



# Annual Report & Accounts 2008/09

# Labour Relations Agency Annual Report and Accounts For the Year Ended 31 March 2009

Laid before the Northern Ireland Assembly  
under Paragraph 15(5) and  
Paragraph 16 (1) of Schedule 4 to the  
Industrial Relations (Northern Ireland) Order 1992  
by the Department for Employment and Learning

3 July 2009

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**Labour Relations**  
**AGENCY**  
*Improving Employment Relations*

**Chairman and Chief Executive's Office**

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25 June 2009

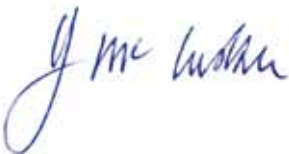
Dr Aideen McGinley  
Permanent Secretary  
Department for Employment and Learning  
Adelaide House  
39-49 Adelaide Street  
Belfast  
BT2 8FD

Dear Dr McGinley,

**Annual Report and Accounts of the Labour Relations Agency: 2008-2009**

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 31<sup>st</sup> March 2009.

Yours sincerely



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**JIM McCUSKER**  
**Chairman**



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# Chapter 1:

Mission Statement,  
Equality Statement,  
Core Values



# Mission Statement, Equality Statement, Core Values

## 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 treatments 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

# The LRA Board

## 1. Jim McCusker (Chairman)

Appointed Chairman of the LRA with effect from 1 March 2008. Member of the Economic Development Forum. 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. Former member of Council for Healthcare Regulatory Excellence and Concordia.



## 2. Dr Boyd Black (Vice Chairman)

Completed term as Board Member on 30 September 2008. Senior Lecturer in the Queen's School of Management, Queen's University Belfast, specialising in employment relations.



## 3. Julie Anne Clarke

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

## 4. Lyn Fawcett

Mr Fawcett is a Senior Lecturer at the University of Ulster (UU) in Hotel and Tourism Management, and a Member of the Council of the UU Governing Body. From 2003-2008 he was a board member of Northern Ireland Tourist Board and is currently active in a range of paid and voluntary positions in and around UU, as well as in the Hotel and Tourism Sector. Mr Fawcett is also Chair of the Northern Ireland Higher Education Committee of the University and Colleges Union. He has recently been appointed to the Board of the Health & Safety Executive.

### 5. Norma Heaton

Senior Lecturer in Human Resource Management at the University of Ulster. Member of the Chartered Institute of Personnel and Development and the Higher Education Academy. Vice-Chair Steering Committee, Labour Members in Northern Ireland.

### 6. Brenda Maitland

Formerly worked for British Telecom Northern Ireland as Senior Human Resources Business Partner. Member of War on Want Management Council. Board Member of the Health & Safety Executive NI and Ulster Supported Employment.

### 7. Gordon Milligan

Completed term as Board Member on 30 September 2008. Currently Group Human Resources Director with Dunbia and formerly held senior Human Resources positions within Nortel Networks' European Operations and Bombardier Aerospace. Previously served on the CBI Employment Affairs Committee and on the Northern Ireland Skills Taskforce.

### 8. Trevor Morrow

Dr Morrow is a lecturer in Business Studies, specialising in HR management, at the UU School of International Business Studies. He has conducted research into Employment Relations in a number of high profile public and private sector organisations in Northern Ireland and has published a number of articles and more latterly a book on Employment Relations issues. He has participated as an Employment Relations speaker at a number of conferences in the UK and Republic of Ireland. He has also served as an employee representative with the Association of University Teachers.



### 9. Patricia O’Farrell

Teacher. Formerly Chair and Vice-Chair of the Northern Committee, Irish National Teachers’ Organisation (INTO). Former member of the Northern Ireland Teachers’ Council. Council Member of the Council for Curriculum Examinations and Assessment (CCEA). Member of Women’s Committee, Irish Congress of Trade Unions.



### 10. 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.



### 11. Peter Williamson

Regional Secretary of AEEU/AMICUS trade union. Member of the Industrial Court Northern Ireland and Secretary to the Northern Ireland District Confederation of Shipbuilding and Engineering Unions (CSEU) District Committee and NI Executive Committee. Former Secretary to the Irish Executive Committee of AMICUS. Executive Committee Member of the Northern Ireland Committee of the Irish Congress of Trade Unions.

### 12. Neal Willis

Mr Willis is Director of Corporate Services at Newtownabbey Borough Council, a role which includes HR Management. Prior to this he worked as a Senior Consultant, advising employers on employment law and fair recruitment practices, was Regional Manpower Services Manager with the NI Housing Executive and a Conciliation Officer with the LRA.





## Chapter 2:

Chairman's Foreword and  
Chief Executive's Overview

# Chairman's Foreword

Helping people and organisations to cope with the economic downturn experienced in 2008/09 became an increasingly important role for the Agency. General enquiries handled rose to well over 50,000, being up by 26%. Requests for Agency assistance before any formal claim was lodged were also up substantially from 524 to 1295. These increases placed considerable additional demands on the Agency's staff, but their response was such that the high level of satisfaction for the Agency's services, from both employees and employers, was maintained.

Exploring other arrangements for resolving disputes was high on our agenda throughout the year. Following the review of dispute resolution initiated by the Department for Employment and Learning we embarked upon a round of consultation with trade unions and employers' organisations. This consultation reinforced the view that tribunals were not the best way for resolving most of the disputes, which inevitably arise in the workplace. Having examined in some depth the different approaches used in Great Britain and in the Republic of Ireland, the Agency came to the conclusion that a solution tailored to the circumstances of Northern Ireland would contribute most effectively to improving employment relations. The Agency was preparing its proposals for publication early in 2009/10.

The Agency's strategic aims can be realised only by genuine partnership with a range of other organisations. In addition to developing a constructive partnership with the social partners, the Department for Employment and Learning is an essential element in this framework. We were therefore pleased when the Department responded at the end of the year to the extra demands for our services by granting us modest additional resources for 2009/10 and 2010/11. Our intention is to deploy a significant part of these additional resources to enhance the services that we offer, especially our enquiry service and our facility to offer the full range of alternatives for dispute resolution.

Among the other partners we have worked with were the Employment and Learning Committee of the NI Assembly, the Office of Industrial Tribunals/ Fair Employment Tribunal, the Equality Commission,

the Industrial Court, the Certification Officer, the Advisory Conciliation and Arbitration Service in Great Britain and the Labour Relations Commission in the Republic of Ireland. Liaising with these organisation and drawing upon their experience and expertise, through meetings, conferences or joint events, is mutually beneficial and enables the Agency to achieve more readily its strategic goals.

A highlight was the achievement of Investor in People (IiP) status. This milestone was achieved solely through the efforts of the Agency's staff. For the Board IiP was a significant step in the continuous enhancement of the expertise of our staff. As the year ended we were considering an action plan to further improve the quality of our services.

Planning for the future of employment relations must be based on sound evidence. In conjunction with our corresponding organisation in the Irish Republic we commissioned papers on the implementation of European Union Directives. We also decided to embark upon research to demonstrate the value of our services to the economic development of Northern Ireland. The results of all this research will inform the means by which we realise our strategic goals.

Looking forward we have set a new strategic vision for the Agency. Working with the social partners we aim to deliver services that are tailored to the types of collective and individual disputes that arise in Northern Ireland. To that end we shall provide a rich menu of alternative dispute resolution options.

In furtherance of our strategic vision we have re-vamped our corporate plan for the coming years and made the balanced scorecard a central feature of our business planning. Consequently our ultimate aim will be to focus on delivering quality employment services to our customers.



# Chief Executive's Overview of the Year

The 2008-09 financial year provided further opportunities for the Agency to contribute to improving employment relations. Agency Helpline staff dealt with a total of 34,190 calls, an increase of 26% from the previous year. These calls generated a total of 55,943 enquiries. It is notable that 14% of all enquiries concerned redundancy. This reflects the current state of downturn in the economy. The Helpline telephony system introduced last year has successfully bedded down and has contributed to enhanced efficiency in dealing with calls. An evaluation of the Helpline reported high levels of satisfaction amongst users. In addition Agency staff dealt with 296 advisory cases, mainly for small firms. Twenty good practice projects were undertaken and 25 workshops were held with 160 organisations attending the workshops. The Agency delivered 100 good practice seminars with 1518 individuals attending. The seminar series has had considerable appeal and success.

During the year a total of 5316 individual employment rights applications were received with Agency staff dealing with a total of 7618 claims. This resulted in a reduced overall carry-over of applications from 10,524 claims into the 2008-09 year to 8222 claims into the 2009-10 year. During 2008-09 the Northern Ireland economy suffered a downturn. Traditionally in periods of downturn there tends to be fewer claims submitted to Tribunals with a subsequent rise when the economy rejuvenates. It is notable that of the 5316 claims received 1295 were direct claims to the Agency an increase of approximately 250% in direct claims from the previous year. These direct claims are not submitted to the Tribunal but have the potential to be submitted to the Tribunal. This is an interesting development demonstrating the effectiveness of alternative dispute resolution where both parties are confident in the process and are willing to work towards a settlement.

Thirty one arbitration cases were cleared with 33 collective conciliations being successfully handled. No cases were dealt with under the Unfair Dismissal or Flexible Working Statutory Arbitration Schemes.

Three high profile collective disputes were handled during the year one relating to the education sector, one in the media and one in engineering.

The promotion of good practice in alternative dispute resolution remains a challenge for the Agency particularly with the opportunities arising under the DEL review of dispute resolution provisions in Northern Ireland. During the year the Agency contributed to the DEL review steering group and further developed discussions with stakeholders on the way forward.

The work of Agency staff in addressing continuous improvement resulted in the attainment of the IIP award. We continue our work in this area with the introduction of the balanced scorecard as part of a customer focus programme. Considerable progress was made with the development of an information systems strategy. The first year of implementation addresses our information security status following which the core operational and support systems will be developed.

Our financial performance and audit status continues to be sound.

Agency members of staff continue to meet demanding challenges through promoting good employment practice and resolving employment disputes. However our core challenge remains to effectively apply new technology in supporting how we can improve the delivery of our services to meet the needs of modern workplaces, contemporary working patterns and changing life styles









# Chapter 3:

Management Commentary  
for the Year ended 31 March 2009

# Management Commentary for the Year ended 31 March 2009

## 3.1 Introduction

### 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 (FRoM) 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 £6,513 (2008:£6,884) 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.

## 3.2 Corporate objectives

The Agency's primary corporate aim is to contribute to the enhancement of regional economic development in Northern Ireland through improving employment relations. During the year ending 31 March 2009, it met its corporate objectives as follows.

### To facilitate employment relations strategy for Northern Ireland

- Following a series of stakeholder meetings and workshops held in 2007-08 at which invitees examined and discussed the Gibbons recommendations on the reform of dispute resolution in employment in Great Britain, the Board held a series of additional meetings where it developed its thinking on the strategic options available to the province. By the end of March 2009, the Board was nearing consensus on the details of its preferred approach. This will leave it in a strong position to respond to consultation on the matter (expected quarter 1 of 2009-10).

