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**Annual Report & Accounts  
2009-2010**

# **Labour Relations Agency Annual Report And Accounts For The Year Ended 31 March 2010**

The Accounting Officer authorised these financial statements for issue  
on  
6 July 2010

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

7 July 2010

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24 June 2010

Mr Alan Shannon  
Permanent Secretary  
Department for Employment and Learning  
Adelaide House  
39-49 Adelaide Street  
Belfast  
BT2 8FD

Dear Mr Shannon,

**Annual Report and Accounts of the Labour Relations Agency: 2009-2010**

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 2010.

Yours sincerely,

**JIM McCUSKER**  
Chairman

Enc

*Chairman*  
Mr Jim McCusker



*Chief Executive*  
Mr Bill Patterson MBA FCIPD



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## CHAPTER 1

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**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



### **JIM McCUSKER (Chairman)**

Appointed Chairman of the LRA with effect from 1 March 2008. Member of the Public Service Commission. 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 Health Regulatory Excellence and Concordia.

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### **JULIE ANNE CLARKE**

Julie Anne Clarke is a Partner in Elliott Duffy Garrett Commercial Lawyers specialising in employment law.

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### **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.

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### **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.



**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.

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**SALLY McKEE**

Mrs McKee is Chairperson of the General Teaching Council NI (GTCNI) 2006-2010, having previously been a Council Member and Chair of the Policy and Education Committee of the Council. She is currently a member of the Disability Committee of NIC-ICTU and on the Board of Governors of Glenlola Collegiate School and Lakewood Special School. Mrs McKee is a past President of the Ulster Teachers Union and was a Board Member of the South Eastern Education and Library Board from 2004-06. Mrs McKee holds no other public appointments.

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**DR TREVOR MORROW**

Dr Morrow is a Programme Director, specialising in HR management, at the University of Ulster's Department 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.

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**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).



### **GORDON PARKES**

Mr Parkes is General Manager, Group Human Resources of Viridian Group Ltd and is currently a member of the Employment Affairs Committee CBI (NI). Mr Parkes has held the position of Head or Director of Human Resources in a number of companies in the pharmaceutical, textile and engineering sectors and prior to his current role was HR Director of NIE and NIE Powerteam. He was Chairman of the NI Textiles and Clothing Training Council from 1998-2001. Mr Parkes hold no other public appointments.

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### **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.

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### **PETER WILLIAMSON**

Former Regional Secretary of AEEU/AMICUS trade union. Member of the Industrial Court Northern Ireland and former 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. Former Executive Committee Member of the Northern Ireland Committee of the Irish Congress of Trade Unions.

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### **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

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### **Chairman's Foreword and Chief Executive's Overview**

## Chairman's Foreword

Overshadowing the work of the Agency has been the continuing economic recession. While the pace of redundancies slackened, economic depressions seem to be correlated to a rise in employment disputes. This situation resulted in a sustained high demand for the Agency's services. For example the Agency Chief Executive in his Overview highlights that the number of employment rights applications received by the Agency rose by nearly 40%, even after allowing for the 4570 equal pay and sex discrimination cases in the NI Civil Service.

Another example was the further increase in the number of cases where the Agency's assistance was sought prior to applications being lodged. Clearly there is a growing appreciation among employers, trade unions and other employment relations practitioners of the advantages of early resolution, without recourse to formal legal procedures, and of alternative methods of dispute resolution.

During 2009/10 the volume of enquiries handled by the Agency continued at a level, which was significantly higher than in pre-recession years, even though a slight decrease occurred compared with 2008/09.

The extra demand for the Agency's services placed considerable additional burdens on the Agency's staff. Despite this rise in their workload the Agency Board was pleased that the Agency staff maintained a high level of satisfaction among users of the Agency.

A major focus throughout the year was the review by the Department for Employment and Learning (DEL) of the methods for resolving employment disputes. Having put its initial proposals to a well attended and

representative seminar in June 2009 the Agency Board finalised in September 2009 a comprehensive response to the Department's consultative paper. Our response had three main elements:

1. more use of mediation,
2. the creation of a system of Employment Commissioners, and
3. greater use of the Industrial Court in its role as an arbitrator of last resort.

Two other DEL reviews were important to the Agency. The first was a review of the Agency itself. It was unfortunate that this review was not concluded by the end of the year, because it impacted on two issues. One was the refinement of our corporate and business plans in line with the concept of the balanced score card; and the other was the need to proceed with the economic AND social evaluation of the Agency's services.

The third review was of the relationship between the DEL and its "arms length bodies". We took this opportunity to point out that over 80% of the Agency's budget was spent on employing staff and related costs, such as premises. Consequently our discretion to spend public funds was strictly limited. We did therefore pose the question as to whether the resources consumed by the extensive control mechanisms were the most effective deployment of public funds. The outcome of this review was also awaited at the end of the year.

The processes of consultation on the three reviews were illustrative of our good relationship with DEL as our sponsoring Department. DEL also responded positively to our modest request for additional resources. However the indications for the

next financial year are that the Agency resources, in common with many public bodies, will be severely strained to deal with the consequences of the recession and with the outcome of the review of methods of dispute resolution.

The social partners are key to the success of business and public services. The Agency therefore attached considerable importance to enhancing its relationships with trade unions and employers' organisations. Other local organisations with which we maintained positive relations were the Office of Industrial Tribunals and the Fair Employment Tribunal, the Industrial Court, the Equality Commission and the Certification Officer. To keep abreast of wider trends the Agency Board visited the Headquarters in Dublin of European Foundation for the Improvement of Living and Working Conditions. The Foundation is the European Union agency providing expertise on industrial relations and change. We also used the occasion to meet with our comparable organisation in the Irish Republic, the Labour Relations Commission. At regular intervals during the year we were also in contact with our counterpart in Great Britain, the Advisory Conciliation and Arbitration Service.

Membership of the Agency Board changed in the course of the year. Norma Heaton, Julie Anne Clarke and Roden Ward left the Board. We owe a depth of gratitude to them for their invaluable contribution to the work of the Agency. Two of the resulting vacancies were filled by Sally Mc Kee and Gordon Parkes, to whom we offer our good wishes as we look forward to their input to our task of improving employment relations. At the close of the year one vacancy remained to be filled.

Looking to the future we see the next few years as an excellent opportunity for the Agency, as DEL is due to publish early in 2010/11 its plans for the better resolution of disputes. Our aim will be to develop our range of services and to raise the level of awareness of these services. This will be a difficult challenge as we all struggle with the out workings of the economic recession and their consequences for public expenditure. However we are confident, through a combined effort of the Board and staff, that we shall successfully meet this challenge.



J McCusker, Chairman



## Chief Executive's Overview of the Year

The 2009-10 financial year proved a demanding year for Agency services. During the year a total of 16,528 individual employment rights applications were received with Agency staff clearing a total of 9099 claims. This resulted in an increased overall carry-over of applications from 8,227 claims into the 2009-10 year to 15,656 claims into the 2010-11 year. The increase in claims received included the receipt of 4570 equal pay/sex discrimination cases which amounted to 9140 applications from the NICS<sup>1</sup>. However the underlying trend, setting aside the NICS cases, is up from 856 equality jurisdiction applications received 2008-09 to 1,139 applications received 2009-10. Likewise the number of employment related jurisdiction applications received is up from 4465 received in 2008-09 to 6249 received in 2009-10. In addition the number of claims not submitted to the Tribunals but received directly by the Agency increased from 1650 in 2008-09 to 1768 in 2009-10. This continues an interesting development in demonstrating the effectiveness and acceptance of alternative dispute resolution where both parties are confident in the process and are willing to work towards a settlement without recourse to a Tribunal. It is highly likely that the DEL Review of Dispute Resolution will encourage the further uptake of the Agency's services prior to submitting a claim to a Tribunal.

Forty one cases were referred to the Agency arbitration section during the year compared with 24 cases in the previous year.

Seven collective conciliation cases were carried over from the previous year with 27

cases being received during 2009-10. A total of 28 collective conciliation cases were cleared during 2009-10. No cases were dealt with under the Unfair Dismissal or Flexible Working Statutory Arbitration Schemes.

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 policy proposals. During the year the Agency contributed to the DEL review steering group and further developed discussions with stakeholders on the way forward.

Agency Helpline staff dealt with a total of 30,185 calls, a decrease of 11% from the previous year. It is notable that this performance was against fluctuating Helpline staff levels mainly due to resignations, and temporary promotions. A submission was made to the Department for Employment and Learning for two additional Helpline posts in order to maintain an acceptable level of response to incoming calls. The lost call rate for the year was 37%. The calls dealt with during 2009-10 generated a total of 53,871 enquiries a figure down by 3.7% from 2008-09 but up by 11.5% from 2007-08. A further 122 members of the public called at Agency offices generating 130 enquiries. In addition Agency staff received 274 advisory cases mainly from micro and small businesses. Thirteen good practice projects were facilitated and 14 workshops were held with 82 organisations attending the workshops. The Agency delivered 123 good practice seminars with 2043 individuals attending. The seminar series has had considerable

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<sup>1</sup> Northern Ireland Civil Service

appeal and success. During the year there were nearly 133,000 downloads and more than 915,000 page views on the Agency website.

The Agency has maintained its continuous improvement programme and is committed to developing recognition for customer service excellence in the Corporate Services Directorate. Our financial performance and audit status continues to be sound. Further progress has been made with the implementation of the Agency Information and Systems Strategy. Priority has been given to information security and accreditation. However delays beyond the Agency's control did occur with our accommodation programme. Whilst additional accommodation was secured along Gordon Street the refurbishment project for the HQ offices was delayed with an accompanying frustration in budget spend.

