key Financial Targets

Subject to the restriction of not accumulating unnecessary bank and cash balances in year and at year end, the Department for Employment and Learning does not consider it appropriate to set key financial targets for the Agency.

NOTES TO THE FINANCIAL STATEMENTS

5. Other Operating Costs (including VAT, where relevant)

	Agency £	Certific. Officer £	2007 Total £	Agency £	Certific. Officer £	2006 Total £
Rent, including car parks	164,243	11,802	176,045	169,267	12,762	182,029
Rates, including car parks	66,284	5,411	71,695	64,104	10,111	74,215
Service charges, maintenance, cleaning, heating, lighting and insurance	68,578	4,147	72,725	50,570	2,894	53,464
Security	32,720	-	32,720	34,512	-	34,512
Arbitration fees and expenses	13,295	-	13,295	29,582	-	29,582
Advisors' fees and expenses	27,403	-	27,043	17,600	321	17,921
Office supplies, printing and stationery	31,604	3,124	34,728	21,384	3,495	24,879
Postage and telephones	47,976	1,577	49,533	45,843	3,524	49,367
External auditors' remuneration	7,479	1,000	8,479	4,500	-	4,500
Internal auditors' remuneration	10,468	-	10,468	9,597	-	9,597
Legal fees	11,831	12,598	24,429	14,513	2,056	16,569
Other professional fees	70,245	3,837	74,082	59,868	4,580	64,448
IT Managed Services, Maintenance and licenses	53,645	-	53,645	79,207	-	79,207
IT Development and implementation	6,484	-	6,484	60,437	900	61,337
Travel and subsistence	34,655	132	34,787	24,233	4,307	28,540
Staff training	95,675	11,126	96,801	61,083	5,003	66,086
Publications and advertising	31,295	11,088	42,383	52,104	17,264	69,368
Conference & Seminars	6,061	992	7,053	10,829	3,150	13,979
Advertising (staff vacancies)	10,096	-	10,096	10,210	-	10,210
Library services	16,764	1,582	18,346	25,558	1,876	27,434
Hospitality	7,420	328	7,748	7,819	981	8,800
Miscellaneous expenditure and venue hire	5,218	3,501	8,719	5,983	1,024	7,007
Professional subscriptions	5,093	-	5,093	9,527	-	9,527
Bank charges	2,143	160	2,303	1,273	160	1,433
Loss on disposal of fixed asset	-	-	-	-	1,343	1,343
	<u>826,315</u>	<u>62,385</u>	<u>888,700</u>	<u>869,603</u>	<u>75,751</u>	<u>945,354</u>

NOTES TO THE FINANCIAL STATEMENTS

6. Notional Costs

Notional cost of capital

The operating cost statement bears a non-cash charge for interest relating to the use of capital by the Labour Relations Agency. The basis of the charge is 3.5% (2006 – 3.5%) of the average capital employed by the Agency during the year, defined as total assets less current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

7. Fixed Assets

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Furniture & Fittings £	Agency Computer Equipment £	Certific. Officer Office Furniture & Fittings £	Certific. Officer Computer Equipment £	Total £
Cost or valuation						
At start of year	226,522	217,754	200,475	21,934	12,643	679,328
Additions	1,853	112,735	22,201	2,339	-	139,128
Adjustment arising on revaluation	(8,098)	(3,517)	(5,569)	(515)	(351)	(18,050)
At end of year	<u>220,277</u>	<u>326,972</u>	<u>217,107</u>	<u>23,758</u>	<u>12,292</u>	<u>800,406</u>
Depreciation						
At start of year	92,611	183,488	167,565	15,730	9,986	469,380
Provision for year	30,214	12,209	20,565	2,029	1,963	68,980
Adjustment arising on revaluation	(3,311)	(2,911)	(4,655)	(372)	(277)	(11,526)
At end of year	<u>119,514</u>	<u>192,786</u>	<u>183,475</u>	<u>17,387</u>	<u>11,672</u>	<u>524,834</u>
Net Book Value						
At 31 March 2007	<u>100,763</u>	<u>134,186</u>	<u>33,632</u>	<u>6,371</u>	<u>620</u>	<u>275,572</u>
At 31 March 2006	<u>133,911</u>	<u>34,266</u>	<u>32,910</u>	<u>6,204</u>	<u>2,657</u>	<u>209,948</u>
If stated under historical cost principles the comparable amounts would be:						
Cost	215,412	314,719	351,394	23,252	21,169	925,946
Accumulated depreciation	<u>(104,981)</u>	<u>(181,491)</u>	<u>(318,669)</u>	<u>(16,835)</u>	<u>(20,531)</u>	<u>(642,507)</u>
Historical cost value						
At 31 March 2006	<u>110,431</u>	<u>133,228</u>	<u>32,725</u>	<u>6,417</u>	<u>638</u>	<u>283,439</u>
At 31 March 2005	<u>130,069</u>	<u>33,413</u>	<u>37,519</u>	<u>6,204</u>	<u>2,658</u>	<u>209,863</u>

+: Capital expenditure on adaptations to premises is stated net of a refund of £39,863 received in respect of prior year capital expenditure.

NB: The depreciation charge of £59,414 (2006:£64,275) for the year reflects the depreciation provision of £66,980 (2006: £62,607) together with net revaluation adjustments totalling a credit of £7,566 (2006: charge of £1,668) in respect of those asset categories where amortised current value exceeds amortised historic cost.