### To develop a corporate plan for the period 2009-10 to 2011-12

- In September 2008, the Agency set in place a series of meetings with its key stakeholders to update its focus on what are the key strategic drivers for the development of good employment relations in the province. Following a series of special Board meetings, a programme of strategic objectives was developed. In parallel, the senior management team organised workshops where staff were enabled to provide valuable additional input to strategic direction. The senior management team also examined technique and made an initial attempt to develop its thinking and objectives using the balanced scorecard approach.<sup>1</sup>

<sup>1</sup> This allows the Agency to consider its services to customers in the context of supporting objectives relating to its people, their development and the processes / systems which enable delivery to customer

### To obtain recognition for the value and contribution of its staff

- The Agency recognises that it is totally dependent on the commitment and competence of its staff. Over the past several years, it has been enhancing its systems and processes for supporting staff and improving its engagement with them. During the course of 2008-09, it decided that there was sufficient internal recognition of the achievements in this area enabling it to apply for formal accreditation to the Investors in People standard. The award was achieved in November 2008. The challenge now for the organisation is to continuously build on that achievement.

## 3.3 The Directorates

### 3.3.1 ADVISORY SERVICES

#### Advisory Support

This year the Agency received 272 requests for assistance and, with a number of cases carried forward from the previous year this enabled the Agency to assist 296 organisations develop and maintain good practice in employment policies and procedures (307 in the previous year). 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. 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 are micro and small organisations in the service sector employing fewer than 50 employees.

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.

During the year the Agency held a total of 25 workshops, 14 in the Belfast Headquarters and the remainder in the Regional Office. A total of 160 organisations were represented.

As in previous years, feedback from the participants in the workshops remained very favourable with responses from individuals attending showing that 78 percent considered the workshops to be ‘very good’ and a further 21 percent said they were ‘good’.

A pilot scheme which invited workshop participants back to the Agency to provide follow up and support in completion of their employment documentation was launched and is being monitored to determine whether to establish the scheme on a permanent basis.

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, and also publishes this information on its website.

Good Practice seminars were offered during the year as follows:

- Managing Absence
- Handling Discipline and Grievance
- Work and Families
- Handling Redundancy
- Handling Employment Investigations
- Bullying in the Workplace
- Unfair Dismissal – The Law and Practice
- Recruitment and Selection
- Understanding Negotiations
- An Introduction to Employment Law
- Legal Implications of Workplace Stress
- Employment Rights of Migrant Workers
- Information Consultation of Employees
- Working Time Regulations

While the target for the 2008-2009 year was 54 seminars, the Agency was actually able to deliver a total of 100. The increase was due to the Agency facilitating requests from organisations requesting “in-company” training. The total number of individuals attending the seminars during the year was 1518, and their response to the presentations continued to be favourable with 64 percent rating the seminars as ‘very good’ and a further 34 percent providing a rating of ‘good’. The Agency continues to offer a wide range of seminars which are topical and relevant in the current economic climate. The list of seminars is reviewed on a quarterly basis to ensure that topics identified by our clients through our operational services are included.

During the year revised administrative and notification arrangements were introduced for the workshops and good practice seminars to promote attendance. On a trial basis some of the workshops and selected seminars were organised in Newry and Ballymena as a pilot exercise to see what the impact location had on attendance levels. Evaluation of this pilot exercise revealed that there was no impact positively or negatively compared with running the events in Belfast/ Regional Office.

During the year the Agency provided facilitation assistance in 20 Good Employment Practice projects with all projects having a collaborative working basis with change management being a central theme and skills gaps and policy reforms being the underlying themes. A significant amount of time was committed to projects in the public service which required a medium or long term commitment of Agency officers. The most significant of these projects included facilitation of successful pay negotiations for the Further Education Lecturer's Negotiating Committee, joint management and trade union training on information, consultation and negotiation within the Belfast Health and Social Care Trust. Other noteworthy projects included facilitation of training PSNI line supervisors on how to handle grievances and the facilitation of an employee relations audit within Belfast City Council. The Agency also facilitated private sector organisations in the following areas – training information and consultation representatives, assistance in re-drafting policies and training on “dignity at work” and conducting employee relations surveys and audits.

### **The Helpline**

The 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 and can also signpost the user to other sources of

information or advice. Helpline Advisers 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 Helpline Adviser will, where appropriate, refer the caller to relevant guidance documents to provide further assistance.

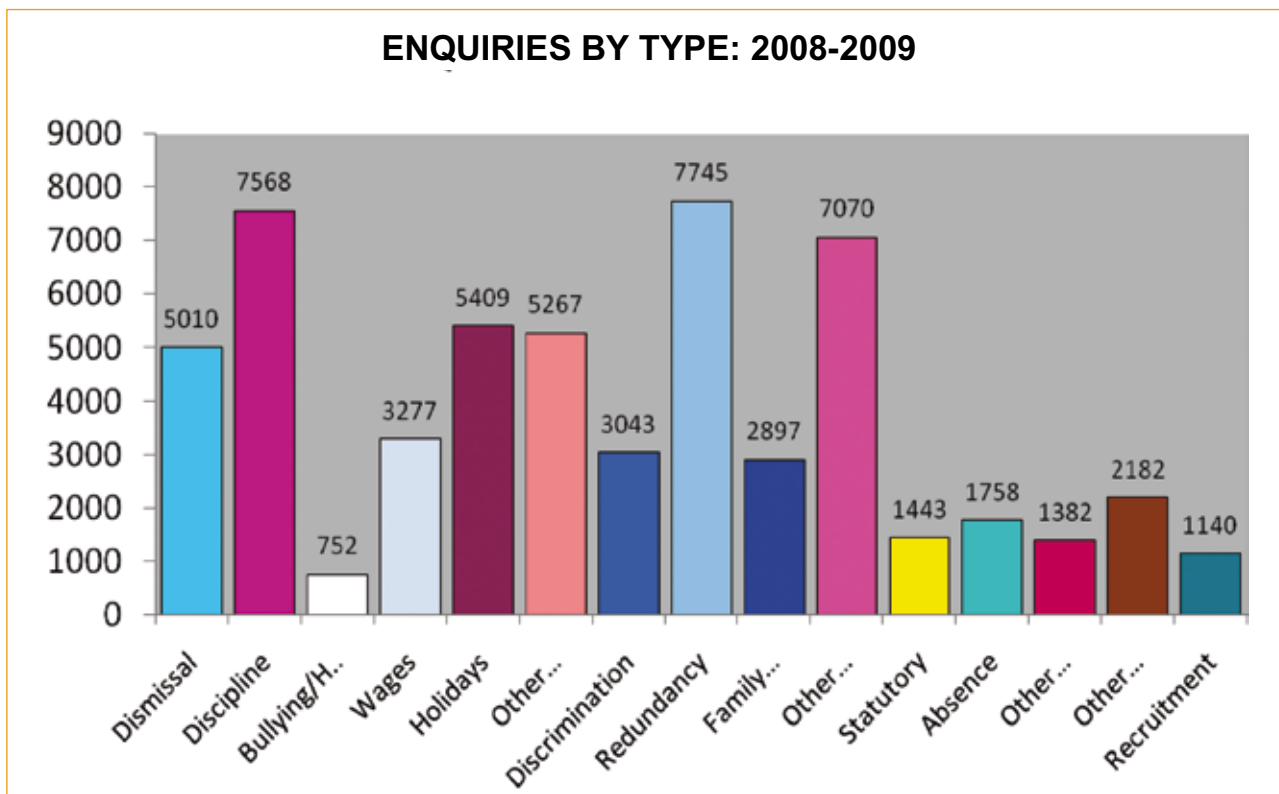
During the year ending 31 March 2009 the Agency dealt with 34,190 callers, an increase of 26 percent on 2007/08. Of this total 34,060 contacted the Agency by phone and the remaining 130 had their enquiries dealt with in person via a pre-arranged appointment.

Enquiries vary considerably in their nature and complexity and the calls to the Helpline in 2008-2009 generated a total of 55,943 separate enquiries on a wide range of employment topics. The chart on the following page shows the subject matter covered in the enquiries handled during the year.

As in previous years, approximately 40 percent of users raised enquiries on behalf of employers and 60 percent on behalf of employees.

The largest single enquiry subject concerned redundancy issues. This accounted for 14 percent of all enquiries compared to 6 percent for the period 2007-08. This is undoubtedly due to the economic downturn and accompanying job losses and business reorganisations which took place during the year.

In January 2009 an evaluation of the Helpline was completed by BDO Stoy Hayward. Their evaluation report on the Helpline was positive and complimentary about the level of satisfaction with the information made available to enquirers. A random sample of previous enquirers were contacted and asked to assess the role, value and efficiency of the Helpline. Individuals were asked about their satisfaction with the adviser,



the time taken, the relevance of the answers and the competence and communication skills of the adviser. On each variant over 97% either agreed, or agreed strongly, that they had been usefully assisted.

The Helpline is an important method of coping with employment problems. The evaluation report showed that 40% of enquirers used the information gained to talk to their managers or employees. Another 25% decided, after taking advice, to take no further action. A large majority of people using the Helpline reported that problems have been resolved or relations have been improved as a result of the use of the Helpline. A valuable consequence of consultation with the Helpline sometimes takes the form of either better informing individuals on the merits (or demerits) of potential industrial tribunal claims or, for some employers and employees, it may mean that potential industrial tribunal claims are avoided.

### The Website

The usage for the website increased by 52 percent from 46,241 page views per month in the period 2007-2008 to 70,178 page views per month and the number of downloads per month increased by 14 percent from 9,563 to 10,860.

The Agency monitors what documents are downloaded each month and there was a marked increase during the year for information on redundancy issues such as consultation, selection, payments, variation of contracts, lay-off and guarantee payments. This is undoubtedly due to the economic downturn and accompanying job losses and business reorganisations which took place during the year.

New information documents on the website are based on trends noticed by the Helpline advisors, other advisory services and suggestions by users. During the year a number of new advisory documents were added to the website:

- Advice on agreeing and changing contracts of employment
- Advice on managing poor performance
- Advice on recruitment, selection and induction.
- Information note on temporary lay-off and short-time working

A complete list of Agency publications is set out in Chapter 6.

Improvements were also made to the website such as an information A-Z which provides a list of employment topics and links to help users quickly find the information they need.

As part of the Agency's continuing commitment to improve and enhance the website content a section in relation to the Review of Public Administration (RPA) was added. This section of the website is based around the framework provided by the Public Service Commission's Guiding Principles for RPA. The objective of this section is to provide a single easy-to-use source of the information underpinning best practice for employee relations in the roll out of the RPA.

### **Migrant Workers**

Section 3:3:1 of the 2007-08 Annual Report recorded the Agency's commitment to developing support for migrant and vulnerable workers in Northern Ireland and appropriate advisory support for their employers. This approach continued throughout 2008-09 and dovetailed with the Agency's participation in the Race Forum Migrant Workers Thematic Sub Group (MWTSG) and its Enforcement Working Group. This forum has allowed the Agency to develop key working relationships with DEL, HMRC, The Gangmasters Licensing Authority and the Equality Commission (N.I.).

This participation has allowed the Agency to build formally its contribution into the statutory sector Migrant Worker Strategy and Action Plan and

to develop a joint training plan with the Equality Commission in the context of employment rights, rights to work based on country of origin, and methods of enforcement. At board level the Agency's annual joint meeting with the Equality Commission was themed around the rights of migrant and vulnerable workers.