During the year the Agency board members and staff contributed to three reviews (1) the DEL Review of Dispute Resolution (2) the DEL Value for Money Review of the Agency and (3) the DFP<sup>2</sup> Arms Length Body Review of the Agency. It became clear at the year-end that the Agency would face three major challenges in the coming 2010-11 financial year (1) improving employment relations in Northern Ireland by way of effectively responding to the policy proposals of the DEL Review of Dispute Resolution (2) demonstrating the value for money of the Agency services by way of response to the DEL Review of the Agency and (3) maximising the efficiency of Agency management and performance. The

Agency anticipates a challenging and busy year ahead.



W Patterson, Chief Executive

<sup>2</sup> Department of Finance and Personnel





## CHAPTER 3

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**Management Commentary  
For the Year ended 31 March 2010**

## Management Commentary

### For the Year ended 31 March 2010

#### 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 £8,000 (2009:£6,513) to cover the Labour Relations Agency and the Certification Officer 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. 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 to those engaged in industry, commerce and the public services in Northern Ireland, those 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

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 performance in Northern Ireland through improving employment relations. During the year ending 31 March 2010, it met its corporate objectives as follows.

#### To facilitate employment relations strategy for Northern Ireland

- Following a series of stakeholder meetings and seminars held in 2008-09 and a seminar held in 2009-10 at which invitees examined and discussed reform of dispute resolution in employment in Northern Ireland, there was a series of additional Board meetings where the Board developed its thinking on the strategic options available. By the end of August 2009, the Board had a consensus on its preferred approach which formed the content of the Agency's response to the DEL consultation exercise in September 2009.

#### To develop a corporate plan for the period 2010-11 to 2013-14

- In September 2009, the Agency set in place a process to review what are the key strategic drivers for the development of good employment relations in the province. Following a series of special Board meetings and CEO presentations to staff, a programme of strategic objectives was developed. These were incorporated in a Corporate Plan with more specific objectives being developed for the 2010-

11 Business Plan. The format of the Corporate and Business Plans used a balanced scorecard approach which had been initiated in the prior year.<sup>3</sup>

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

- The Agency recognises that it is highly 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. Having achieved the Investors in People standard, the challenge now for the organisation is to continuously build on that achievement. This has been achieved in the period by extensively enabling personal development through temporary promotions and progressing an ambitious training plan. Furthermore the Agency reviewed its staff performance management system and, for the first time, introduced a formal HR Strategy.

### 3.3 The Directorates

#### 3.3.1 Advisory Services

##### Advisory Support

This year the Agency received 263 requests for assistance and, with a number of cases carried forward from the previous year this enabled the Agency to assist 274 organisations develop and maintain good practice in employment policies and procedures (296 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

<sup>3</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

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 14 workshops, 8 in the Belfast Headquarters and the remainder in the Regional Office. A total of 82 organisations were represented.

As in previous years, feedback from the participants in the workshops remained very favourable with responses from

individuals attending showing that 85.5 percent considered the workshops to be 'very good' and a further 14 percent said they were 'good'.

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:

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

This year the Agency focused on publicising the good practice seminar programme in an effort to expand and enhance employment relations skills and knowledge in the Northern Ireland economy. The Autumn and Spring events programmes were produced as high quality brochures and widely circulated. As a consequence of this promotion, while the target for the 2009-2010 year was 54 seminars, the Agency was actually able to deliver a total of 123.

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 2043, and their response to the presentations continued to be favourable with 67 percent rating the seminars as ‘very good’ and a further 33 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 regular basis to ensure that topics identified by our clients through our operational services are included.

### **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.

The staffing of the Helpline during the year was adversely affected by labour turnover, temporary internal promotion and long term absence. This had an impact on the capacity to deal with the number of calls received. During the year ending 31 March

2010 the Agency dealt with 30,307 callers, a decrease of 11 percent on 2008/2009. Of this total 30,185 contacted the Agency by phone and the remaining 122 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 2009-2010 generated a total of 53,871 separate enquiries on a wide range of employment topics. The chart on page 24 shows the subject matter covered in the enquiries handled during the year.

As in previous years, approximately 31 percent of users raised enquiries on behalf of employers and 69 percent on behalf of employees.

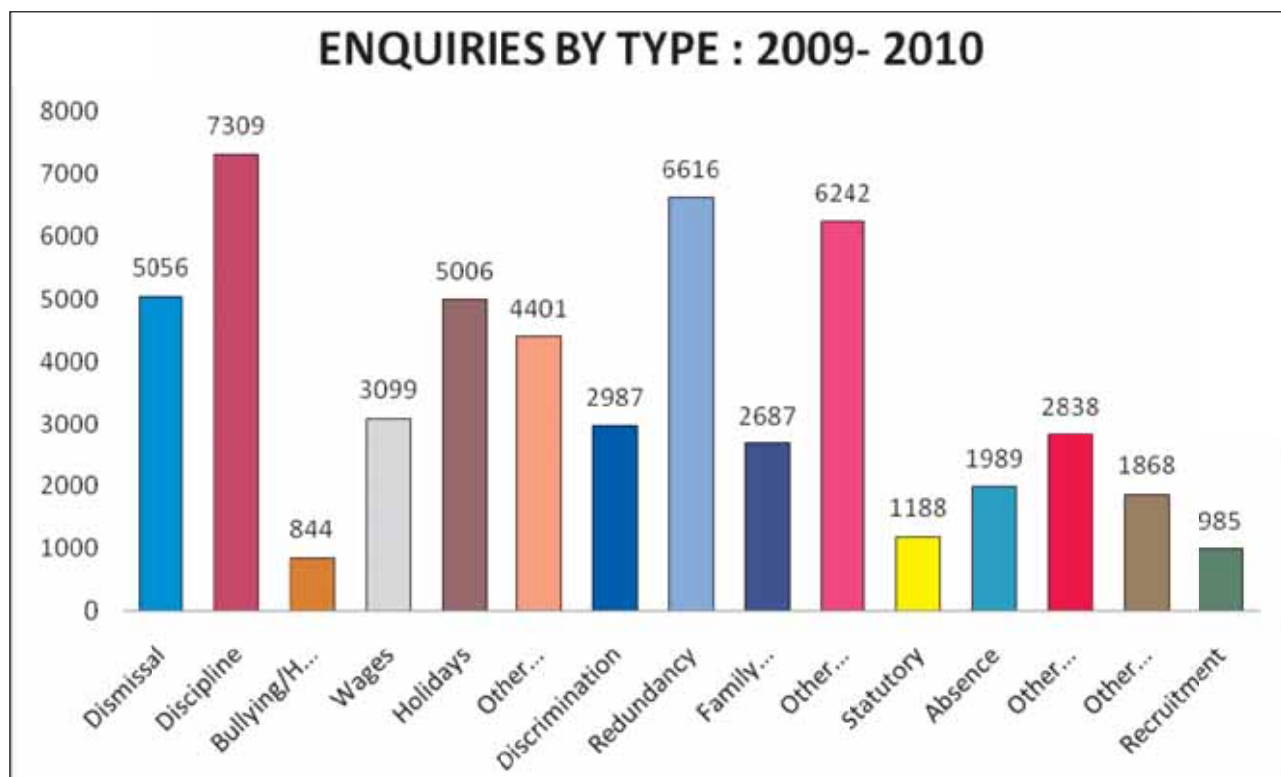
The largest single enquiry subject concerned discipline issues. This accounted for 14 percent of all enquiries compared to 14 percent for the period 2008-09. This is undoubtedly due to the economic downturn and accompanying job losses and business reorganisations which took place during the year.

### **The Agency’s Website**

The usage for the website increased by 8 percent from 70,178 page views per month in the period 2009-2010 to 76,254 page views per month and the number of downloads per month increased by 2 percent from 10,860 to 11,064.

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 placed 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:

- Advisory guide - Advice on Conducting Employment Investigations
- Self Help Guides on preparing:
  - a written statement of main terms and conditions of employment (Sample written statement of main terms and conditions of employment included)
  - an absence notification and certification procedure
  - a grievance procedure and
  - a disciplinary procedure .

The Agency events programmes were also published giving details of content, location and online booking for good practice seminars and advisory workshops. The Agency continued to update its directory of employment related legislation for 2009/2010.

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.

### Migrant Workers

The Agency has continued to implement its strategy of support for migrant/vulnerable workers and the provision of advice to their employers. This has been advanced through the Agency’s membership of the Race Forum’s Migrant Workers Thematic

Sub Group (MWTSG) (See Annual Report 2008-09) and joint working with the Equality Commission (N.I.). In addition to the ongoing activities in these contexts the Agency has also nominated an officer to serve on the Equality Commission's Statutory Investigation into the impact of recruitment agencies practices on migrant's workers employment rights. The Agency has also worked with the College of Agriculture, Fisheries, and the Rural Environment (CAFRE) to produce a migrant workers rights presentation for delivery to farmers employing migrant workers.

### 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. During the year the Agency commissioned jointly with the Labour Relations Commission comparative research into the transposition of the European Directives on Fixed Term Working and Working Time into Northern Ireland and the Republic of Ireland. This research is available for download on the Agency's website.

### Collaborative Working

During the year the Agency facilitated 13 Good Employment Practice Projects some of which included sector wide projects such as the education sector PEIRS<sup>4</sup> project which is a collaboratively devised training programme for promoting effective industrial relations in the school. The Agency also assisted in facilitating the Department for Employment and Learning's joint working party on devising an

alternative dispute resolution pilot scheme within the Department and attempting to establish a framework model for dispute resolution that could apply across Government Departments. Other project work continued along themes that were prominent in 2009 such as dignity at work, information and consultation, post-survey focus group facilitation and industrial/employment relations frameworks and agreements. To this extent project work has been facilitated, respectively, for several schools catering for 11-16 year olds, nursing homes and the voluntary sector, the Health and Safety Executive NI and the Department for Social Development. The Agency has been involved in facilitating reviews of industrial relations guidance for a large Government Department and assisting in drafting behavioural governance protocols relating to industrial relations machinery in a sector of education. The Agency continues to provide assistance in the form of collaborative working projects on subjects as diverse as policy re-drafts and memorandums of understanding through to employee attitude surveys /employment relations audits and annual reviews of employment law.

