



Labour Relations Agency

Annual Report and Accounts

2011-2012

Labour Relations Agency Annual Report And Accounts For The Year Ended 31 March 2012

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

21 June 2012

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21 June 2012

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 : 2011-2012

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 ending 31 March 2012.

Yours sincerely,

A handwritten signature in blue ink that reads 'Jim McCusker'. The signature is written in a cursive, flowing style.

JIM McCUSKER
Chairman

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CONTENTS

| | | Page |
|----------------------|---|------|
| Chapter 1 | Mission Statement, Equality Statement, Core Values | 8 |
| | The LRA Board | 9 |
| Chapter 2 | Chairperson's Foreword | 14 |
| | Chief Executive's Overview of the Year | 16 |
| Chapter 3 | Management Commentary For The Year Ended 31 March 2012 | 20 |
| Chapter 4 | Remuneration Report | 50 |
| Chapter 5 | Corporate Governance | 58 |
| Chapter 6 | LRA Publications | 62 |
| Financial Statements | | 65 |



Chapter 1

Mission Statement,
Equality Statement,
Core Values

Mission Statement, Equality Statement, Core Values

Mission Statement

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

Equality Statement

- The Agency is fully committed to supporting the elimination of all forms of discrimination in employment and to using its services to help secure the objectives of fair employment, equality of opportunity and good relations. As a provider of services, the Agency includes equality of treatments as a fundamental principle of good employment relations and best employment practice. As an employer, the Agency seeks to ensure that its employment policies, procedures and practices conform to good practice as outlined in the relevant Codes of Practice. The Agency is required, under Section 75 of the Northern Ireland Act 1998, to produce an Equality Scheme. The Agency's Equality Scheme was approved by the Equality Commission for Northern Ireland on 1 July 2001.

Core Values

- In delivering services the Agency will:
 - be accessible;
 - respond to customer needs;
 - be open and accountable;
 - act promptly; be professional;
 - behave with integrity;
 - maintain confidentiality;
 - respect opinions

The LRA Board

1. Mr Jim McCusker (Chairman)

Mr Jim McCusker was appointed Chairman of the LRA with effect from 1 March 2008. He is a Member of the Public Service Commission. He was former General Secretary of NIPSA and former member of the Northern Ireland Committee and the Executive Council of the Irish Congress of Trade Unions. He is a Member of the European Economic and Social Committee and a former member of Council for Health Regulatory Excellence and Concordia.

1



1. Mr 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. Concurrently he is a member of the Board of the Health & Safety Executive. 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 President of the University and Colleges Union in the University of Ulster. His teaching focuses on strategic management, which is applied in consultancy and in running a private self catering business. He has significant experience of employee relations, in advocacy and representing individuals and in negotiating policy and procedures with employers.

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3. Mrs Brenda Maitland

Mrs Brenda Maitland formerly worked for BT Northern Ireland as Senior Human Resources Business Partner. She is a Board Member of the Health & Safety Executive NI and a Board Member of Ulster Supported Employment. She is also a Member of the Saintfield Regeneration Committee. She was formerly Hon. Secretary and Member of the Management Council of War on Want.

4. Mrs Sally McKee

Mrs McKee is Honorary Secretary of the NIC-ICTU Disability Committee, on the Board of Governors of Lakewood Special School and Vice-Chairperson of Glenlola Collegiate School. Mrs McKee was Chairperson of the General Teaching Council NI (GTCNI) 2006-10 and has been appointed to the Board of GTCNI 2010-14. She is past President of the Ulster Teachers' Union and from 2004-06 was a Board Member of the South Eastern Education and Library Board.



5. Dr Trevor Morrow

Dr Trevor Morrow is the Programme Director of the MSc International Business and the Human Resource Management (HRM) subject co-ordinator at the University of Ulster's Department of International Business. His publications have appeared in journals such as The Irish Journal of Management, Personnel Review, Human Resource Management Journal, Long Range Planning, The Journal of Small Business and Enterprise Development, International Review of Entrepreneurship and The Journal of European Industrial Training. He is co-author of Strategic Human Resource Management: Contemporary Issues (Financial Times/Prentice Hall 2007 & 2011). Trevor has undertaken consultancy work/research projects for a range of organisations in the public and private sectors: The Northern Ireland Civil Service, Derry City Council, Shorts Bombardier, Seagate Technology, Abbott Industries, Mivan, Wright Bus, Translink, and Caterpillar. He has chaired/co-chaired three major international conferences. He has been an external examiner at 10 universities in the UK and Ireland. He has also served as an employee representative with the Association of University Teachers. In 2011 Trevor took up a post as a council member/non executive director of the Ulster Cancer Foundation.