### **Advisory Services User Survey**

In May 2008 the Agency received the report of an independent user satisfaction survey of 1100 previous users in regard to the Agency services for Workshops, Seminars and Document "vetting". The focus of the survey was to test small business satisfaction with these services. The survey was designed by Agency staff based on previous evaluation comments and empirical feedback. A tender process was conducted and Social and Market Research (SMR) were commissioned to conduct the survey. The results were delivered to the Agency in May 2008 and presented to the Board at its June 2008 meeting. The Report confirmed overwhelming satisfaction with all 3 services – the key findings are outlined below:

- respondents were extremely positive in their assessment of different aspects of Agency-provided workshops and seminars, with all agreeing that their attendance at these events had been worthwhile and that the information was presented in a way which was easily understood;
- almost all respondents had found their attendance at Agency-provided workshops and seminars useful for helping them with drafting or updating basic employment documentation (99%) and assisting them to introduce new policies in their workplace (99%). All respondents found Agency-provided workshops and seminars useful in assisting them to update practices or procedures in their workplace;



- 71% of those who had attended Agency-provided workshops and seminars said that either they or someone else in the organisation had made changes to employment policies or procedures as a result of attending the events;
- the overwhelming majority of respondents were found to be satisfied with the Agency's document comment service, with 99% saying that Agency-suggested changes had improved the documents and 98% pointing to the professionalism of the service provided by the Agency;
- 77% of those who had used the Agency's document comment service said that either they or someone else in the organisation had made changes to employment policies or procedures as a result of using the service, with revised contracts of employment documents being the most likely change;
- 74% of respondents indicated that they had changed employment policies or procedure as a result of their contact with the Agency;
- the survey identified a number of areas for refinement and improvement. A total of 19 action points have been developed from the survey results and an action plan and priority timetable has been put in place for testing new approaches and applications to further improve the 3 services.

### Research

The Agency established a research committee comprising some Board members and senior staff. The committee will look at how the Agency can contribute to employment relations research in Northern Ireland.

### Collaborative Working

The Agency continues to work collaboratively with a number of partners – ECNI, HMRC, HSENI and DEL in delivering our services. This year saw a new venture when INI asked the Agency to co-host a number of seminars and information clinics to their client companies. Agency staff presented 5 seminars on managing redundancies at a series of locations throughout Northern Ireland between November 2008 and March 2009 and participated at a number of information clinics. Feedback from all these events was very positive with participants welcoming the opportunity of being able to discuss individual circumstances with Agency officers.

### 3.3.2 Conciliation and Arbitration Services

#### 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. In addition, claims may be made directly to the Agency in circumstances where the complainant has not yet made a complaint to a tribunal but could do so. 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.

### Objectives for 2008-2009

#### **Provide effective and efficient third party alternative dispute resolution services**

- The overall number of claims going to Tribunal has been no more than 21% of claims. However taking into account the backlog clearance and a large bulk claim which was struck out, the number of claims going to Tribunal has been no more than 16% in the year. Fixed period claims are dealt with within appropriate timescales.
- Effective management of case load has been achieved.
- An officer is available on a daily basis in the LRA office in OITFET primarily dealing with CMD hearings.
- Another officer is available to deal with requests for assistance from OITFET at very short notice.
- Internal audit recommendations have been fully implemented.
- Continuous review of case allocation has led to an increase in open cases conciliated leading to a reduction in the back log.

- The review of qualitative measures has led to the development of a management information tool of “tribunal days saved” which has been implemented formally from April 2008.
- The management of individual claims has been reviewed and the system has undergone a partial clean up with the assistance of OITFET.
- Individual Conciliation Operational Guidelines and Pre Claim Conciliation (Non ET1) Operational Guidelines have been reviewed.

**Provide effective and efficient arbitration/ independent appeal/collective conciliation/ mediation services**

- Independent Appeal/Arbitration hearings have been dealt with promptly and there has been an overall reduction in the number of referrals carried over into the following reporting year.
- A draft generic model statutory arbitration scheme has been developed
- Arbitration & Collective Conciliation Operational Guidelines have been reviewed.
- Mediation Operational Guidelines have been developed.
- Management information is provided on a monthly basis.
- Internal Audit recommendations have been put into practice.
- Allocation of collective referrals has been reviewed and Employment Relations Managers (ERMs) identified to gain expertise in specific types of collective conciliation.
- Formal training of ERMs has been completed and continuous internal training undertaken.

- Conciliation was undertaken in a very difficult public sector dispute in the education sector. Resolution of collective disputes was undertaken as early as possible and there has been an overall reduction in the number of disputes carried over into the following reporting year.
- Newly appointed conciliation staff have completed the National Certificate in Workplace Mediation.
- Gradual expansion of a mediation service continued in response to requests and have been dealt with promptly.
- Officers in conciliation attended an advanced mediation skills training course provided by Robert Benjamin, an internationally renowned mediator.
- There has been an increase in the number of mediation referrals during the year.

**Review and enhance the Agency case management system (ICMS)**

- Planned and agreed changes to ICMS have been implemented successfully. Changes have been made to improve the accuracy of the information held on the system.

**Ensure all staff receive appropriate training**

- Team meetings continued and these included learning sessions on aspects of conciliation.
- Staff training - all new staff complete formal training within 6 months.
- Shared learning is now a standing item on all team meeting agendas.

### **Ensure that all steps are taken to improve the effectiveness of individual conciliation services**

- Much greater flexibility has been required from the ICMS and from its users as a result of more intensive and varied queries from the Board and other stakeholders. A significant upgrade to the hardware of the system was designed and approved in 2007-2008 and implemented in 2008-2009. This stabilized the system and has reduced down time.
- Specific aspects of conciliation practice have been reviewed and changed in order to ensure effectiveness.

### **Regional Office**

The Regional Office of the Agency is located in Londonderry and is equipped to provide the full range of advisory and dispute resolution services to employers and employees located in the North West of the Province.

Six staff are employed in the Regional Office with two officers dedicated to the resolution of tribunal complaints. During the current reporting year the staff dealt with 404 cases.

One officer has responsibility for delivering a range of advisory assistance i.e. assisting employers with the development of employment documentation and the delivery of workshops and seminars. During the reporting year 113 employers received assistance with their documentation. In addition 46 organisations attended the 8 workshops held and a total of 33 seminars and 17 talks were delivered on a variety of employment topics.

A Helpline Adviser is based at the Regional Office and the officer forms part of the overall staffing compliment within the Helpline service.

An Employment Relations Manager (ERM) oversees the management of the office and the delivery of services. During the reporting year the ERM assisted with 10 of the collective cases received.

The team are supported by an Administrative Officer who has responsibility for all administrative tasks within the office.

Plans to refurbish the office in order to accommodate the current staffing levels are well advanced. It is hoped that these plans will be realised in the 2009-10 reporting year.

### **Any trends which emerged**

The continuing and changing demands on the information required from the Individual Case Management System (ICMS) has increased significantly. The management information readily available from the system is limited. To this end the LRA plans to undertake a review of its requirements in relation to information technology to establish the best way forward.

The LRA, in conjunction with DEL, OITFET and the Court Service, had been examining the feasibility of introducing a single case management system using the ACAS/ETS model as the basis for further development. However this is currently on hold pending further developments of the ACAS/ETS model.

During the year under review, relationships were further strengthened between the Agency and OITFET to ensure effective and efficient delivery of services. The Agency has an office within the OITFET building to facilitate conciliation on individual claims. A member of the conciliation team is present on a daily basis.

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).

The OITFET continued to review the backlog of claims and have struck out claims where appropriate.

The administrative team have undertaken a clean up of ICMS to ensure the information held is accurate and up to date. This facilitated the clearance of a large number of cases and has led to the review of administrative work procedures which have now been implemented.

### Individual Conciliation (All claims other than fair employment)

The Agency's conciliation officers have a high success rate in dealing with claims to the Tribunal. During 2008-2009 OITFET have continued reviewing the backlog of claims and striking out where appropriate. ("Striking out" results in the claims being removed and therefore they can no longer proceed). In 2007–2008 there were 1,623 claims struck out by OITFET, resulting in a significantly higher percentage of claims proceeding to Tribunal (36%). If the struck out claims are removed the percentage of claims proceeding to Tribunal reduces to 17% with 83% of claims being either settled or withdrawn. The percentage of claims proceeding to Tribunal in 2008-2009 was 21% and the percentage of claims being either settled or withdrawn was 79%. However taking into account the backlog clearance and a large bulk claim which was struck out, the number of claims going to Tribunal has been no more than 16% in the year

In the year ending 31 March 2009 5,451 claims other than fair employment claims were received by the Agency. For the year ended 31 March 2008, 4,781 claims were received [see Table 1]. The 5,451 figure includes 1,278 direct requests made to and settled by the Agency. In 2007 – 2008 the number of direct requests was 531. The direct claims made are claims that could have been lodged with the tribunal system but for which, at the time of request to the Agency for assistance, no such lodgement had been made. If the Agency achieves a settlement in these pre claim cases, then the individuals cannot subsequently submit an application to a tribunal for the same alleged infringement of employment rights.

The number of claims dealt with (other than fair employment) in 2008-2009 was 7,259. In 2007-2008 the number of claims dealt with was 6,963. This increase can be accounted for largely by an increase in the number of direct requests and a clean up of the cases held on the Case Management System.. The number of claims dealt with is higher than the number received and as a consequence the backlog of claims continues to reduce.

Parties to discrimination claims generally delay entering into conciliation until the claim has been listed for hearing. The number of discrimination claims going forward to Tribunal has decreased significantly in the year (232 as opposed to 422) and the LRA believes this is in part due to the early intervention strategy implemented during the year. Conciliation officers take a proactive approach by contacting the parties when the case is listed for CMD or CMD proceedings are issued.

**Table 1:** Individual Conciliation Claims Received and Dealt With  
(other than fair employment)

(For comparison, the 2007-2008 figures are given in brackets)

Jurisdiction	Claims Received		Claims Dealt With	
Unfair Dismissal	2183	(1425)	2383	(1681)
Wages Order	804	(987)	1317	(714)
Breach of Contract	635	(675)	817	(627)
Other Employment Rights	842	(910)	1635	(2503)
Equal Pay	64	(119)	130	(369)
Age Discrimination	75	(65)	65	(36)
Sex Discrimination	223	(308)	470	(689)
Disability Discrimination	151	(144)	219	(195)
Race Discrimination	85	(131)	205	(114)
Sexual Orientation Discrimination	17	(12)	12	(23)
Flexible Working	8	(5)	6	(12)
<b>Total</b>	<b>5451</b>	<b>(4781)</b>	<b>7259</b>	<b>(6963)</b>

The total cleared is greater than the total received due to the number of cases carried over from the previous year. The total number of cases carried over from previous years was 10,076 and the total number carried over to the 2009-2010 year is 7,904.

Table 2 (which follows) provides an analysis of the outcome of the 7,259 claims dealt with between 1 April 2008 and 31 March 2009. The number of conciliated settlements in 2008-2009 was 2,637 and in 2006-2007 it was 1,830.

The 7,259 claims dealt with exceeded the 5,451 claims received, which has led to a significant overall reduction in the number of claims remaining in the backlog.