The Agency has advanced its strategy of developing close collaborative working arrangements with a number of other public bodies to ensure joined up service delivery. The co-ordinated arrangements have been formally developed over the last 3 years with increasingly close working developed with the E C<sup>5</sup>, HMRC, HSENI, INI and DEL. These activities incorporate joint training, joint awareness and promotional activities, supporting each other's events and

<sup>4</sup> Promoting Effective Industrial Relations in Schools

<sup>5</sup> Equality Commission, Her Majesty's Revenue and Customs, Health and Safety Executive for Northern Ireland, Invest Northern Ireland, and the Department for Employment and Learning

conferences and initiatives. This strategy remains a mainstay of the Agency's overall aim to access different markets and sectors and to control cost to the public purse by sharing the cost of events with other public service providers.

### Public relations

In order to promote the Helpline and other Agency services for providing advice in the World of Work, the Advisory Section took a stand at the Belfast Telegraph Holiday World Show from the 15<sup>th</sup>-17<sup>th</sup> January 2010 at the King's Hall in Belfast. In addition, Saturday the 27<sup>th</sup> March 2010, was spent at the Bloomfield Shopping Centre in Bangor, advising the general public of our free, confidential and impartial assistance if they needed help with an employment problem. Eco friendly shopping bags displaying the Agency's logo and Helpline phone number were distributed to customers to reinforce the message and enhance the promotion.

### 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 claims 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 may make 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 2009-2010

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

- The objective for the overall percentage of claims to go to a Tribunal Hearing was no more than 20%. The objective has been met with no more than 13% overall of claims going forward to a Tribunal hearing. 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<sup>6</sup> primarily dealing with CMD<sup>7</sup> hearings.

- Another officer is available to deal with requests for assistance from OITFET at very short notice.
- 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 baseline for this data has been further refined during the reporting year.

Revised Operational Guidelines for Individual Conciliation and Pre Claim Conciliation (Non ET1) have been fully implemented

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

- Despite a substantial increase in the number of referrals Independent Appeal/Arbitration hearings have been dealt with promptly and there has been a small reduction in the number of referrals carried over into the following reporting year.
- Revised Arbitration & Collective Conciliation Operational Guidelines have been implemented in full.
- Mediation Operational Guidelines have been developed and a Guide to Workplace Mediation produced.
- Management information is provided on a monthly basis.
- Formal training of ERMs<sup>8</sup> has been completed and continuous internal training undertaken.
- A complex public sector dispute has been referred to the Agency. Collective

<sup>6</sup> Office of the Industrial Tribunal and the Fair Employment Tribunal

<sup>7</sup> Case Management Discussion

<sup>8</sup> Employment Relations Managers (Deputy Principal grade)

conciliation will continue with the parties until all issues in dispute have been resolved. 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.

- A series of meetings was held with Full Time Officials of Trade Unions operating in Northern Ireland in order to identify how best we can meet their needs. The Agency highlighted the pre claim conciliation service and the mediation services. A similar programme of meetings will be held with representatives of employers.
- Newly appointed conciliation staff have completed the National Certificate in Workplace Mediation.
- There has been continuing expansion of the mediation service in response to requests and all requests have been dealt with promptly.
- Officers in conciliation attended an advanced mediation and negotiating skills training course provided by Robert Benjamin, an internationally renowned mediator. Robert Benjamin was the recipient of the John Haynes Distinguished Mediator Award 2009, awarded by the Association for Conflict Resolution, USA
- There has been a significant increase in the number of mediation referrals during the year particularly from the education sector..

### **Review and enhance the Agency's Individual Case Management System (ICMS)**

- Following a review it has been agreed that the current ICMS<sup>9</sup> should be replaced as the technology is out-dated and not fit for purpose.

### **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**

- 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 538 cases which is a significant increase on the previous year (404).

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 108 employers received assistance with their documentation. In addition 38 organisations attended the 6 workshops held and a total of 43 seminars and 9 talks

<sup>9</sup> Individual Case Management System

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 7 of the collective cases received.

Regional Office staff received four requests for mediation during the reporting year.

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

The Regional Office underwent refurbishment during the reporting year in order to accommodate current staffing levels.

### **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. Following a review of the requirements in relation to Information Technology it has been established that the best way forward is to source and replace an alternative to ICMS with improved management information capabilities and document management.

A single case management system in conjunction with DEL, OITFET and the Court Service is no longer a realistic option.

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.

### **Individual Conciliation (All claims by jurisdiction other than fair employment)**

The Agency's conciliation officers have a high success rate in dealing with claims to the Tribunal. The percentage of claims proceeding to Tribunal in 2009-2010 was 13% and the percentage of claims being either settled or withdrawn was 87%. This represents a significant increase from 79% in 2008-2009 reporting year. In 2009-2010 there were 344 claims struck out by OITFET.

In the year ending 31 March 2010 16,318 claims other than fair employment claims were received by the Agency. For the year ended 31 March 2009, 5,091 claims were received [see Table 1]. The 16,318 figure includes 1,649 direct requests made to and settled by the Agency. In 2008-2009 the number of direct requests was 1,280. 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 a claim to a tribunal for the same alleged infringement of employment rights. Included in the claims received are 4,570 NICS cases which have increased the claims in both Equal Pay and Sex Discrimination jurisdictions.

The number of claims dealt with (other than fair employment) in 2009-2010 was 8,834. In 2008-2009 the number of claims dealt with was 7,259. 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.

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 (104 as opposed to 231) and the LRA believes this is in part due to the continuing early intervention strategy introduced last year by the Agency's conciliation team. 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 2008-2009 figures are given in brackets)

Jurisdiction	Claims Received		Claims Dealt With	
Unfair Dismissal	2,927	(2,184)	2,764	(2,383)
Wages Order	788	(804)	1,281	(1,317)
Breach of Contract	1,196	(635)	867	(817)
Other Employment Rights	1,338	(842)	3,160	(1,635)
Equal Pay	4,629	(64)	81	(130)
Age Discrimination	137	(76)	103	(65)
Sex Discrimination	4,883	(225)	273	(470)
Disability Discrimination	222	(151)	166	(219)
Race Discrimination	162	(85)	104	(205)
Sexual Orientation Discrimination	19	(17)	19	(12)
Flexible Working	17	(8)	16	(6)
<b>TOTAL</b>	<b>16,318</b>	<b>(5,091)</b>	<b>8,834</b>	<b>(7,259)</b>

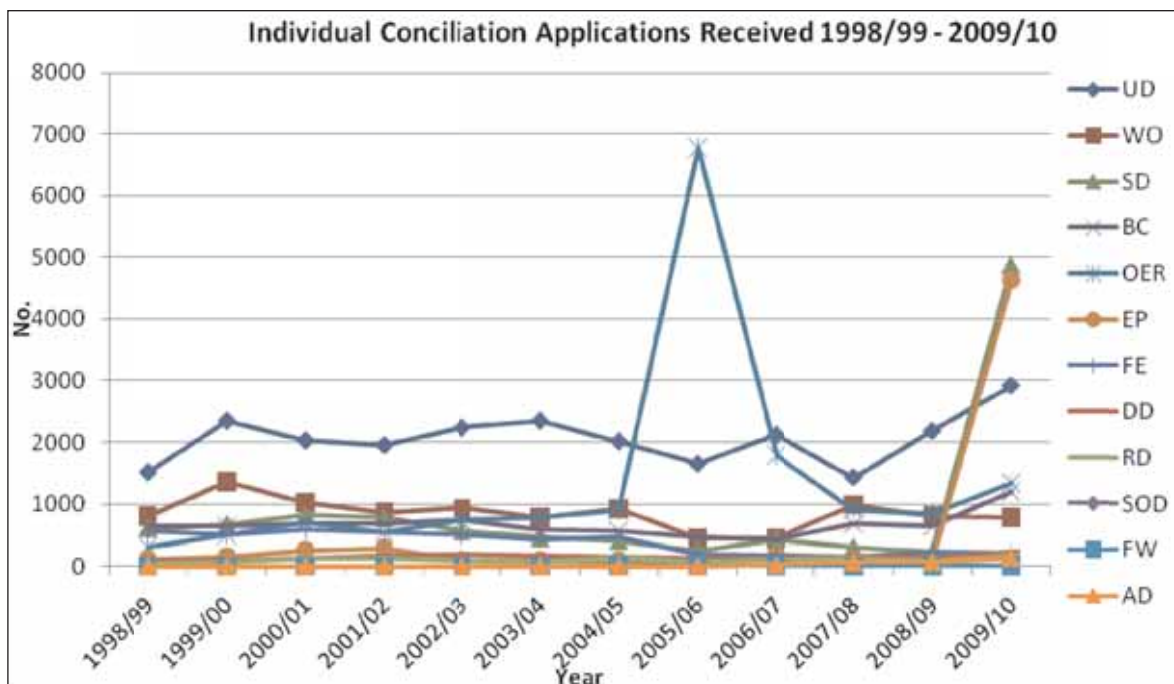
Table 2 (which follows) provides an analysis of the outcome of the 8,834 claims dealt with between 1 April 2009 and 31 March

2010. The number of conciliated settlements in 2009-2010 was 3,877 and in 2008-2009 it was 2,637.

**Table 2: Individual Conciliation Claims Dealt with and their Outcome (other than fair employment)**  
 (For comparison, the 2008-2009 figures are given in brackets)

Jurisdiction	Settled by Conciliation		Withdrawn During Conciliation		Referred to a Tribunal		Total Claims Dealt With	
	No.	(2008/09)	No.	(2008/09)	No.	(2008/09)	No.	(2008/09)
Unfair Dismissal	2,070	(1,686)	491	(487)	203	(210)	2,764	(2,383)
Wages Order	555	(179)	618	(678)	108	(460)	1,281	(1,317)
Breach of Contract	348	(280)	278	(359)	241	(178)	867	(817)
Other Employment Rights	655	(273)	1,868	(853)	637	(509)	3,160	(1,635)
Equal Pay	8	(7)	69	(112)	4	(11)	81	(130)
Age Discrimination	34	(21)	57	(37)	12	(7)	103	(65)
Sex Discrimination	96	(82)	148	(309)	29	(79)	273	(470)
Disability Discrimination	61	(66)	91	(120)	14	(33)	166	(219)
Race Discrimination	36	(40)	55	(128)	13	(37)	104	(205)
Sexual Orientation Discrimination	10	(2)	7	(9)	2	(1)	19	(12)
Flexible Working	4	(1)	11	(4)	1	(1)	16	(6)
<b>TOTAL</b>	<b>3,877</b>	<b>(2,637)</b>	<b>3,693</b>	<b>(3,096)</b>	<b>1,264</b>	<b>(1,526)</b>	<b>8,834</b>	<b>(7,259)</b>

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



**Note:** In the above chart the peak shown at 2005/06 for OER<sup>10</sup> 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.