*: Where the written down value of re-valued assets is less than their written down value under historic cost principles this deficit is recognised in the operating cost statement, rather than deducted from the revaluation surpluses. During the year the amount written off fixed assets for this reason was as follows:

	£
Agency	4,787
Certification Officer	217
	<u>5,004</u>

NOTES TO THE FINANCIAL STATEMENTS

8. Debtors: Amounts Due Within One Year

	2007 £	2006 £
Debtors	1,244	960
Prepayments	66,095	35,348
	67,339	36,308

9. Cash at Bank and in Hand

	Agency £	Certification Officer £	2007 Total £	2006 Total £
Cash at bank	234,707	20,275	254,982	226,626
Cash held at Londonderry	110	-	110	110
Cash held at Headquarters	100	150	250	250
Total	234,917	20,425	255,342	226,986

10. Creditors: Amounts Falling Due Within One Year

	2007 £	2006 £
Purchase creditors	75,435	24,088
PAYE/NIC creditor	3,756	37,000
Superannuation creditor	6,693	71,855
Capital creditors	10,207	5,000
Accruals and other creditors	138,387	110,489
Total	234,478	248,432

NOTES TO THE FINANCIAL STATEMENTS

11. Reconciliation of Movements in Reserves and General Fund

	Note	General Fund £	Revaluation Reserve £	2007 Total £	2006 Total (as restated) £
At start of year		20,446	20,929	41,375	28,206
Prior year adjustment re grant used to finance capital expenditure	1.2(b)	<u>183,435</u>	-	183,435	<u>260,077</u>
At start of year - as restated		203,881	20,929	224,810	288,283
Grant from Department for Employment & Learning drawn down		3,019,000	-	3,019,000	2,965,000
Net operating cost		(2,881,249)	-	(2,881,249)	(3,039,466)
Credit in respect of notional cost of capital	6	10,300	-	10,300	8,979
Unrealised (deficit)/surplus on revaluation of fixed assets*	7	-	(9,086)	(9,086)	2,014
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost		<u>(7,566)</u>	<u>7,566</u>	-	-
At end of year		<u>344,366</u>	<u>19,409</u>	<u>363,775</u>	<u>224,810</u>

*: where revalued book value exceeds historical cost value

NOTES TO THE FINANCIAL STATEMENTS

12. Notes to Cash Flow Statement

12.1 Reconciliation of Net Operating Cost for the year to net cash inflow from operating activities

	2007 £	2006 £
Net Operating Cost for the year	(2,881,249)	(3,039,466)
Credit in respect of notional cost of capital	10,300	8,979
Adjustment for non cash transactions		
Depreciation	59,414	64,275
Loss on disposal of fixed asset	-	1,343
Amounts written off fixed assets	5,004	8,158
Adjustments for movements in working capital		
(Decrease)/increase in debtors	(31,031)	37,061
Decrease in creditors (excl capital creditor)	(19,161)	(27,168)
Net cash outflow from operating activities	<u>(2,856,723)</u>	<u>(2,946,818)</u>

12.2 Reconciliation of net cash inflow/(outflow) to movement in net funds

	2007 £	2006 £
Cash in bank at start of year	226,986	233,781
Net cash inflow/(outflow)	<u>28,356</u>	<u>(6,795)</u>
Cash in bank at end of year	<u>255,342</u>	<u>226,986</u>

13. Future Capital Expenditure

	2007 £	2006 £
Contracted	-	-
Authorised but not contracted for	-	71,000
Total	<u>-</u>	<u>71,000</u>

NOTES TO THE FINANCIAL STATEMENTS

14. Contingent Liabilities

The Agency has staff tribunal cases unresolved at the year end. It is contesting these vigorously and an outcome may arise in 2007/2008. The Agency's current assessment of the contingent liabilities continues to be kept under review. However, the Agency wishes to avoid prejudicing the case by attempting to publish estimates of the potential liability and is therefore invoking the exemption allowed by paragraph 97 of Financial Reporting Standard 12 in respect of provisions and contingent liabilities.

There are no other contingent liabilities at the year end (2006 - £nil).

15. Financial Commitments

Property Leases:

Commitments existed at the year end under property leases in respect of annual rentals which expire:

	2007 £	2006 £
Within one to two years	-	-
Within two to five years	-	-
After five years	168,025	163,738
	168,025	163,738

Other Expenditure:

At the year end additional expenditure was contracted for as follows:

	2007 £	2006 £
Individual conciliation case management system	16,000	-
Evaluation summary	-	21,625
	16,000	21,625

NOTES TO THE FINANCIAL STATEMENTS

16. Related Party Transactions

The Labour Relations Agency is a Non-Departmental Public Body sponsored by the Department for Employment and Learning. The Department for Employment and Learning is regarded as a related party. During the year the only transactions which the Agency has had with the Department is the receipt of grant, as disclosed. None of the Board members, members of the key management staff or other related parties has undertaken any material transactions with the Agency during the year.

Any intra government balances re outstanding PAYE/NIC and Superannuation creditors are given in note 10.

17. Post Balance Sheet Event

The annual report and accounts were authorised to be issued and laid in the Northern Ireland Assembly on 6 July 2007.



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