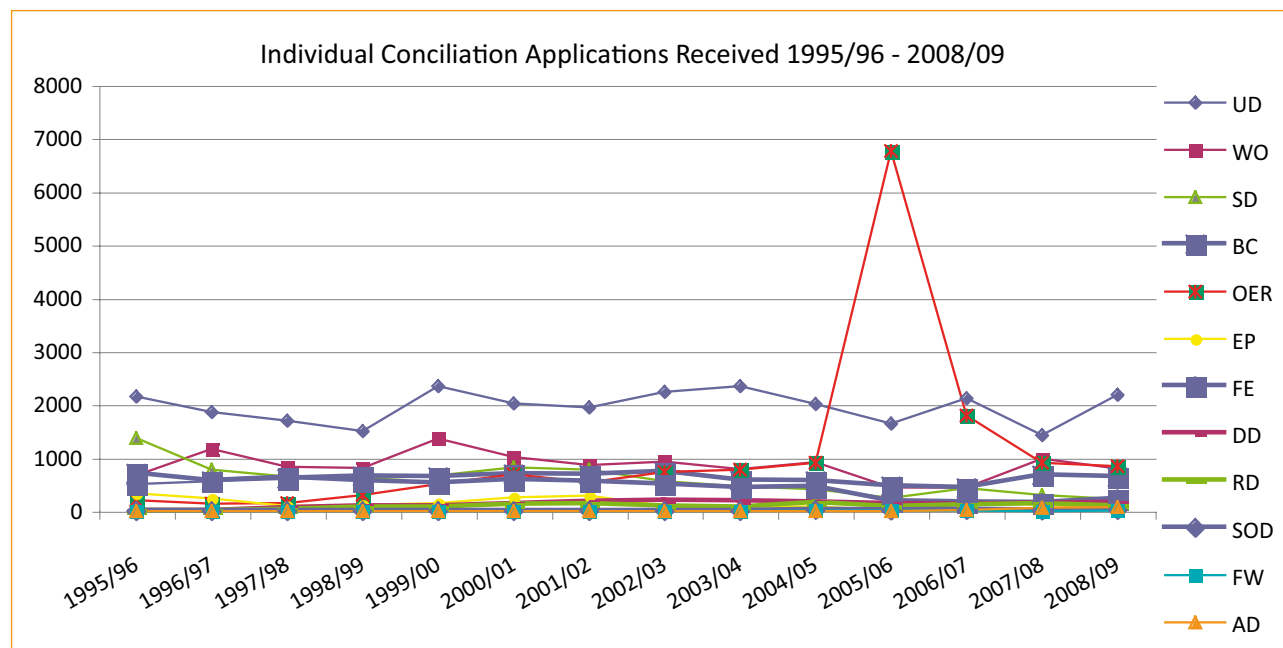
**Table 2:** Individual Conciliation Claims Dealt with and their Outcome (other than fair employment)

(For comparison, the 2007-2008 figures are given in brackets)

Jurisdiction	Settled by Conciliation		Withdrawn During Conciliation		Referred to a Tribunal		Total Claims Dealt With	
Unfair Dismissal	1686	(927)	487	(562)	210	(192)	2383	(1681)
Wages Order	179	(196)	678	(397)	460	(121)	1317	(714)
Breach of Contract	280	(213)	359	(271)	178	(143)	817	(627)
Other Employment Rights	273	(261)	853	(549)	509	(1692)	1635	(2503)
Equal Pay	7	(2)	112	(231)	11	(136)	130	(369)
Age Discrimination	21	(17)	37	(17)	7	(2)	65	(36)
Sex Discrimination	82	(103)	309	(404)	79	(182)	470	(689)
Disability Discrimination	66	(60)	120	(97)	33	(38)	219	(195)
Race Discrimination	40	(41)	128	(58)	37	(15)	205	(114)
Sexual Orientation Discrimination	2	(8)	9	(13)	1	(2)	12	(23)
Flexible Working	1	(2)	4	(9)	1	(1)	6	(12)
<b>Total</b>	<b>2637</b>	<b>(1830)</b>	<b>3096</b>	<b>(2609)</b>	<b>1526</b>	<b>(2524)</b>	<b>7259</b>	<b>(6963)</b>

The chart which follows illustrates trends in applications received by year.

### Applications Received



**Note:** In the above chart the peak shown at 2005/06 for OER is due to a bulk case of 6,183 claims against one employer which had previously been separately recorded but have now been incorporated into the overall figures. Figures without the bulk case would read 588 applications received.

### 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 3 and 4 summarise the complaints alleging religious and/or political discrimination received and dealt with by the Agency. The number of claims received in 2008-2009 was 229 and in 2007-2008 the number of claims received was 152.

The number of claims dealt with by the conciliation officers (359) was more than the 229 received and this has led to a significant reduction in the back log. The number of conciliated settlements in fair employment claims in 2008-2009 was 47 and in 2007-2008 the number of conciliated settlements was 77.

**Table 3:** Fair Employment Claims Received and Dealt With

Claims	2008 - 2009	2007 - 2008
Received for conciliation	229	152
Dealt With	359	332



**Table 4:** Analysis of Fair Employment Claims Dealt With

Claims	2008 - 2009	2007 - 2008
Withdrawn	249	209
To Tribunal	63	46
Settled by Conciliation	47	77
Total Dealt With	359	332

Within the year the Conciliation Section has introduced a more qualitative way to measure its performance. This is the calculation of days saved at Tribunal by the intervention of the Agency resulting in claims being settled or withdrawn with Agency intervention. The baseline for this approach has been developed and will form part of the management information provided on individual conciliation in the future.

A number of newly appointed staff joined the Conciliation Section during last year and have undertaken a comprehensive training programme.

**All Claims Including Fair Employment**

The following table takes into account all the cases dealt with by the Agency, including those arising out of claims made to the Industrial Tribunal, claims made to the Fair Employment Tribunal, and claims made directly to the Agency. It shows the information categorised into claims arising from employment relations based legislation and claims arising from equality based legislation.

Employment relations based legislation covers claims in respect of unfair dismissal, wages order, breach of contract, and other employment rights. Equality based legislation covers claims in respect of equal pay, sex discrimination, fair employment (religious and political discrimination), disability discrimination, racial discrimination, sexual orientation discrimination, flexible working, and age discrimination.

**Table 5:** All Claims Received and Dealt With During 2008-2009 Year

Category	Carried over From Previous Years	Cases Received	Cases Dealt With	Carried Over To 2009 - 2010
Employment Matters	7989	4464	6152	6301
Equality Matters	2535	852	1466	1921

**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

### Independent Appeals/Arbitration Requests

During the year under review, the Agency received 24 requests for independent appeals/arbitration. The sources of these requests are outlined in the table below:

**Table 6:** Request for Independent Appeals/Arbitration

Source of Requests	No. Received
Teaching Sector of Education Service	4
Non-Teaching Sector of Education Service	6
Board Officers of Education Service	7
Procedures agreed within local Government	1
Further Education Sector	1
Public Bodies/Voluntary	4
PSNI	1
Subject of Requests	
Grievance	8
Harassment	7
Pay Conditions of Employment	2
Redundancy	1
Discipline/Dismissal	6

The 24 requests received when combined with the 21 cases brought forward from the previous year amounted to a caseload of 45 independent appeal/arbitration cases. A total of 31 cases were determined during the year. Independent appeal chairs/arbitrators from the list of qualified people retained by the Agency were appointed to hearings and decisions were issued in 22 cases. A total of 8 cases were withdrawn, 1 was dealt with by conciliation and in total 31 cases were cleared during the year. Fourteen requests have been carried forward into the 2009-2010 year. This is a significant reduction on the number carried forward in the previous year.

Table 7 shows the independent appeal/ arbitration cases received and dealt with from 1995/96 to 2008/09.

**Table 7:** Arbitration Cases Received and Dealt With 1995-2009

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	2007/08	2008/09
Cases brought forward from previous year	2	2	14	8	19	18	21	12	18	8	11	16	22	21
Cases received in year	27	44	34	36	29	39	32	35	24	19	35	36	42	24
Total cases in hand	29	46	48	44	48	57	53	47	42	27	46	52	21	45
Cases dealt with	21	31	36	20	14	25	37	22	24	10	19	18	35	23
Cases withdrawn	6	1	4	5	16	11	4	7	10	6	11	12	8	8
Cases carried forward into next year	2	14	8	19	18	21	12	18	8	11	16	22	21	14

Independent appeals, 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, where appropriate, independent appeal, arbitration and/or mediation as alternatives to pursuing industrial action or taking legal proceedings.

### Statutory Arbitration Schemes

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.

The Agency's Statutory Arbitration Scheme for the Resolution of Flexible Working Disputes was approved by the Board of the Agency and submitted to DEL. Approval by DEL was granted in May 2006.

An extensive range of documentation to support both schemes 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 complainants, respondents and their representatives for cases of alleged unfair dismissal or flexible working disputes are sent appropriate documentation on the relevant Scheme with their first contact letter from their allocated conciliation officer. This ensures that all relevant parties are fully informed about the Schemes as early as possible.

### Appointment of Independent Appeal Chairs/Arbitrators/Mediators

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

Single chairs, arbitrators or panels are appointed by the Agency after consultation with the parties to each dispute. A 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 chairs/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.

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

### 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 27 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 33 cases were dealt with during the year under review. There has been a significant reduction in the number of collective conciliation cases carried forward into the following year.

An analysis of the cases received and dealt with compared to the previous year, is shown in Table 8.

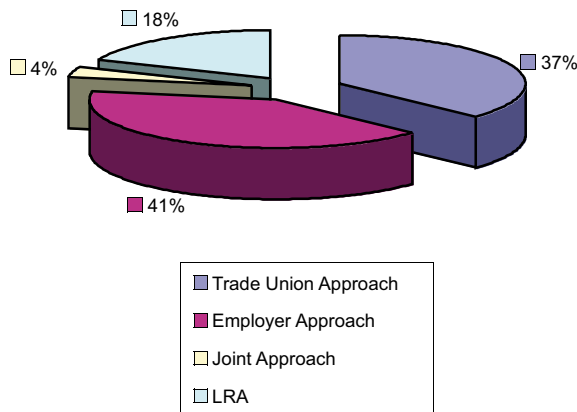
**Table 8:** Collective Conciliation Cases Received and Dealt With

Cases	2008 - 2009	2007 - 2008
Brought forward from previous year	14	14
Received for conciliation	27	40
<b>Total</b>	<b>41</b>	<b>54</b>
Dealt with during the year	33	40
Carried forward to following year	7	17

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 9 shows the sources of requests for assistance.