<sup>10</sup> Other Employment Rights



### 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 2009-2010 was 210 and in 2008-2009 the number of claims received was 230.

The number of claims dealt with by the conciliation officers (265) was slightly higher than the number of claims received (210) resulting in a continuing reduction in the backlog. The number of conciliated settlements in fair employment claims in 2009-2010 was 62 and in 2008-2009 the number of conciliated settlements was 47.

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

Claims	2009-2010	2008-2009
Received for Conciliation	210	230
Dealt With	265	359

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

Claims	2009-2010	2008-2009
Withdrawn	173	249
To Tribunal	30	63
Settled by Conciliation	62	47
Total Dealt With	265	359

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 2009-2010 Year**

Category	Carried over From Previous Years	Cases Received	Cases Dealt With	Carried Over to 2010-2011
Employment Matters	6,302	6,249	8,072	4,479
Equality Matters	1,925	10,279	1,027	11,177

### 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 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 41 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	20
Non-Teaching Sector of Education Service	5
Board Officers of Education Service	8
Procedures agreed within local Government	1
Further Education Sector	2
Public Bodies/Voluntary	3
PSNI <sup>11</sup>	2
Subject of Requests	
Grievance	14
Harassment	7
Pay Conditions of Employment	1
Redundancy	16
Discipline/Dismissal	3

The 41 requests received when combined with the 14 cases brought forward from the previous year amounted to a caseload of 55 independent appeal/arbitration cases. A total of 42 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 21 cases. A total of 15 cases were withdrawn, 1 was dealt with by conciliation, 5 were abandoned for other reasons and in total 42 cases were cleared during the year. Thirteen requests have been carried forward into the 2010-2011 year. These figures show an increase on the number of referrals in the reporting year.

Table 7 shows the independent appeal/arbitration cases received and dealt with from 1996/97 to 2009/10.

<sup>11</sup> Police Service of Northern Ireland

**Table 7: Arbitration Cases Received and Dealt With 1996-2010**

Year	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	2009/10
Cases brought forward from previous year	2	14	8	19	18	21	12	18	8	11	16	22	21	14
Cases received in year	44	34	36	29	39	32	35	24	19	35	36	42	24	41
Total cases in hand	46	48	44	48	57	53	47	42	27	46	52	21	45	55
Cases dealt with	31	36	20	14	25	37	22	24	10	19	18	35	23	27
Cases withdrawn	1	4	5	16	11	4	7	10	6	11	12	8	8	15
Cases carried forward into next year	14	8	19	18	21	12	18	8	11	16	22	21	14	13

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. No cases were heard under either statutory scheme during the 2009-2010 year.

### **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 the same as the number received in the previous year. In total 28 cases were dealt with during the year under review. There has been a slight 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.

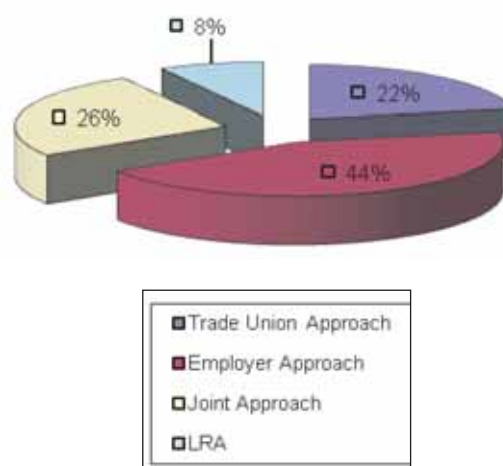
**Table 8: Collective Conciliation Cases Received and Dealt With**

Cases	2009-2010	2008-2009
Brought forward from previous year	7	14
Received for conciliation	27	27
<b>Total</b>	<b>34</b>	<b>41</b>
Dealt with during the year	28	33
Carried forward to following year	6	7

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**

	2009-2010	2008-2009
Trade Union Approach	6	10
Employer Approach	12	11
Joint Approach	7	1
LRA	2	5
Industrial Court	0	0
<b>Total</b>	<b>27</b>	<b>27</b>

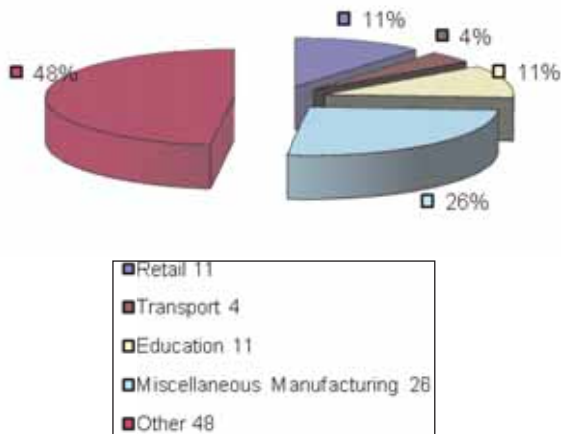


The sectors with the largest number of disputes was the others sector with the manufacturing sector a close second – see Table 10.

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

Type of Industry	Cases Received
Retail	3
Transport	1
Education	3
Miscellaneous Manufacturing	7
Others	13
<b>Total</b>	<b>27</b>

**Cases Received**



The majority of requests for assistance are resolved relatively quickly. However, there was one complex dispute during the year which required the involvement of two conciliation officers due to the complexity of the dispute. The collective conciliation in this dispute is ongoing, however considerable progress has been made by the parties on a number of issues in

dispute. 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 6 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.

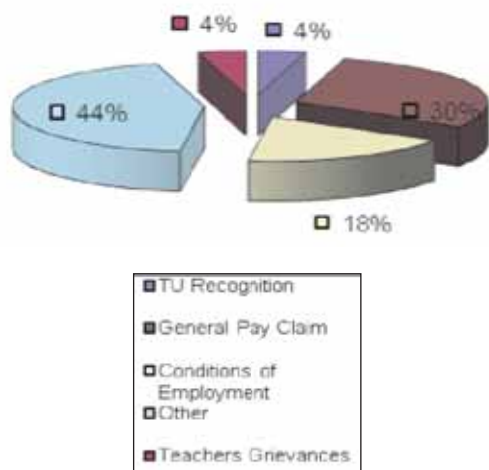
The Agency is proactive in respect of contacting parties to known disputes at the earliest stage possible in order to offer assistance and in this year the Agency initiated conciliation on five occasions.

The majority of the disputes have involved pay and conditions of employment. One dispute on redundancy 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**

	2009-2010	2008-2009
Conditions of Employment	5	4
General Pay Claim	8	10
Other	12	4
Trade Union Recognition	1	4
Teacher Grievances	1	5
<b>Total</b>	<b>27</b>	<b>27</b>



**Table 12: Mediation Cases 2009-2010**

Mediation	No of cases
Brought Forward from previous year	0
Received in period	38
<b>Total</b>	<b>38</b>
Cleared in period	32
Carried forward to following period	4
Stayed	1
Withdrawn	1

### 3.3.3 Corporate Services

#### Customer Focus

Corporate Services facilitates the corporate governance requirements of the Agency and provides services to the Conciliation & Arbitration and Advisory Services sections. Ultimately its customer is Government and the citizen. The processes which operate within Corporate Services are:

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

Whilst the 2008-2009 financial year was dominated by the theme of “continuous improvement” and the successful achievement of Investors in People, 2009-2010 focused on maintaining the momentum of that initiative.

## Corporate

Corporate Services plays a fundamental role in establishing and maintaining the policies, processes and procedures which support the Board in its governance activities, the Chief Executive in his role as Accounting Officer and the auditors, both internal and external.

A key initiative in this area was the establishment of a Public Relations Group chaired by the Chief Executive which in 2009 /2010 was responsible for overseeing the implementation of the Agency Public Relations strategy agreed by the Board in September 2010.

The section also carried out a review of the Agency's risk management process and obtained Board agreement on revised procedures in November 2009.

A key aspect of continuous improvement was the progression of a balanced scorecard approach to corporate and business planning. This ensures that the Agency structures its activities under the categories of customers, processes, staff and resources / governance when developing and prioritising its objectives.

## Facilities

During the financial year the Agency extended its Headquarter premises in Gordon Street by approximately 20% through the leasing of adjacent premises. Work on refurbishing these premises for use by staff was largely completed by 31 March 2010. This is part of an accommodation strategy (now operating to 2019) which has a prime aim of improving Agency facilities for its clients through the provision of enhanced seminar and meeting rooms. The Agency is in the process of

obtaining cost estimates for this longer term work in anticipation of business case approval through its sponsoring Department (DEL).

In the Regional Office, the Agency expanded the main office in use by employment relations personnel and improved the appearance of its reception and stairwells.

## Information Systems

Following completion of an IS Strategy late in 2008/2009, the Agency embarked on a programme of formalising its IS Security provisions. This involved a fundamental review of the risks, a reassessment of its exposure to threat and the consequences, a review and enhancement of existing controls and a refinement of IS Security Policies and Procedures. The final deliverables of this work were the achievement of security accreditation to UK Government standards and the testing of an effective Business Continuity Plan. Although the end phases are planned for the 2010/2011 financial year, the Agency's security systems are substantially more robust after approximately eight months' concentrated effort and a working disaster recovery site is in operation as at the end of March 2010.

In the final months of the period, the Agency commissioned an IS Strategy review which is expected to report in June 2010. The Agency also carried out a root and branch review of its primary bespoke application, the Individual Case Management System (ICMS).



### Human Resources (HR)

The Investors in People project identified a number of key ways in which the human resources process could be improved. This has resulted in the development of a Management Charter which signposts management's commitment to staff, the approval of an HR Strategy by the Board and the establishment of structured development programmes for the middle and senior tiers of management. Continuous improvement initiatives also involved a review of the performance management process to make it more effective and efficient; this included a refinement of the training evaluation process at organisational, team and individual levels. An indication of the strength of this commitment can be seen by reference to Note 6 of the Financial Statements (Other Expenditure) which shows that staff training costs were in excess of £100,000 or averaged over £1,300 per head.

In course of the year, considerable effort was put into reviewing key HR strategies, policies and procedures which included Equal Opportunities, Grievance, Absence and Dignity at Work.

The Agency was happy to welcome three new recruits and also strongly supported the creation of temporary promotion opportunities for more than 10 of its employees. Temporary promotion into a vacancy created through, say, maternity is perceived by the Agency as one of the most effective means of skills development.

### Finance

A key feature of the year which impacted on Corporate Services was a much increased emphasis on the provision of business

cases (or economic appraisals) which are now required for most procurements. However, at the strategic level it was the number of business cases required for professional services and also as a basis for seeking approval for extra posts which most impacted on the section's work.

Performance with regard to supplier payments (section 3.5 below) does not as yet demonstrate the impact of new initiatives which were initialised in the final quarter. These have a greater reliance on payment by electronic means and are expected to demonstrate significant dividends in 2010/11. The Agency also increased its commitment to the electronic ordering of supplies, particularly using the EROS system run by the Department of Finance and Personnel's Central Procurement Division.

The above improvements are against a backdrop of increased levels of expenditure in the Agency. Referring to the Net Expenditure Account, it can be seen that overall net expenditure rose by nearly 7% in 2009/2010 and "Other Expenditures" rose by about 17%.

## 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. These joint working projects are reported elsewhere in the

Advisory Services section ( 3.3.1) of 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. 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

The Agency is dedicated to reducing its carbon footprint with an ongoing commitment to energy efficiency measures, recycling, and reducing paper content through on-line documentation. In 2009/2010 responsibility for environmental matters moved to Corporate Services. As a result, a number of fresh initiatives got underway, particularly in the area of improving the Agency's recycling capability.

In its commissioning of new accommodation, the Agency stripped out existing electric storage heating and invested in natural gas central heating

which is more environmentally friendly than oil and more efficient than electrical storage heating.

## 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 Net Expenditure Account. The Net Expenditure for the year was £3,332,254 for the Agency and £177,349 for the Certification Officer, totalling £3,509,603 (prior year: Total Net Expenditure of £3,290,746).

At the beginning of the financial year, the Agency was allocated £3,695,000 grant-in-aid.

**Plant Property and Equipment:** Details of the movement of these 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. 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.

Annual out turn for payments to suppliers was 89% within 30 days and 34% within 10 days (compared with prior year figures of 93% {30 days / whole year} and 47% {10 days / December to March period}).

Current year performance reduced slightly due to staff turnover in the finance section and the reallocation of finance staff to an increased level of formalisation in procurement and accountability processes. However, there is confidence that the Agency's investment in more electronic forms of payment will bring about a significant improvement in 2010/2011.

### Personal Data Related Incidents

No such incidents occurred in the period.

### Sickness Absence

Percentage absence was 5.3% (against a 4.5% target) for the year but was showing a improvement in February / March of 2010 to below the target.

### Research and Development

Current Research in progress consists of joint LRA/LRC<sup>12</sup> papers on working time and fixed term in the separate jurisdictions. Investment in research in the 2009/10 financial year was less than £5,000.

### 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<sup>13</sup> 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.

<sup>12</sup> Labour Relations Commission, Dublin

<sup>13</sup> Northern Ireland Public Service Alliance

During the course of 2009-10 the Agency continued to deploy equality training within its staff development programmes. 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. The Board holds an annual joint meeting with the Equality Commission to compare areas where fresh joint initiatives may be viable or to clarify their policies to ensure a maximum degree of synergy.

### **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**

Board membership and members' benefits are detailed in the Remuneration Report. Board arrangements and sub-committees are further described in the Corporate Governance section. 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

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### Remuneration Report for the Year Ended 31 March 2010

## Remuneration Report for the Year Ended 31 March 2010

### 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), effective from 1 April 2009, will consist entirely of a base pay award. There will be no non-consolidated bonus payments. All aspects of performance will contribute to considerations for determining base pay awards.

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>2009 /2010 Salary £000</b>	<b>2008/ 2009 Salary £000</b>
Mr J McCusker	20-25	20-25
Mrs P O'Farrell	5-10	5-10
Mr P Williamson	5-10	5-10
Mrs B Maitland	5-10	5-10
Mr W R Ward - term of office ended on 30 Sept. 2009	0-5	5-10
Ms J A Clarke – term of office ended on 30 Sept. 2009	0-5	5-10
Mrs N Heaton – term of office ended on 31 May 2009	0-5	5-10
Mr T Morrow - appointed on 1 December 2008	5-10	0-5
Mr S L Fawcett - appointed on 1 December 2008	5-10	0-5
Mr N Willis - appointed on 1 December 2008	5-10	0-5
Mr G Parkes – appointed on 1 January 2010	0-5	-
Mrs S McKee – appointed on 1 January 2010	0-5	-
Dr B Black - term of office ended on 30 Sept. 2008	-	0-5
Mr G Milligan - term of office ended on 30 Sept. 2008	-	0-5
<b>Management</b>		
W Patterson Chief Executive & highest paid employee	80-85	80-85
P Holloway	45-50	45-50
D McGrath	50-55	45-50
G O'Neill	50-55	50-55

### 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 31/03/09 – 31/03/10	0-2,500	0-2,500	0-2,500	0-2,500	0-2,500
Lump sum increase at 31/03/09 – 31/03/10	-	2,500-5,000	2,500-5,000	2,500-5,000	0-2,500
Accrued pension at 31/03/10 or date of leaving	0-2,500	25,000-30,000	20,000-25,000	20,000-25,000	15,000-20,000
Accrued lump sum at 31/03/10 or date of leaving	-	85,000-90,000	60,000-65,000	65,000-70,000	50,000-55,000
CETV @ 31/03/10 or at date of leaving (to nearest £k)	18	690	480	542	43
CETV @ 31/03/09 or at date of leaving (to nearest £k)	8	600	414	484	371
Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)	9	22	19	21	18

\*\* 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.

### 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 (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the Nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase. However, in line with RPI for September 2009 being in the negative, there will be no other increase for any public sector pensions in 2010.

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

### **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 2009/10 received compensation for loss of office.



Chief Executive

24 June 2010

Date



## CHAPTER 5

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### 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 Peter Williamson (from October 2009), other members being Trevor Morrow, Lyn Fawcett and Gordon Parkes (from February 2010). Several valued members of the Audit Committee retired from the Board in course of the year: Roden Ward (Chair), Norma Heaton and Julie Anne Clarke. 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, Neal Willis and Sally McKee (from February 2010). 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. This sub-committee also oversees the Chief Executive's appraisal.

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**

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### **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
  - Advice on Conducting Employment Investigations
- 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
  - Preparing a Written Statement of Main Terms and Conditions of Employment
  - Sample Written Statement of Main Terms and Conditions of Employment
  - Preparing an Absence Notification and Certification Procedure
  - Preparing a Grievance Procedure
  - Preparing a Disciplinary Procedure
- 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





## CHAPTER 7

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

**31<sup>st</sup> March 2010**



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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, statement of change in reserves 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

### 1. 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.

### 2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 2010 and up to the date of approval of the annual report and accounts and accords with DFP guidance.

### 3. 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)

### 4. 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.

All risks are reviewed at least every six months with by the Chief Executive supported by the Directors.

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.

In the 2009/10 financial year, Internal Audit completed assignments on: human resource management and training; Advisory Services; risk management and corporate governance; fixed assets; and information technology systems. The overall assurance rating received was "satisfactory". However, in the audit of information technology systems, a "limited" assurance was received.

As a consequence, the Internal Audit Statement of Assurance brought to the Agency's attention a significant weakness which is relevant to this Statement of Internal Control for the year ended 31 March 2010, namely, the requirement to formalise and test a Business Continuity and Disaster Recovery Plan.

In response to this finding, in May 2010, the initial testing of the Agency's disaster recovery site was successfully concluded and the technical details documented. The Agency is now in the process of developing its Business Continuity Plan and establishing an action team to implement this. Testing of the Business Continuity Plan is expected to be in the summer months of 2010.

### 5. 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.

## Statement on Internal Control (cont'd)


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.

I co-ordinate the monitoring of risk and 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.