**Table 9:** Sources of Requests for Collective Conciliation

	2008 - 2009	2007 - 2008
Trade Union Approach	10	16
Employer Approach	11	10
Joint Approach	1	10
LRA	5	3
Industrial Court	0	1
<b>Total</b>	<b>27</b>	<b>40</b>

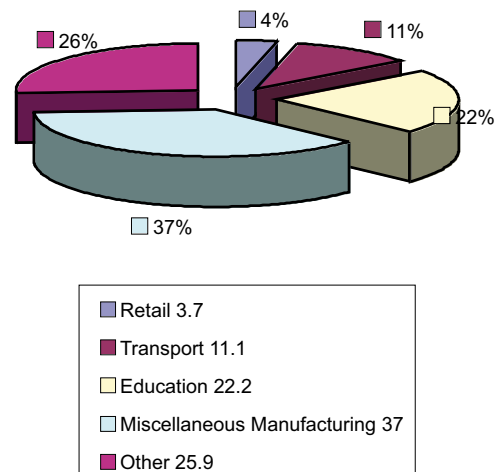


The sectors with the largest number of disputes were the manufacturing sector with the education sector a close second – see Table 10.

**Table 10:** Collective Conciliation Cases Received by Industry Classification

Type of Industry	Cases Received
Retail	1
Transport	3
Education	6
Miscellaneous Manufacturing	10
Others	7
<b>Total</b>	<b>27</b>

Cases Received



The majority of requests for assistance are resolved relatively quickly. However, there was one very difficult dispute during the year which required the involvement of two conciliation officers due to the complexity of the dispute. This dispute was resolved satisfactorily following a lengthy period of collective conciliation and involving Employer and Trade Union representatives at the highest level.

Another of these cases required immediate intervention with two conciliation officers involved due to the complexity and urgency of the dispute and this was resolved to the satisfaction of the parties. 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 7 cases were still the subject of ongoing collective conciliation assistance.

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.

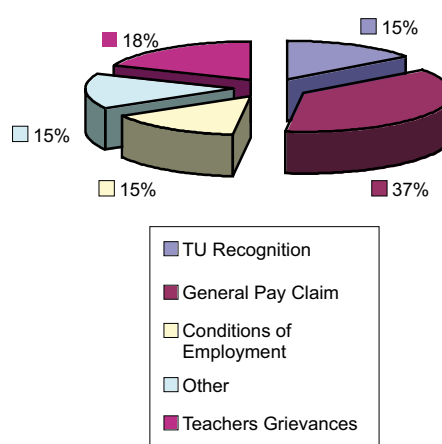
The Agency is proactive in respect of contacting parties to known disputes at the earliest stage possible in order to offer assistance and in this year the Agency initiated conciliation on five occasions.

The majority of the disputes have involved pay and conditions of employment. There has been a reduction in the disputes involving teacher grievances. In addition four disputes involving trade union recognition were received one of which was referred to the Industrial Court. Table 11 provides information on the nature of the disputes in the year under review.

In respect of mediation the Agency are now listing these separately in Table 12.

**Table 11: Nature of Disputes**

	2008 - 2009	2007 - 2008
Conditions of Employment	4	5
General Pay Claim	10	9
Other	4	5
Trade Union Recognition	4	6
Teacher Grievances	5	11
<b>Total</b>	<b>27</b>	<b>40</b>



**Table 12:** Mediation

Mediation	No of cases
Brought Forward from previous year	0
Received in period	4
<b>Total</b>	<b>4</b>
Cleared in period	4
Carried forward to following period	0

### 3.3.3 Corporate Services

#### Customer Focus

Corporate Services exists to support the requirements of the body corporate through ensuring that processes are robust to ensure good corporate governance. Ultimately the customer here is Government and the citizen. Corporate Services directly supports the two “operational” sections within the Agency, namely the Conciliation and Arbitration Section and Advisory Services. The processes which operate within Corporate Services are:

- Corporate;
- Facilities;
- Information Systems;
- Human Resources; and
- Finance.

The 2008-2009 financial year was dominated by the theme of “continuous improvement”. What follows describes the key ways in which each of the processes set out above was improved during the course of the period. The drivers for the changes described below were internal audit reports in 2007-2008 and the Investors in People programme which spawned a range of improvements in all areas of the Agency.

#### Corporate

A root and branch review of the Agency's Health & Safety provisions was initiated. The input of a Health & Safety consultant (Quadra) was procured. Core training was provided to appropriate groups of staff on risk assessment, inspections, expectant mother risk assessment and manual handling. A fundamental reappraisal of policies and procedures was also undertaken. The project remained in progress at the year end.

On the public relations front, the Agency secured useful and effective publicity emanating from the award of Investors in People, obtained towards the end of 2008.

In order to ensure good employment practice, the Agency commissioned the Northern Ireland Statistical Research Agency to carry out an equal pay review. With the assistance of the Agency's legal advisor, the analysis of equal pay has been further progressed by a detailed review of personnel / payroll information. This work remained in progress at the year end with an action plan to be identified in 2009-2010.

#### Facilities

Within the Belfast headquarters, below par customer facilities, pressure on storage and constraints on the expansion of certain key sections (e.g. the Helpline) led the Agency to express an interest in leasing a small additional property in close proximity. Negotiation on the terms of lease remained in progress at the year end.

During the course of the year, the Agency took active steps to upgrade its library services by making employment briefs available electronically to operational staff.

In the Regional Office, plans were drawn up and agreed with the landlord to expand the main office in use by employment relations personnel. Financial estimates for refurbishment have been received from Construction Services and work is expected to progress in early 2009-2010.

### Information Systems

Assisted by PricewaterhouseCoopers, the Agency undertook a formal review of its information systems strategy. This ran in parallel with Government initiatives on the improvement of information systems security within the public sector. The strategy assignment identified a range of initiatives, some of which will require further review in 2009-2010 following the outcome of the Corporate Planning process reported elsewhere in this report.

However, certain recommendations of the strategy were given high priority and are being progressed as they will provide a robust platform for future IS/IT applications driving the Agency's support to its customers. Hence, by the year end, the Agency had commenced a security accreditation project (which will enable it to access Government systems and avail of the wide range of shared services now under development in the Northern Ireland Civil Service). This will also enable a risk assessment of the Agency's information assets to a formal standard recognised within the public sector.

Incorporated within the envelope of the strategy was an examination of the controls pertaining to its computer infrastructure. This has resulted in an improvement programme which involves an upgrading of network switches and the computer servers (upon which the central applications reside). In 2009-2010, this initiative will enable an upgrade to the Agency's contingencies which ensure the ongoing availability of computerised information.

### Human Resources (HR)

The Investors in People project identified a number of key ways in which the human resources process could be improved. Key to this was an improvement in communication led from the top of the organisation. Additional talks and seminars were arranged for staff so that they could be kept suitably involved in corporate and business planning activity. The agenda of team meetings were made more structured and enable the sharing of learning experiences. Team meetings encouraged attendance of staff from other sections. Written briefings to staff were initiated and an in-house news journal, "The Insider", got off to a very good start with several issues being published in course of the year.

Additional resource was provided to the Corporate Services section to review a range of HR policies and procedures. Progress on this review was reported to staff following formal monthly meetings which were arranged between the trade union side secretary and the management side secretary.

A system was introduced for the evaluation of training. The induction programme for new recruits was expanded and the policy for induction extended to include those returning from extended leave or those promoted into new responsibility or business areas.

### Finance

The primary area for improvement in Finance was in payments to suppliers. This had been an area of weakness in prior years. Furthermore, in November 2008, the Treasury announced that from 1 December 2008 the target should be moved towards the payment of suppliers within 10 days of a valid invoice being received. The Agency established a monitoring system for this target and has been working towards the establishment of a baseline. The outcome of these initiatives is provided in the financial statements. The Agency considers its payment



to suppliers to be now consistently on a par with expectations for a public sector organisation of its size. Payment within 10 days remains a key area for improvement with further initiatives necessary in 2009-2010.

### 3.4 Sustainability topics

#### Commitment to Society

The Agency understands that its core values commit it to making a positive contribution to social responsibility.

In terms of interacting with society, the Agency partners a range of organisations such as the Equality Commission and Invest Northern Ireland. These particular projects directly impact on equality and economic issues. This joint working is reported elsewhere in this report. On an individual basis, where there is avoidance of any conflict of interest, members of staff are encouraged to contribute of their time to Boards and other governing bodies, often through their professional body. One member of staff is supported as a public representative. The Agency will continue to seek out fresh opportunities to extend its support to society in this and other ways.

#### Sustaining Organisations

The Agency's core operational work is directly concerned with promoting good workplace relations. Intrinsic to these programmes is a commitment to sustaining organisations as effective and efficient enterprises. This is reflected in the provision of employment relations advice to our customers where there is a focus on the passing on of employment relations skills in order that organisations might become self sustaining in developing and practicing good employment relations. The intention of the Agency is not just to resolve disputes but to establish clear learning outcomes which enable the prevention of disputes.

#### Environmental and Social Matters

In 2008-09 the Agency began the establishment of an environmental and social committee run under the umbrella of its Joint Negotiating and Consultative Committee.

During the year, the Agency installed new technology personal computers on all of its desktops with a significant saving in their energy consumption of the order of 50%.

### 3.5 Body corporate

#### Pension Liabilities

Details of how pension liabilities are treated in the accounts are given in the Remuneration Report which follows and notes 3(b), 3(c) & 3(d) 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 £3,096,565 for the Agency and £187,214 for the Certification Officer, totalling £3,283,779 (2008: Total Net Operating Cost of £3,072,037).

At the beginning of the financial year, the Agency was allocated £3,200,000 grant-in-aid.

**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 £250.

#### 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. The average payment to suppliers within 30 days was 93% (2008: 60%) for the Agency, and was 90% (2008: 49%) for the Certification Officer. As Certification Officer transactions number only 3.5% of the total, overall performance of the organisation was 93%.

A more recent addition to the Code from December 2008 onwards is the requirement to make payment within 10 days of the receipt of goods or services, or presentation of a valid invoice or similar demand, whichever is later. For the period 1st December 2008 to 31st March 2009, the Agency paid 47% of invoices within 10 days. The Certification Office paid 62% of its invoices within 10 days. This gives an overall performance within 10 days of 47%.

### Personal Data Related Incidents

No such incidents occurred in the period.

### Sickness Absence

This is reported in Note 3 of the accounts.

### Research and Development

Current Research in progress consists of joint LRA/LRC papers on working time and fixed term in the separate jurisdictions. The outcome of this work is not expected until May 2009.

### 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 have 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.

The Agency continues with its obligations laid out in its Equality Scheme (approved July 2001). 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 2008-09 the Agency continued to deploy equality training within its staff development programmes. This included seminars on: migrant workers, leadership skills for women, conflict resolution in the workplace, discrimination, stress management, equality law, the Polish language, atypical working, family friendly policies, pre-retirement requirements, the Gangmasters Licensing Authority and the principles of equal pay.

The Agency continued its participation in the Race Forum Migrant Workers Thematic Sub Group (MWTSG) and its Enforcement Working Group. This allows the Agency to contribute to the Migrant Worker Strategy and Action Plan and to develop a joint training plan with the Equality Commission in the context of employment rights, rights to work based on country of origin, and methods of enforcement. At Board level the Agency's annual joint meeting with the Equality Commission was themed around the rights of migrant and vulnerable workers.

In October 2008 the Agency submitted to the Equality Commission its second Disability Action Plan, the first having been submitted on 28 June 2007. The second plan outlines how the LRA intends to advance the measures outlined in the previous action plan to ensure that the disability duties are complied with.