**Chief Executive / Accounting Officer**



**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 the Labour Relations Agency for the year ended 31 March 2010 under the Industrial Relations (NI) Order 1992. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves 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 Chief Executive and auditor

As explained more fully in the Statement of Agency's and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Labour Relations Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Labour Relations Agency; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

### 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.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view, of the state of the Labour Relations Agency affairs as at 31 March 2010 and of its net expenditure, changes in reserves and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance the Industrial Relations (NI) Order 1992 and Department for Employment and Learning directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for Employment and Learning directions issued under Industrial Relations (NI) Order 1992; and
- the information given in the Chairman's Foreword, Chief Executive's Overview of the Year, Management Commentary and Corporate Governance for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

**Report**

I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "Kieran J Donnelly". The signature is written in a cursive style with a large initial 'K'.

K J Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 IEU  
1st July 2010

## Net Expenditure Account for the Year Ended 31 March 2010

	Notes	Agency £	Certification Officer £	2010 Total £	2009 (as restated) Total £
<b>Expenditure</b>					
Staff costs	3	2,153,749	128,243	<b>2,281,992</b>	2,249,098
Depreciation	6	114,069	5,081	<b>119,150</b>	100,778
Other expenditures	6	1,045,318	44,562	<b>1,089,880</b>	928,501
		<u>3,313,136</u>	<u>177,886</u>	<u><b>3,491,022</b></u>	<u>3,278,377</u>
Cost of capital	6	19,118	(537)	<b>18,581</b>	15,428
Interest receivable	5	-	-	-	(3,059)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Expenditure after cost of capital charge and interest</b>		<u><u>3,332,254</u></u>	<u><u>177,349</u></u>	<u><u><b>3,509,603</b></u></u>	<u><u>3,290,746</u></u>

All amounts above relate to continuing activities.

Figures for 2008-09 have been re-stated in line with International Financial Reporting Standards.


The notes on pages 73 to 92 form part of these financial statements.


## Statement of Financial Position as at 31st March 2010

	Notes	2010 £	2009 (as restated) £	2008 (as restated) £
<b>Non-current assets:</b>				
Property, plant and equipment	7	<b>326,007</b>	245,570	260,633
Intangible assets	8	<b>15,086</b>	24,836	24,370
		<b>341,093</b>	270,406	285,003
<b>Current assets:</b>				
Trade and other receivables	9	<b>60,203</b>	80,500	46,984
Cash and cash equivalents	10	<b>571,013</b>	193,967	281,170
<b>Total current assets</b>		<b>631,216</b>	274,467	328,154
<b>Total assets</b>		<b>972,309</b>	544,873	613,157
<b>Current Liabilities</b>				
Trade and other payables	11	<b>(320,759)</b>	(134,653)	(141,745)
<b>Assets less liabilities</b>		<b>651,550</b>	410,220	471,412
<b>Reserves</b>				
Revaluation reserve		<b>43,428</b>	31,345	25,930
General reserve		<b>608,122</b>	378,875	445,482
		<b>651,550</b>	410,220	471,412

Figures for 2008-09 have been re-stated in line with International Financial Reporting Standards.

The financial statements on pages 66 to 69 were approved by the Board on 24 June 2010 and were signed on its behalf by:

  
**J Mc Cusker,**  
Chairman

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

The notes on pages 73 to 92 form part of these financial statements

## Statement of Cash Flows for the year ended 31st March 2010

	Notes	2010 £	2009 (as restated)
<b>Cash flows from operating activities</b>			
Net expenditure after cost of capital and interest		<b>(3,509,603)</b>	(3,290,746)
Adjustments for non-cash items	6	<b>137,731</b>	116,206
Decrease/(increase) in trade and other receivables		<b>20,297</b>	(33,516)
Increase/(decrease) in trade payables exc. capital creditors		<b>134,275</b>	(22,720)
<b>Net cash outflow from operating activities</b>		<b>(3,217,300)</b>	(3,230,776)
<b>Cash flows from investing activities</b>			
Purchase of plant, property and equipment		<b>(95,977)</b>	(43,606)
Purchase of intangible assets		<b>(4,677)</b>	(12,821)
<b>Net cash flows from investing activities</b>		<b>(100,654)</b>	(56,427)
<b>Cash flows from financing activities</b>			
Financing – grant drawn down from Department for Employment & Learning			
- Agency		<b>3,523,000</b>	3,015,000
- Certification Officer		<b>172,000</b>	185,000
<b>Net financing</b>		<b>3,695,000</b>	3,200,000
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>			
	10	<b>377,046</b>	<b>(87,203)</b>
<b>Cash and cash equivalents at the beginning of the period</b>			
	10	<b>193,967</b>	281,170
<b>Cash and cash equivalents at the end of the period</b>			
	10	<b>571,013</b>	<b>193,967</b>

### Notes:

- Grant is drawn down under Request for Resources B (2009: Request for Resources B).
- The grant drawn down is intended to finance both revenue and capital expenditure, details of which are summarised in the Net Expenditure Account and Notes 7 and 8 to the financial statements respectively.



## Statement of Change in Reserves for the Year Ended 31st March 2010

	Notes	General Reserve £	Revaluation Reserve £	Total Reserves £
<b>Balance at 31<sup>st</sup> March 2008</b>		478,751	25,930	504,681
IFRS adjustment – employee benefits (holiday pay) accrual		(33,269)	-	(33,269)
<b>Restated balance at 1<sup>st</sup> April 2008</b>		<b>445,482</b>	<b>25,930</b>	<b>471,412</b>
<b>Changes in reserves for 2008-2009</b>				
Net gain on revaluation of property, plant & equipment		-	14,126	14,126
Non cash charge – cost of capital	6	15,428	-	15,428
Transfer of amount equivalent to additional depreciation on assets whose revaluation is more than historical cost	7	8,711	(8,711)	-
Net expenditure after cost of capital and interest		(3,290,746)	-	(3,290,746)
<b>Total recognised income and expense for 2008/2009</b>		(3,266,607)	5,415	(3,261,192)
Grant from Department for Employment & Learning – drawn down in 2008/2009		3,200,000	-	3,200,000
<b>Balance at 31<sup>st</sup> March 2009 – as restated</b>		<b>378,875</b>	<b>31,345</b>	<b>410,220</b>
<b>Changes in reserves for 2009/2010</b>				
Net gain/(loss) on revaluation of property, plant & equipment		-	37,352	37,352
Non-cash charge – cost of capital		18,581	-	18,581
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost		25,269	(25,269)	-
Net expenditure after cost of capital and interest		(3,509,603)	-	(3,509,603)
<b>Total recognised income &amp; expense for 2009/2010</b>		(3,465,753)	12,083	(3,453,670)
Grant from Department of Employment & Learning-drawn down in 2009/2010		3,695,000	-	3,695,000
<b>Balance as at 31<sup>st</sup> March 2010</b>		<b>608,122</b>	<b>43,428</b>	<b>651,550</b>

The general fund serves as the chief operating fund. The general fund is to be used to account for all financial resources except those required to be accounted for in another fund.

The revaluation reserve records the unrealised gain or loss on the revaluation of assets.

## Notes to the Financial Statements for the Year Ended 31st March 2010

### 1. Accounting Policies

#### Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Labour Relations Agency and The Certification Officer for Northern Ireland for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Labour Relations Agency and the Certification Officer for Northern Ireland are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

#### 1.2 Recognition of Income

The approved resource allocations from the Department for Employment & Learning are credited direct to the General Fund reserve on a cash draw-down basis.

The annual recurrent allocations from the Department for Employment & Learning are intended to meet recurrent costs.

Income from services rendered is included to the extent of the completion of the contract or service concerned.

#### 1.3 Property, plant and equipment

The cost of property, plant and equipment comprises the purchase price and any installation charge.

A capitalisation threshold of £250 (2009:£250) is applied. On initial recognition assets are measured at cost including any costs such as installation directly attributable to bringing them into working condition.

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

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

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

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

### 1.4 Intangible assets

Intangible assets comprise capitalised operational software licenses and the costs involved in implementing the software. The cost of licences and implementation costs are amortised over their expected useful lives of three years. The minimum level for capitalisation of an intangible asset is £250 (2009:£250). These assets have been restated using valuation techniques produced by the Office for National Statistics.

### 1.5 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.

### 1.6 Value Added Tax

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

### 1.7 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.

### 1.8 Operating Leases

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

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 1.9 Operating Income

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

### 1.10 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 trade receivables, trade payables 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.

### 1.11 Staff Costs

Under IAS 19 Employee Benefits legislation, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using the Agency's annual leave records.

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 2. First Time Adoption of IFRS

IFRS 1 First time adoption of International Financial Reporting Standards allows entities adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the first year of transition (i.e. 2009-10). The Labour Relations Agency elected not to take any exemptions.

	General Fund £	Revaluation Reserve £
<b>Taxpayers' equity at 31 March 2008 under UK GAAP</b>	478,751	25,930
Adjustments for:		
IAS 19 Employee Benefits – Accrued untaken paid leave	33,269	-
<b>Taxpayers' equity restated at 1 April 2008 under IFRS</b>	<u>445,482</u>	<u>25,930</u>
<b>Taxpayers' equity at 31 March 2009 under UK GAAP</b>	420,421	31,345
Adjustments for:		
IAS 19 Employee Benefits – Accrued untaken paid leave	41,546	-
<b>Taxpayers' equity restated at 1 April 2009 under IFRS</b>	<u>378,875</u>	<u>31,345</u>
	<b>£</b>	
<b>Net expenditure for 2008-09 under UK GAAP</b>	3,283,779	
Adjustments for:		
Movement in accrued untaken paid leave (IAS 19) – 2008-09	8,277	
Adjustment to Cost of Capital	(1,310)	
<b>Net expenditure for 2008-09 restated under IFRS</b>	<u>3,290,746</u>	
<b>Net expenditure for 2009-10 under UK GAAP</b>	<b>3,489,154</b>	
Adjustments for:		
Movement in accrued untaken paid leave (IAS 19) – 2009-10	<b>20,449</b>	
<b>Net expenditure for 2009-10 under IFRS</b>	<u><b>3,509,603</b></u>	

The adoption of IFRS has no impact on the cash position of the Labour Relations Agency and the Certification Officer for Northern Ireland. No reconciliation is therefore required for prior year cashflow.