In March 2009 the Agency sponsored the visit of one of its long serving employees to the European Union in Brussels. The visit was arranged by the Northern Ireland Branch of the RNID (Royal National Institute for Deaf People) and it provided an opportunity for a small group of deaf and hard of hearing participants to take part in the first-ever meetings in the European Parliament to use a state-of-the-art infrared system assisting hearing aid users.

### Employees with a Disability

The policy of the Agency in relation to those with a disability 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.

### Board Members

The following served as Board members during the year:

- Mr J McCusker – *Chairman*
- Dr B Black – *term of office ended on 30th September 2008*
- Mr G Milligan – *term of office ended on 30th September 2008*
- Mr W R Ward
- Ms J A Clarke
- Mrs N Heaton
- Mrs P O'Farrell
- Mr P Williamson
- Mrs B Maitland
- Mr T Morrow – *appointed 1 December 2008*
- Mr N Willis – *appointed 1 December 2008*
- Mr S L Fawcett – *appointed 1 December 2008*

All of the Board are non-executive members. 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.



# Chapter 4:

Remuneration Report  
for the Year Ended 31 March 2009

# Remuneration Report for the Year Ended 31 March 2009

## Remuneration Policy

As an NDPB, members of staff of the Labour Relations Agency are not civil servants. However, staff of the Agency, whether on permanent or temporary contract, are subject to levels of remuneration and terms and conditions of service (including superannuation) within the general NICS pay structure as approved by the Department and DFP.

## The NICS Pay Structure – Senior Civil Service

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

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

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

Only one member of staff, the Chief Executive, works in alignment with Senior Civil Service pay and conditions.

## Service Contracts

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

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

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org)

## Salary and pension entitlements

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

<b>Board members</b>	<b>2008/2009 Salary £000</b>	<b>2007/2008 Salary £000</b>
Mr J McCusker – Chairman from 1 March 2008	20-25	5-10
Mr P McCartan- Chairman to 31 January 2008	-	15-20
Dr B Black - term of office ended on 30 Sept. 2008	0-5	0-5
Mr G Milligan - term of office ended on 30 Sept. 2008	0-5	0-5
Mr W R Ward	0-5	0-5
Ms J A Clarke	0-5	0-5
Mrs N Heaton	0-5	0-5
Mrs P O'Farrell	0-5	0-5
Mr P Williamson	0-5	0-5
Mrs B Maitland	0-5	0-5
Mr T Morrow - appointed on 1 December 2008	0-5	-
Mr S L Fawcett - appointed on 1 December 2008	0-5	-
Mr N Willis - appointed on 1 December 2008	0-5	-
<b>Management</b>		
W Patterson Chief Executive & highest paid employee	80-85	75-80
P Holloway	45-50	**45-50
D McGrath	45-50	45-50
G O'Neill	50-55	45-50

\*\*: excluding prior years' salary arrears

## Salary

'Salary' includes gross salary; performance pay and overtime. The Agency makes no other payments to Board members or staff other than expenses, travel and subsistence.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. There were no benefits in kind paid to any member of staff or to members of the Board of the Agency.

## Pension Benefits

Chairman / Officials	J Mc Cusker £	W Patterson £	P Holloway £	D McGrath £	G O'Neill £
Pension increase at 31/03/08 – 31/03/09	0-2,500	0-2,500	0-2,500	0-2,500	0-2,500
Lump sum increase at 31/03/08 – 31/03/09	-	0-2,500	2,500-5,000	0-2,500	0-2,500
Accrued pension at 31/03/09 or date of leaving	0-5,000	25,000-30,000	15,000-20,000	20,000-25,000	15,000-20,000
Accrued lump sum at 31/03/09 or date of leaving	-	80,000-85,000	55,000-60,000	60,000-65,000	45,000-50,000
CETV @ 31/03/09 or at date of leaving (to nearest £k)**	8	608	420	490	376
CETV @ 31/03/08 or at date of leaving (to nearest £k)	-	554	365	447	345
Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)	7	3	22	7	3

## CETV Factors

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

Other than the post of Chairman, no other board member benefits from a pension with the Agency.

The new chairman did not join the pension scheme until 2008/09.

### Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality

'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvo is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th

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

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

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

Further details about the CSP arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by

a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### Real increase in CETV

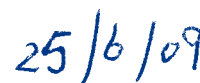
This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation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

### Compensation for loss of office

No members of staff leaving the Agency in 2008/09 received compensation for loss of office.



Chief Executive



Date







# Chapter 5:

## Corporate Governance

# Corporate Governance

The arrangements for corporate governance can be summarised as follows.

The Board of the Agency has 10 non-executive members including the Chairman, Mr Jim McCusker. 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, Julie Anne Clarke, Peter Williamson, Gordon Milligan (to September 2008), and Lyn Fawcett (from January 2009). 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 March 2007 edition) which is updated from time to time.

There is also a Personnel and Finance Sub Committee of the Board chaired by the Chairman of the Board, other members comprising Patricia O'Farrell, Brenda Maitland and Boyd Black (to September 2008) and Neill Willis (from January 2009). 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 a monthly 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.

All Board members are non-executive and 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:**

Challenging constructively and contributing to the development of strategy.

**Performance:**

Monitoring the performance of management in meeting agreed goals and objectives, and monitoring the reporting of performance.

**Risk:**

Obtaining assurance that financial and operational information is accurate and that financial and operational controls and systems of risk management are robust and defensible.

By statute, the Labour Relations Agency is required to pay the Certification Officer's remuneration and to provide support services. The Certification Officer is 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, this support is provided through a Memorandum of Understanding / Service Level Agreement (MOU/SLA).





# Chapter 6:

## LRA Publications

# LRA Publications

- Advisory Guides
  - Collective Dispute Resolution
  - Advice on Agreeing and Changing Contracts of Employment
  - Advice on Managing Absence from Work
  - Advice on Handling Redundancy
  - Advice on Handling Discipline and Grievances at Work
  - Advice on Managing Poor Performance
  - Advice on Recruitment, Selection and Induction
- Annual Reports and Accounts
- Codes of Practice
  - Disciplinary and Grievance Procedures
  - Time Off for Trade Union Duties and Activities
  - Disclosure of Information to Trade Unions for Collective Bargaining
- Corporate Plans
- Disciplinary and Grievance Procedures – Sample Letters and Flowcharts
- Harassment and Bullying in the Workplace
- Self Help Guides
- Information Notes
  - No. 1 Employee Grievances
  - No. 2 Disciplinary Matters
  - No. 3 Holidays and holiday pay
  - No. 4 Sickness Absence Notification and SSP
  - No. 5 Temporary Lay-off and Short-Time Working
  - No. 6 Transfer of Undertakings (Protection of Employment) Regulations 2006
  - No. 7 Deductions from Wages by Employers
  - No. 8 Federations, Associations and Other Organisations of Employers
  - No. 9 Trade Unions and Other Employees' Associations
  - No. 10 Chairpersons and Members of Statutory Bodies
  - No. 11 Time Off – Rights and Responsibilities

- Information on the Rights of Workers in Northern Ireland
  - English
  - Latvian
  - Lithuanian
  - Polish
  - Portuguese
  - Slovak
  - Cantonese
  - Russian
  - Tetum
- LRA Arbitration Schemes
  - Unfair Dismissal
  - Flexible Working
- Occasional Papers
  - An Examination of Recent and Likely Future Developments in Employment Law in Northern Ireland
  - Developments in Employment Law in Northern Ireland
  - New Developments in Public Sector Pay Setting
  - The Changing World of Work – Key issues for Northern Ireland
  - The Northern Ireland Labour Market 1977-2007: Then, Today and Tomorrow
  - Employment Relations in Northern Ireland – Co-operation or Confrontation
  - Review of Employment Law
- Customer Complaints Procedure
- Disability Action Plan







Financial Statements  
of  
The Labour Relations Agency  
and  
The Certification Officer  
for Northern Ireland

31st March 2009



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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 (Chapter 3 – Managing Public Money Northern Ireland), issued by the Department of Finance and Personnel.

# Statement on Internal Control

## Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Labour Relations Agency's policies, aims and objectives, whilst safeguarding the public funds and the Agency's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money (NI).

The Labour Relations Agency is an independent executive Non Departmental Public Body established by statute. The Agency's Board establishes strategic direction and monitors organizational performance. The Chief Executive through the Senior Management Team directs the work of the Agency. The Chief Executive is the Organisation's Accounting Officer and is not a member of the Board. There is a comprehensive reporting and accountability system provided through the Board and Management Team and also through quarterly accountability meetings with the Agency's sponsor Department, for Employment and Learning (DEL). Checks and balances are provided by Internal and External Audit and by the Agency's Audit Committee.

## 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 Office 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 Labour Relations Agency for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts and accords with DFP guidance.

## Capacity to Handle Risk

The Labour Relations Agency has well-established corporate planning and management arrangements which address business risks. The key elements are:

- A three year corporate plan approved by the Agency's Board and DEL;
- An annual business plan which reflects the Corporate Plan (and if appropriate, incremental amendments to the Corporate Plan each year);
- Agreed programmes and allocation of resources to sections; and
- Regular monitoring of outputs and inputs by the Board and Management Team.

The organisation also has well-established approaches to managing the quality of its outputs through regular evaluations of its services, the results of which are reported to the Board and Management Team.

Risk management training is built into the Agency's contract for internal audit services. Training additional to this provision is obtained on an as required basis.

# Statement on Internal Control (cont'd)

## The Risk and Control Framework

Risk appetite is determined by Board decisions on policy direction. In general, the Agency considers itself to be risk averse in terms of compliance requirements as set out in statute or through the external control framework within which it operates (as detailed in its Management Statement / Financial Memorandum). The approach is somewhat more tailored with regard to its operational objectives where risk can be tolerated, treated, transferred or avoided. Decisions as to the most appropriate risk strategy are based on a matrix approach governed by the classification of likelihood and impact into five categories.

Risks are classified as being operational or strategic. All risks are reviewed at least every six months with operational risks being initially identified and assessed on a section basis and strategic risks initially identified and assessed by the Chief Executive.

The full risk register is reviewed formally at the autumn meeting of the Audit Committee and a risk register change report is provided at each of the other two formal Audit Committee meetings.

During 2008/09, the Agency participated in the Northern Ireland Data Protection Survey and enhanced its information security policies and guidance for staff. A project has been initiated to further risk assess and enhance control of the Agency's information held electronically.

Internal Audit completed assignments on: payroll, pensions & travel, purchasing & procurement, financial management & information, conciliation & arbitration, and the Certification Office. The assurance rating received was "satisfactory" in all cases leading to an overall opinion that the Agency's internal control systems were adequate and operated effectively.

## Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Agency who support me in my 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 and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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 Audit Committee supports me as the Accounting Officer by offering objective advice on issues concerning the risk, control and governance of the Agency and the associated assurances. Reporting to the Board on Risk Management is through the Audit Committee. The Audit Committee advises me as the Accounting Officer and the Board on the strategic processes for risk, control and governance. The Audit Committee does not in itself own or manage risks and is, as with Internal Audit, not a substitute for the proper role of management in managing risk.

# Statement on Internal Control (cont'd)

I co-ordinate the monitoring of risk am accountable for approving, implementing, monitoring and evaluating an adequate risk policy, framework and arrangements. I submit 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 operational risk, or significant changes in risk, and bringing these to my attention.