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 3. Staff Numbers and Related Costs

(a) Staff costs comprise:-	2010	2009 (as restated)
	£	£
<b>Agency (excluding Certification Office):-</b>		
<b>Permanently employed staff:</b>		
Wages and salaries	1,635,339	1,583,894
Social security costs	116,403	112,008
Other pension costs – superannuation	279,084	271,763
	<u>2,030,826</u>	<u>1,967,665</u>
<b>Others:</b>		
Employment Agency Staff	122,923	148,167
	<u>2,153,749</u>	<u>2,115,832</u>
<b>Certification Office:</b>		
The Certification Officer and assistants		
Wages and salaries	106,206	110,120
Social security costs	7,624	8,032
Other pension costs – Superannuation	14,413	15,114
	<u>128,243</u>	<u>133,266</u>
<b>TOTAL STAFF COSTS</b>	<u><u>2,281,992</u></u>	<u><u>2,249,098</u></u>

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 3. Staff Numbers and Related Costs (cont'd)

b) The above staff costs are analysed as follows:	2010 £	2009 (as restated) £
<b>Board members</b>		
Chairman's salary and other Board members fees	62,197	63,880
Social security costs	2,370	2,441
Other pension costs – superannuation re Chairman	3,424	4,109
	67,991	70,430
<b>Staff: Chief Executive and other management</b>		
Salary	232,455	230,849
Social security costs	21,213	21,496
Other pension costs – superannuation	49,858	48,544
	303,526	300,889
<b>Operational: Salaries (permanent staff)</b>	1,083,098	1,036,544
Social security costs	76,419	73,046
Other pension costs – superannuation	181,612	177,960
Employment agency staff	8,907	33,783
	1,350,036	1,321,333
<b>Support: Salaries</b>	257,591	252,622
Social security costs	16,400	15,024
Other pension costs – superannuation	44,189	41,150
Employment agency staff	114,016	114,384
	432,196	423,180
Total staff costs (excluding Certification Officer)	2,153,749	2,115,832
<b>Certification Officer: Salary</b>	21,006	20,568
Social security costs	1,922	1,936
	22,928	22,504
<b>Support: Salaries</b>	85,200	89,552
Social security costs	5,702	6,096
Other pension costs – superannuation	14,413	15,114
	105,315	110,762
Total Certification Office staff costs	128,243	133,266
<b>TOTAL STAFF COSTS</b>	2,281,992	2,249,098

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 3. Staff Numbers and Related Costs (cont'd)

#### (c) 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 2009-10, employers' contributions of £293,497 were payable to the PCSPS(NI) (2008-09, as restated: £286,877) 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 2010-11, the rates will be in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2009-10 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. No employees of the Agency have opted to do this. Accordingly, these financial statements do not reflect any costs in this regard.

There were no prepaid pension costs at 31 March 2010.

Details of contributions due to PCSPS (NI) at the year end are given in note 11.

#### (d) Average number of persons employed

The number of Board members serving at any one time during the year was:	2010 No	2009 No
Board Members (including Chairman)	9	10
The average weekly number (full time equivalent) of:-		
Management (including Chief Executive)	4	4
Operational (permanent)	39	40
Support	13	12
The Certification Officer (part-time)	1	1
Certification Office Support Staff	4	4
	61	61
Employment Agency staff	6	6
Total (including The Certification Officer)	76	77



## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 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 of £571k is close to the £562k requested from the Department for Employment and Learning for carry forward to 2010/2011. At the year end the Department had approved £282k of this carryover unconditionally, together with a further £280k to be held contingent on business case approval for Headquarters refurbishment. Since the year end the position regarding the £280k has changed as outlined in note 18.

### 5. Income

	2010 £	2009 £
<b>Bank Interest Receivable</b>	-	3,059
	<hr/>	<hr/>
	<hr/>	3,059
	<hr/>	<hr/>

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 6. Other Expenditure (including VAT, where relevant)

	Agency £	Certific. Officer £	2010 Total £	Agency £	Certific. Officer £	2009 Total £
<b>Cash items</b>						
<b>Premises Costs:</b>						
Rent, under operating leases, including car parks	198,975	11,802	210,777	165,196	11,802	176,998
Rates, including car parks	78,706	5,952	84,658	72,979	5,780	78,759
Service charges, maintenance, cleaning, heating, lighting and insurance	98,334	6,401	104,735	87,197	4,394	91,591
Security	39,732	-	39,732	37,729	-	37,729
<b>Other Office Running Costs:</b>						
IT Managed Services, Maintenance and licenses	64,724	3,000	67,724	57,013	3,000	60,013
IT Development and implementation	44,220	-	44,220	13,226	-	13,226
Postage and telephones	48,911	428	49,339	52,490	537	53,027
Office supplies, printing and stationery	33,505	1,711	35,216	22,287	1,700	23,987
Staff training	105,666	244	105,910	59,778	112	59,890
Publications and advertising	63,702	2,583	66,285	33,286	2,605	35,891
Conference & Seminars	10,063	717	10,780	25,797	1,332	27,129
Library services	24,919	2,067	26,986	23,456	2,407	25,863
Travel and subsistence	21,990	818	22,808	19,234	4	19,238
Hospitality	8,758	341	9,099	10,678	396	11,074
Miscellaneous expenditure and venue hire	22,616	6,485	29,101	7,395	5,800	13,195
Professional subscriptions	7,558	-	7,558	5,996	-	5,996
Advertising (staff vacancies)	5,953	-	5,953	3,779	-	3,779
Bank charges	1,374	96	1,470	1,743	89	1,832
<b>Fees and Expenses:</b>						
Advisors' fees and expenses	28,387	142	28,529	108,358	-	108,358
Arbitration fees and expenses	13,980	-	13,980	18,176	-	18,176
Legal fees	7,628	-	7,628	7,935	8,179	16,114
Internal auditors' remuneration	10,635	650	11,285	10,940	650	11,590
External auditors' remuneration	10,215	650	10,865	6,033	650	6,683
Other professional fees	94,767	475	95,242	28,363	-	28,363
<b>Total cash expenditure</b>	<b>1,045,318</b>	<b>44,562</b>	<b>1,089,880</b>	<b>879,064</b>	<b>49,437</b>	<b>928,501</b>

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 6. Other Expenditure (cont'd) (including VAT, where relevant)

	Agency £	Certific. Officer £	2010 Total £	Agency £	Certific. Officer £	2009 Total £
<b>Non-cash items</b>						
<i>Depreciation</i>						
Depreciation of property, plant and equipment	102,135	2,591	104,726	88,117	4,103	92,220
Amounts written off intangible assets	159	51	210	(3,573)	34	(3,539)
Amortisation of non-current assets	11,775	2,439	14,214	10,699	1,398	12,097
	114,069	5,081	119,150	95,243	5,535	100,778
<i>Cost of Capital</i>	19,118	(537)	18,581	15,910	(482)	15,428
<b>Total net non-cash expenses</b>	<b>133,187</b>	<b>4,544</b>	<b>137,731</b>	<b>111,153</b>	<b>5,053</b>	<b>116,206</b>
<b>Total</b>	<b>1,178,505</b>	<b>49,106</b>	<b>1,227,611</b>	<b>990,217</b>	<b>54,490</b>	<b>1,044,707</b>

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 7. Plant, Property and Equipment 2009-2010

	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 1 April 2009	251,841	388,955	186,901	25,771	12,684	<b>866,152</b>
Additions	99,540	5,602	42,669	-	-	<b>147,811</b>
Disposals			(11,285)	-	-	<b>(11,285)</b>
Adjustment arising on revaluation	19,277	18,517	(1,565)	1,229	(106)	<b>37,352</b>
<b>At 31 March 2010</b>	<b>370,658</b>	<b>413,074</b>	<b>216,720</b>	<b>27,000</b>	<b>12,578</b>	<b>1,040,030</b>
<b>Depreciation</b>						
At 1 April 2009	171,193	277,431	137,750	23,112	11,096	<b>620,582</b>
Provision for year	10,310	35,143	32,519	853	632	<b>79,457</b>
Disposal			(11,285)	-		<b>(11,285)</b>
Adjustment arising on revaluation	13,104	12,212	(1,153)	1,196	(90)	<b>25,269</b>
<b>At 31 March 2010</b>	<b>194,607</b>	<b>324,786</b>	<b>157,831</b>	<b>25,161</b>	<b>11,638</b>	<b>714,023</b>
<b>Net Book Value</b>						
<b>At 31 March 2010</b>	<b>176,051</b>	<b>88,288</b>	<b>58,889</b>	<b>1,839</b>	<b>940</b>	<b>326,007</b>
At 31 March 2009	80,648	111,524	49,151	2,659	1,588	245,570

NB: The depreciation charge per note 6 of £ 104,726 (2009:£92,220) for the year reflects the depreciation provision of £ 79,457 (2009: £83,509) together with net revaluation adjustments totalling a debit of £25,269. (2009: debit of £8,711) 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 Net Expenditure Account, rather than deducted from the revaluation surpluses. Any reduction in deficit is credited in the Net Expenditure Account 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 property, plant and equipment for this reason was as follows:-

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 7. Plant, Property and Equipment 2009-2010 (cont'd)

Plant, property & equipment	
	£
Agency	-
Certification Officer	-
	-
	-

#### Leased Assets

The adaptations to Agency buildings on short leasehold land carried at a Net Book Value at 31 March 2010 of £176,051 represent the only Agency leased assets.