William Patterson  
**Chief Executive / Accounting Officer**

25<sup>th</sup> June 2009  
**Date**



# Labour Relations Agency

## The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of Labour Relations Agency for the year ended 31 March 2009 under the Industrial Relations (NI) Order 1992 and Department for Employment and Learning directions. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Labour Relations Agency, Chief Executive and auditor

The Labour Relations Agency and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Industrial Relations (NI) Order 1992 and Department for Employment and Learning directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Chief Executive's responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Industrial Relations (NI) Order 1992 and Department for Employment and Learning directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Management Commentary, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Assembly and the financial transactions conform to the authorities which govern them.

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

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

I read the other information contained within the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report, Chairman's Foreword, Chief Executive's Overview of the Year, and Corporate Governance Report. I consider the implications for my certificate 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 opinions

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 Agency and 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 the Assembly and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### Opinions

In my opinion:

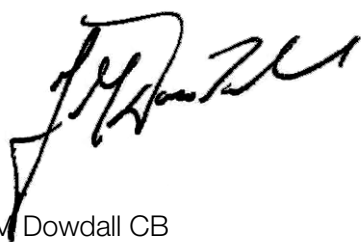
- the financial statements give a true and fair view, in accordance with the Industrial Relations (NI) Order 1992 and directions made thereunder by the Department for Employment and Learning, of the state of the Labour Relations Agency's affairs as at 31 March 2009 and of its net operating cost, recognised gains and losses and cash flow 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 the Industrial Relations (NI) Order 1992 and Department for Employment and Learning directions made thereunder, and
- information given within the Annual Report, which comprises the Management Commentary is consistent with the financial statements.

## Opinion on Regularity

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

## Report

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

*30th.* June 2009

# Operating Cost Statement

For The Year Ended 31 March 2009

	Notes	Agency £	Certification Officer £	2009 Total £	2008 Total £
<b>Income</b>					
Operating income	2	3,059	-	<b>3,059</b>	1,041
<b>Total income</b>		<b>3,059</b>	<b>-</b>	<b>3,059</b>	<b>1,041</b>
<b>Expenditure</b>					
Staff costs	3	2,108,117	132,704	<b>2,240,821</b>	2,066,045
Depreciation	7	98,816	5,501	<b>104,317</b>	70,057
Amounts written off fixed assets	7	(3,573)	34	<b>(3,539)</b>	(2,151)
Other operating costs	5	879,064	49,437	<b>928,501</b>	923,929
		3,082,424	187,676	<b>3,270,100</b>	3,057,880
Notional cost (credit) of capital	6	17,200	(462)	<b>16,738</b>	15,198
<b>Total expenditure</b>		<b>3,099,624</b>	<b>187,214</b>	<b>3,286,838</b>	<b>3,073,078</b>
<b>Net operating cost for the year</b>	11	<b>3,096,565</b>	<b>187,214</b>	<b>3,283,779</b>	<b>3,072,037</b>
(Credit)/debit in respect of notional cost (credit) of capital	6	(17,200)	462	<b>(16,738)</b>	(15,198)
Net expenditure deducted from the General Fund		<b>3,079,365</b>	<b>187,676</b>	<b>3,267,041</b>	<b>3,056,839</b>

All amounts above relate to continuing activities.

# Statement of Recognised Gains and Losses

for the year ended 31 March 2009

	Notes	2009 £	2008 £
Unrealised surplus (deficit) on revaluation of fixed assets	11	<u>14,126</u>	<u>(2,255)</u>
Total recognised gains (losses) for the year		<u><u>14,126</u></u>	<u><u>(2,255)</u></u>

# Balance Sheet

as at 31st March 2009

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	7	<b>270,406</b>	285,003
<b>Current assets</b>			
Debtors	8	<b>80,500</b>	46,984
Cash at bank and in hand	9	<b>193,967</b>	281,170
		<b>274,467</b>	328,154
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	10	<b>(93,107)</b>	(108,476)
<b>Net current assets</b>		<b>181,360</b>	219,678
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>451,766</b>	504,681
<b>Financed by:</b>			
<b>TAXPAYERS' EQUITY</b>			
General Fund	11	<b>420,421</b>	478,751
Revaluation Reserve	11	<b>31,345</b>	25,930
		<b>451,766</b>	504,681

The financial statements were approved by the Board on June 2009,

were authorised for issue on <sup>25<sup>th</sup></sup>JUNE 2009 and were signed on its behalf by:



J Mc Cusker,  
**Chairman**



William Patterson,  
**Chief Executive and Accounting Officer**

# CASH FLOW STATEMENT

for the year ended 31st March 2009

	Notes	2009 £	2008 £
Net cash outflow from operating activities	12.1	<b>(3,230,776)</b>	(3,090,248)
Financing – grant drawn down from Department for Employment & Learning			
- Agency		<b>3,015,000</b>	3,020,000
- Certification Officer		<b>185,000</b>	180,000
	11	<b>3,200,000</b>	3,200,000
Payments to acquire fixed assets		<b>(56,427)</b>	(83,924)
(Decrease) Increase in cash	12.2	<b>(87,203)</b>	25,828

**Note:**

Grant is drawn down under Request for Resources B (2008: Request for Resources B).

# Notes to the Financial Statements

## for the year ended 31 March 2009

### 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, the United Kingdom accounting standards issued or adopted by the Accounting Standards Board, the Financial Reporting Manual (FReM) 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 Fixed assets

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

A capitalisation threshold of £250 (2008:£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.

#### 1.3 Treatment of pension liabilities

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



# Notes to the Financial Statements

## for the year ended 31st March 2009 (cont'd)

### 1. Accounting Policies (cont'd)

#### 1.4 Value Added Tax

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

#### 1.5 Capital Charge

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities.

#### 1.6 Operating Leases

The total cost of operating leases is expensed in equal instalments over the life of the lease.

#### 1.7 Operating Income

Operating income principally relates to bank interest receivable which is accounted for on an accruals basis.

#### 1.8 Financial Instruments

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

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

The Agency has financial instruments in the form of debtors and creditors and cash at the bank.

Cash and other receivables are classified as they are initially measured at fair value and are subsequently measured at amortised cost, if appropriate, using the effective interest method less any impairment.

Financial liabilities are initially measured at fair value, net of transaction costs, if applicable. They are subsequently measured at amortised cost using the effective interest method.

### 2. Operating Income

Operating income comprises:	2009 £	2008 £
Bank interest receivable	<b>3,059</b>	1,041
Total	<b><u>3,059</u></b>	<u>1,041</u>

# Notes to the Financial Statements

## for the year ended 31st March 2009 (cont'd)

### 3. Staff Costs

(a) The number of Board members serving at any one time during the year was:	2009 No	2008 No
Board Members (including Chairman)	<b>10</b>	10
The average weekly number (full time equivalent) of:-		
Management (including Chief Executive)	4	4
Operational (permanent)	40	40
Support	12	10
The Certification Officer (part-time)	1	1
Certification Office Support Staff	4	4
	61	59
Employment Agency staff	6	5
	77	74
	77	74
(b) The costs incurred in respect of these staff were:-	2009 £	2008 £
<b>Agency</b> (excluding Certification Office):-		
Wages and salaries (permanent staff)	<b>1,578,085</b>	1,462,597
Wages and salaries (temporary staff)	-	563
Social security costs	<b>111,263</b>	103,807
Other pension costs – superannuation	<b>270,602</b>	249,936
Employment Agency staff	<b>148,167</b>	121,541
	<b>2,108,117</b>	1,938,444
	<b>2,108,117</b>	1,938,444
<b>Certification Office:</b>		
The Certification Officer and assistants		
Wages and salaries	<b>109,697</b>	105,906
Social security costs	<b>7,978</b>	7,534
Other pension costs – Superannuation	<b>15,029</b>	14,161
	<b>132,704</b>	127,601
	<b>132,704</b>	127,601
<b>TOTAL STAFF COSTS</b>	<b>2,240,821</b>	2,066,045
	%	%
<b>Sickness absence</b>	<b>5.3</b>	4.7

This represents total sickness days taken as a percentage of the total working days in the year.

# Notes to the Financial Statements

for the year ended 31st March 2009 (cont'd)

## 3. Staff Costs (cont'd)

(c) The above staff costs are analysed as follows:	2009 £	2008 £
<b>Board members</b>		
Chairman's salary and other Board members fees	<b>63,880</b>	65,239
Social security costs	<b>2,441</b>	1,527
Other pension costs – superannuation re Chairman	<b>4,109</b>	3,357
	<b>70,430</b>	70,123
<b>Staff: Chief Executive and other management</b>		
Salary	<b>232,086</b>	226,895
Social security costs	<b>21,655</b>	21,898
Other pension costs – superannuation	<b>48,791</b>	48,758
	<b>302,532</b>	297,551
<b>Operational: Salaries (permanent staff)</b>	<b>1,029,863</b>	952,732
Salaries (temporary staff)	-	563
Social security costs	<b>72,191</b>	66,809
Other pension costs – superannuation	<b>176,624</b>	161,098
Employment agency staff	<b>33,783</b>	36,794
	<b>1,312,461</b>	1,217,996
<b>Support: Salaries</b>	<b>252,256</b>	217,731
Social security costs	<b>14,977</b>	13,573
Other pension costs – superannuation	<b>41,077</b>	36,722
Employment agency staff	<b>114,384</b>	84,748
	<b>422,694</b>	352,774
Total staff costs (excluding Certification Officer)	<b>2,108,117</b>	1,938,444
<b>Certification Officer: Salary</b> [prior year includes arrears]	<b>20,568</b>	20,879
Social security costs	<b>1,936</b>	2,004
	<b>22,504</b>	22,883
<b>Support: Salaries</b>	<b>89,129</b>	85,027
Social security costs	<b>6,042</b>	5,529
Other pension costs – superannuation	<b>15,029</b>	14,162
	<b>110,200</b>	104,718
Total Certification Office staff costs	<b>132,704</b>	127,601
<b>TOTAL STAFF COSTS</b>	<b>2,240,821</b>	2,066,045

# Notes to the Financial Statements

## for the year ended 31st March 2009 (cont'd)

### 3. Staff Costs (cont'd)

#### (d) Pension costs

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] is an unfunded multi-employer defined benefit scheme 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 31 March 2007 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2008-09, employers' contributions of £285,631 were payable to the PCSPS(NI) (2007-08: £264,097) at one of four rates in the range 16.5% to 23.5% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2009-10, the salary bands will be revised but the rates will remain the same. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2007/08: £nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil (2007/08: £5), 0.8% of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

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.

The year end balance at the bank is within the limit approved by the Department for Employment and Learning for carry forward to 2009/2010.

# Notes to the Financial Statements

## for the year ended 31 March 2009 (cont'd)

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

	Agency	Certific. Officer £	2009 Total £	Agency	Certific. Officer £	2008 Total £
Rent, including car parks	<b>165,196</b>	<b>11,802</b>	<b>176,998</b>	164,803	11,802	176,605
Rates, including car parks	<b>72,979</b>	<b>5,780</b>	<b>78,759</b>	68,347	5,579	73,926
Service charges, maintenance, cleaning, heating, lighting and insurance	<b>87,197</b>	<b>4,394</b>	<b>91,591</b>	64,017	4,567	68,584
Security	<b>37,729</b>	-	<b>37,729</b>	36,483	-	36,483
Arbitration fees and expenses	<b>18,176</b>	-	<b>18,176</b>	18,624	-	18,624
Advisors' fees and expenses	<b>108,358</b>	-	<b>108,358</b>	52,404	333	52,737
Office supplies, printing and stationery	<b>22,287</b>	<b>1,700</b>	<b>23,987</b>	30,082	1,787	31,869
Postage and telephones	<b>52,490</b>	<b>537</b>	<b>53,027</b>	49,737	1,033	50,770
External auditors' remuneration	<b>6,033</b>	<b>650</b>	<b>6,683</b>	7,114	1,000	8,114
Internal auditors' remuneration	<b>10,940</b>	<b>650</b>	<b>11,590</b>	12,618	-	12,618
Legal fees	<b>7,935</b>	<b>8,179</b>	<b>16,114</b>	44,641	14,633	59,274
Other professional fees	<b>28,363</b>	-	<b>28,363</b>	19,679	-	19,679
IT Managed Services, Maintenance and licenses	<b>57,013</b>	<b>3,000</b>	<b>60,013</b>	60,965	3,000	63,965
IT Development and implementation	<b>13,226</b>	-	<b>13,226</b>	10,276	-	10,276
Travel and subsistence	<b>19,234</b>	<b>4</b>	<b>19,238</b>	23,741	36	23,777
Staff training	<b>59,778</b>	<b>112</b>	<b>59,890</b>	71,359	-	71,359
Publications and advertising	<b>33,286</b>	<b>2,605</b>	<b>35,891</b>	27,649	5,552	33,201
Conference & Seminars	<b>25,797</b>	<b>1,332</b>	<b>27,129</b>	11,463	854	12,317
Advertising (staff vacancies)	<b>3,779</b>	-	<b>3,779</b>	9,065	-	9,065
Library services	<b>23,456</b>	<b>2,407</b>	<b>25,863</b>	14,793	1,773	16,566
Hospitality	<b>10,678</b>	<b>396</b>	<b>11,074</b>	8,045	690	8,735
Miscellaneous expenditure and venue hire	<b>7,395</b>	<b>5,800</b>	<b>13,195</b>	8,613	3,410	12,023
Professional subscriptions	<b>5,996</b>	-	<b>5,996</b>	7,326	-	7,326
Bank charges	<b>1,743</b>	<b>89</b>	<b>1,832</b>	1,774	112	1,886
Settlement of Legal Claim	-	-	-	20,000	-	20,000
LRA Conference	-	-	-	24,150	-	24,150
	<b>879,064</b>	<b>49,437</b>	<b>928,501</b>	867,768	56,161	923,929

# Notes to the Financial Statements

## for the year ended 31 March 2009 (cont'd)

### 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% (2008 – 3.5%) of the average capital employed by the Agency during the year, defined as total assets less current liabilities.

### 7. Fixed Assets

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certific. Officer Office Furniture Fittings £	Certific. Officer Computer Equipment £	Total £
<b>Cost or valuation</b>						
At start of year	229,815	365,356	245,589	24,838	14,430	<b>880,028</b>
Additions	10,416	12,539	41,830	-	7,270	<b>72,055</b>
Disposals	-	(2,133)	(10,606)	-	-	<b>(12,739)</b>
Adjustment arising on revaluation	11,610	13,193	(2,615)	933	(154)	<b>22,967</b>
At end of year	<u>251,841</u>	<u>388,955</u>	<u>274,198</u>	<u>25,771</u>	<u>21,546</u>	<b>962,311</b>
<b>Depreciation</b>						
At start of year	145,404	237,266	180,552	20,544	11,259	<b>595,025</b>
Provision for year	18,444	34,377	38,074	-	-	<b>95,606</b>
Disposal	-	(2,133)	(10,606)	1,778	2,933	<b>(12,739)</b>
Adjustment arising on revaluation	7,345	7,921	(1,923)	790	(120)	<b>14,013</b>
At end of year	<u>171,193</u>	<u>277,431</u>	<u>206,097</u>	<u>23,112</u>	<u>14,072</u>	<b>691,905</b>
<b>Net Book Value</b>						
At 31 March 2009	<u><b>80,648</b></u>	<u><b>111,524</b></u>	<u><b>68,101</b></u>	<u><b>2,659</b></u>	<u><b>7,474</b></u>	<u><b>270,406</b></u>
At 31 March 2008	<u>84,411</u>	<u>128,090</u>	<u>65,037</u>	<u>4,294</u>	<u>3,171</u>	<u>285,003</u>
If stated under historical cost principles the comparable amounts would be:						
Cost	231,963	347,256	417,434	23,252	31,694	1,051,599
Accumulated depreciation	<u>139,238</u>	<u>243,994</u>	<u>349,106</u>	<u>20,830</u>	<u>23,803</u>	<u>776,971</u>
<b>Historical cost value</b>						
At 31 March 2009	<u><b>92,725</b></u>	<u><b>103,262</b></u>	<u><b>68,328</b></u>	<u><b>2,422</b></u>	<u><b>7,891</b></u>	<u><b>274,628</b></u>
At 31 March 2008	<u>94,989</u>	<u>121,772</u>	<u>51,691</u>	<u>4,097</u>	<u>3,177</u>	<u>275,726</u>

# Notes to the Financial Statements

## for the year ended 31 March 2009 (cont'd)

### 7. Fixed Assets (cont'd)

NB: The depreciation charge of £104,317 (2008:£70,057) for the year reflects the depreciation provision of £95,606 (2008: £78,833) together with net revaluation adjustments totalling a debit of £8,711 (2008: credit of £8,776) 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. Any reduction in deficit is credited in the operating cost statement until the written down value of the revalued assets category concerned exceeds their written down value under historic cost principles. During the year the amount written off, or (revalued to), fixed assets for this reason was as follows:

	£
Agency	(3,573)
Certification Officer	34
	<u>(3,539)</u>

### Leased Assets

The adaptations to Agency buildings on short leasehold land carried at a Net Book Value of £80,648 (2008: £84,411) represent the only Agency leased assets.

### 8. Debtors: amounts due within one year

	2009 £	2008 £
Debtors	<b>1,392</b>	1,254
Prepayments	<b>79,108</b>	45,730
	<u><b>80,500</b></u>	<u>46,984</u>

### 9. Cash at Bank and in Hand

	Agency £	Certification Officer £	2009 Total £	2008 Total £
Cash at bank	185,851	7,756	<b>193,607</b>	280,810
Cash held at Londonderry	110	-	<b>110</b>	110
Cash held at Headquarters	100	150	<b>250</b>	250
Total	<u>186,061</u>	<u>7,906</u>	<u><b>193,967</b></u>	<u>281,170</u>

# Notes to the Financial Statements

## for the year ended 31 March 2009 (cont'd)

### 10. Creditors: amounts falling due within one year

	2009 £	2008 £
Purchase creditors	28,462	31,403
PAYE/NIC creditor	891	895
Superannuation creditor	422	25,032
Capital creditors	21,503	5,875
Accruals and other creditors	41,829	45,271
<b>Total</b>	<b>93,107</b>	<b>108,476</b>

### 11. Reconciliation of Movements in Reserves and General Fund

	Note	General Fund £	Revaluation Reserve £	2009 Total £	2008 Total £
<b>At start of year</b>		478,751	25,930	<b>504,681</b>	363,775
Grant from Department for Employment & Learning drawn down		3,200,000		<b>3,200,000</b>	3,200,000
Net operating cost		(3,283,779)		<b>(3,283,779)</b>	(3,072,037)
Credit in respect of notional cost of capital	6	16,738		<b>16,738</b>	15,198
Unrealised surplus (deficit) on revaluation of fixed assets *	7		14,126	<b>14,126</b>	(2,255)
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost		8,711	(8,711)	-	-
<b>At end of year</b>		<b>420,421</b>	<b>31,345</b>	<b>451,766</b>	504,681

\* : where revalued book value exceeds historical cost value



# Notes to the Financial Statements

## for the year ended 31 March 2009 (cont'd)

### 12. Notes To Cash Flow Statement

#### 12.1 Reconciliation of Net Operating Cost for the year to net cash outflow from operating activities.

	2009 £	2008 £
Net Operating Cost for the year	<b>(3,283,779)</b>	(3,072,037)
Credit in respect of notional cost of capital	<b>16,738</b>	15,198
<b>Adjustment for non cash transactions</b>		
Depreciation	<b>104,317</b>	70,057
Amounts revalued to fixed assets	<b>(3,539)</b>	(2,151)
<b>Adjustments for movements in working capital</b>		
(Decrease) increase in debtors	<b>(33,516)</b>	20,355
Decrease in creditors (excl capital creditor)	<b>(30,997)</b>	(121,670)
<b>Net cash outflow from operating activities</b>	<b><u>(3,230,776)</u></b>	<b><u>(3,090,248)</u></b>

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

	2009 £	2008 £
Cash in bank at start of year	<b>281,170</b>	255,342
Net cash (outflow) inflow	<b><u>(87,203)</u></b>	<u>25,828</u>
Cash in bank at end of year	<b><u>193,967</u></b>	<u>281,170</u>

# Notes to the Financial Statements

## for the year ended 31 March 2009 (cont'd)

### 13. Future Capital Expenditure

	2009 £	2008 £
Contracted for:		
Authorised, but not contracted for	-	-
- 3 computer servers	<b>28,000</b>	10,100
- refurbishment of L Derry premises	<b>35,000</b>	-
Total	<b><u>63,000</u></b>	<u>10,100</u>

### 14. Contingent Liabilities

There are no contingent liabilities at the year end.

### 15. Financial Commitments

#### Property Leases:

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

	2009 £	2008 £
Within one to two years	-	-
Within two to five years	<b>136,275</b>	139,238
After five years	<b>28,055</b>	28,787
	<b><u>164,330</u></b>	<u>168,025</u>

The terms of the lease for the Belfast property (present rental of £118,450 plus VAT per annum) allow for a rent review in July 2007. The rent review procedure has not yet been completed as at the date of approval of these financial statements and, as these cannot yet be quantified, no provision or allowance has been made in these financial statements for any arrears of rent which may arise.

# Notes to the Financial Statements

## for the year ended 31 March 2009 (cont'd)

### 15. Financial Commitments (cont'd)

#### Other Expenditure:

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

	2009 £	2008 £
Individual conciliation case management system	4,500	-
IS & Security strategy projects	54,000	40,000
Consultancy support for Corporate and Business Plan	4,000	14,000
Health & Safety Project	2,000	-
Post implementation review of telephony system	3,500	-
	<b>68,000</b>	<b>54,000</b>

### 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.

### 17. Financial Instruments

The majority of financial instruments relate to contracts to buy normal purchase and usage requirements of the Agency. The Agency is therefore exposed to little credit, liquidity or market risk. The Agency has not identified any financial instruments which are complex or play a significant medium to long term role in its financial risk profile. No adjustment has therefore been required in the year under Financial Reporting Standards 25, 26 or 29 to the initial recognition and measurement at any of the Agency's financial instruments.







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