#### 2008-2009 as restated

	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 1 April 2008	229,815	365,356	245,589	24,838	14,430	<b>880,028</b>
IAS 38 Intangible Asset reclassification (software-see note 8)	-	-	(82,624)	-	(1,609)	<b>(84,233)</b>
<i>Restated balance at 1<sup>st</sup> April 2008</i>	229,815	365,356	162,965	24,838	12,821	<b>795,795</b>
Additions	10,416	12,539	36,278	-	-	<b>59,233</b>
Disposals	-	(2,133)	(10,606)	-	-	<b>(12,739)</b>
Adjustment arising on revaluation	11,610	13,193	(1,736)	933	(137)	<b>23,863</b>
<b>At 31 March 2009</b>	<b>251,841</b>	<b>388,955</b>	<b>186,901</b>	<b>25,771</b>	<b>12,684</b>	<b>866,152</b>

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 7. Plant, Property and Equipment 2009-2010 (cont'd)

	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>Depreciation</b>						
At 1 April 2008	145,404	237,266	180,552	20,544	11,259	<b>595,025</b>
IAS 38 Intangible Asset reclassification (software-see note 8)	-	-	(58,268)	-	(1,595)	<b>(59,863)</b>
<i>Restated balance at 1<sup>st</sup> April 2008</i>	145,404	237,266	122,284	20,544	9,664	<b>535,162</b>
Provision for year	18,444	34,377	27,375	1,778	1,535	<b>83,509</b>
Disposal	-	(2,133)	(10,606)			<b>(12,739)</b>
Adjustment arising on revaluation	7,345	7,921	(1,303)	790	(103)	<b>14,650</b>
<b>At 31 March 2009</b>	<b>171,193</b>	<b>277,431</b>	<b>137,750</b>	<b>23,112</b>	<b>11,096</b>	<b>620,582</b>
<b>Net Book Value as restated</b>						
<b>At 31 March 2009</b>	<b>80,648</b>	<b>111,524</b>	<b>49,151</b>	<b>2,659</b>	<b>1,588</b>	<b>245,570</b>
Net Book Value as restated						
At 31 March 2008	84,411	128,090	40,681	4,294	3,157	260,633

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 8. Intangible Assets

2009-10 Computer Software and Development Costs	Agency	Cert' Office	Total
<b>Cost or Valuation</b>	£	£	£
At 1 <sup>st</sup> April 2009	87,296	8,861	96,157
Additions	4,677	-	4,677
Adjustment arising on revaluation	(731)	(74)	(805)
<b>At 31<sup>st</sup> March 2010</b>	<b>91,242</b>	<b>8,787</b>	<b>100,029</b>
<b>Amortisation</b>			
At 1 <sup>st</sup> April 2009	68,347	2,977	71,324
Charged in year	11,775	2,439	14,214
Adjustment arising on revaluation	(572)	(23)	(595)
<b>At 31<sup>st</sup> March 2010</b>	<b>79,550</b>	<b>5,393</b>	<b>84,943</b>
<b>Net Book Value</b>			
<b>At 31<sup>st</sup> March 2010</b>	<b>11,692</b>	<b>3,394</b>	<b>15,086</b>
<i>At 31<sup>st</sup> March 2009 (as restated)</i>	<i>18,950</i>	<i>5,885</i>	<i>24,835</i>

\*: 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 Net Expenditure Account, rather than deducted from the revaluation surpluses. Any reduction in deficit is credited in the Net Expenditure Account 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 intangible fixed assets for this reason was as follows:-

	Intangible Fixed Assets	
	£	
Agency		159
Certification Officer		51
		<u>210</u>

## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 8. Intangible Assets (cont'd)

2008-09 (restated)

Agency Computer Software and Development Costs	Agency	Cert Office	Total
<b>Cost or Valuation</b>		<b>£</b>	
At 1 <sup>st</sup> April 2008	-	-	-
IAS 38 Intangible Asset reclassification (see note 7)	82,624	1,609	84,233
<i>Restated balance at 1<sup>st</sup> April 2008</i>	82,624	1,609	84,233
Additions	5,552	7,269	12,821
Adjustment arising on revaluation	(880)	(17)	(897)
<b>At 31<sup>st</sup> March 2009 (as restated)</b>	<b>87,296</b>	<b>8,861</b>	<b>96,157</b>
<b>Amortisation</b>			
At 1 <sup>st</sup> April 2008	-	-	-
IAS 38 Intangible Asset reclassification (see note 7)	58,268	1,595	59,863
<i>Restated balance at 1<sup>st</sup> April 2008</i>	58,268	1,595	59,863
Charged in year	10,701	1,399	12,100
Disposals	-	-	-
Adjustment arising on revaluation	(622)	(17)	(639)
<b>At 31<sup>st</sup> March 2009 (as restated)</b>	<b>68,347</b>	<b>2,977</b>	<b>71,324</b>
<b>Net Book Value</b>			
<b>At 31<sup>st</sup> March 2009 (as restated)</b>	<b>18,950</b>	<b>5,885</b>	<b>24,835</b>
At 31 <sup>st</sup> March 2008 (as restated)	24,356	14	24,370



## Notes to the Financial Statements for the Year Ended 31st March 2010 (cont'd)

### 9. Trade Receivables and Other Current Assets

	2010 £	2009 £	2008 £
<b>Amounts falling due within one year:</b>			
Other receivables	1,350	1,392	1,254
Prepayments	58,853	79,108	45,730
	<u>60,203</u>	<u>80,500</u>	<u>46,984</u>

### 10. Cash and Cash Equivalents

	Agency £	Certification Officer £	2010 Total £	2009 Total £	2008 Total £
Balance at 1 April	186,061	7,906	193,967	281,170	255,342
Net change in cash and cash equivalent balances	374,113	2,933	377,046	(87,203)	25,828
<b>Balance at 31 March</b>	<u>560,174</u>	<u>10,839</u>	<u>571,013</u>	<u>193,967</u>	<u>281,170</u>
The following balances at 31 March were held at:					
Commercial banks and cash in hand	560,174	10,839	571,013	193,967	281,170
<b>Balance at 31 March</b>	<u>560,174</u>	<u>10,839</u>	<u>571,013</u>	<u>193,967</u>	<u>281,170</u>

## 11. Trade Payables and Other Current Liabilities

	2010 £	2009 (as restated) £	2008 (as restated) £
<b>Amounts falling due within one year:</b>			
Trade payables	68,782	70,008	64,672
Other taxation and social security	4,954	891	895
Other payables:			
<i>Superannuation creditor</i>	13,954	422	25,032
<i>Capital creditors</i>	73,334	21,503	5,875
Accruals	159,735	41,829	45,271
<b>Total</b>	<b>320,759</b>	<b>134,653</b>	<b>141,745</b>

## 12. Capital Commitments

	2010 £	2009 £
<b>Contracted capital commitments at 31<sup>st</sup> March not otherwise included in these financial statements:</b>		
- remainder of refurbishment of extended Belfast leasehold premises	15,000	-
	<b>2010 £</b>	<b>2009 £</b>
<b>Authorised, but not contracted for at 31<sup>st</sup> March:</b>		
Property, plant and equipment		
- new security door for Belfast leasehold premises	15,000	-
- 3 computer servers	-	28,000
- refurbishment of L/Derry leasehold premises	-	35,000
<b>Total</b>	<b>15,000</b>	<b>63,000</b>

### 13. Contingent Liabilities

The Agency has been asked to ascertain its legal position in the context of whether or not it is included in the NICS Equal Pay Settlement. Although the position has not been confirmed at the time of finalisation of these financial statements, there is a possibility that the Agency may be included. In this event, the estimate of compensatory payments arising is of the order of £135k.

Apart from this, there are no other contingent liabilities at the year end.

### 14. Commitments Under Leases

#### Operating Leases:

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

Buildings:	2010 £	2009 £
Not later than one year	-	-
Later than one year and not later than five years	-	545,100
Later than five years	<b>1,926,659</b>	285,235
	<b>1,926,659</b>	<b>830,335</b>

In November 2009 the Agency leased additional adjacent premises in Belfast and at the same time negotiated a new longer lease for the expanded building.

No payments were made under finance leases.

## 15. Other Financial Commitments

The Labour Relations Agency has entered into non-cancellable contracts (which are not leases or PFI contracts) for the services listed below. The payments to which the Agency is committed during 2009/10, analysed by period during which the commitment expires are as follows:-

Not later than one year:	2010 £	2009 £
Security accreditation projects	21,412	54,000
IS Strategy	11,200	-
SMT Training Programme	39,300	-
Individual conciliation case management system	-	4,500
Consultancy support for Corporate and Business Plan	-	4,000
Health & Safety Project	-	2,000
Post implementation review of telephony system	-	3,500
	71,912	68,000
<b>Later than one year and not later than five years:</b>	-	-
<b>Later than five years:</b>	-	-
<b>Total</b>	71,912	68,000

## 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 £3,695,000 grant, as disclosed in the statement of cash flows. 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, other than the reimbursement of expenses necessarily incurred by staff in the course of their employment.

## 17. Financial Instruments

As the cash requirements of the Labour Relations Agency and the Certification Officer of Northern Ireland are met through Grant-In Aid provided by the Department for Employment and Learning, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Labour Relations Agency's expected purchase and usage requirements and the Labour Relations Agency is therefore exposed to little credit, liquidity or market risk.

### **18. Post Balance Sheet Event**

Since the year end 31<sup>st</sup> March 2010, the position as stated in Note 4 has altered, in that with tightening funding constraints, the Department has indicated that a business case of £280k is very unlikely to be approved. In these circumstances, the Agency will be preparing a business case for Headquarter's refurbishment which has a value significantly less than £280k and will be discussing re-allocating the surplus moneys following discussion with the Board and the Department.



# Labour Relations

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