6. Mrs Alison Millar (from 1 Sept 2011)

Mrs Alison Millar is the Deputy General Secretary of the Northern Ireland Public Service Alliance (NIPSA), the largest trade union in Northern Ireland with over 46,000 members employed across the civil and public services. Ms Millar has overall responsibility for the Public Officers' Group and for major policy issues including the Review of Public Administration. She takes particular responsibility for major policy issues in the Health Service and Housing Executive. Mrs Millar has held previous appointments as NIPSA's Assistant Secretary with negotiating responsibility for the Education and Library Boards, Further Education Colleges and District Councils.

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7. Mr Gordon Parkes

Mr Parkes is HR Director of Northern Ireland Electricity Limited, the electricity networks company owned by ESB and is currently a member of the Employment and Skills Committee CBI (NI) and a member of the Careers Steering group. Previously Mr. Parkes has held the position of Director or Head of Human Resources in a number of companies in the pharmaceutical, textile and engineering sectors and prior to his current role was General Manager Group Human Resources of the Viridian Group Limited. He was Chairman of the NI Textiles and Clothing Training Council from 1998-2001. Mr Parkes holds no other public appointments.



8. Mr Gary McMichael (from 1 Dec 2012)

Since 2001, Mr McMichael has been the Director and Chief Officer of the Northern Ireland charity ASCERT (Action on Substances through Community Education and Related Training). He is Co-Chair of Belfast Drug and Alcohol Co-ordination Team. Since 2010, he has been a voluntary Board Member of the Voice of Young People in Care, providing strategic direction and governance to the charity. Prior to that, he was an elected Member of Lisburn City Council from 1993 to 2005, a voluntary Board Member of SALTA Services, Chair of the Lisburn Community Network and a Trustee of the Northern Ireland Fund for Reconciliation. From 1999 to 2002 he was an OFMDFM appointee to the NI Civic Forum.



9. Mr Peter Williamson

Mr Williamson is a Panel member of the Northern Ireland Industrial Court, Board member of the Engineering Training Council and Board Member of the Electrical Training Trust. Formerly, he was Irish Regional Secretary of Amicus / Unite Trade Union, Secretary to the Northern Ireland District Confederation of Shipbuilding and Engineering Unions (CSEU) District Committee and Executive Committee, Executive Member of the Irish Congress of Trade Unions and Executive Member of the Northern Ireland Committee of the Irish Congress of Trade Unions.



10. Mr Neal Willis

Mr Willis has recently retired from the post of Director of Corporate Services at Newtownabbey Borough Council, a role which included 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. He now works as an independent consultant in the areas of HR and strategic and business planning.



Full details of Board Member profiles are provided in the Agency's website: www.lra.org.uk



Chapter 2

Chairperson's Foreword and
Chief Executive's Overview

Chairperson's Foreword

"Employment relations make an important contribution to the competitiveness of the Northern Ireland economy" according to the Minister for Employment and Learning, Dr. Stephen Farry. A more productive and competitive



economy can be built only on good employment relations. While employment law has a part to play, it cannot be the main means of achieving better employment relations, which is the primary task of the Labour Relations Agency. Consequently the Agency has been working closely with the Department for Employment and Learning (DEL) on alternatives to legal redress.

As part of our strategy for alternative dispute resolution (ADR), the Agency introduced a new service for intervention by the Agency before disputes became the subject of tribunal cases. An evaluation of pre-claim conciliation service is expected to be available in the autumn of 2012.

Continuing the development of mediation is another strand in our ADR strategy. The relatively small number of mediation cases highlights that much more needs to be done. The Agency has therefore identified mediation as a priority for engagement with employers and trade unions in the coming year.

Arbitration is another alternative to the legal route. The Agency did therefore welcome the proposal of DEL to put on a statutory basis a comprehensive arbitration scheme. The general thrust of the new scheme, expected to come into operation in September 2012, had the support of the Agency, but we were concerned that the scheme's attractiveness would be diminished by the limited grounds for appeal and the requirement to follow the legal route for the appeals that would be allowed.

Although the revision of the Agency's code of practice on disciplinary and grievance procedures was prompted by the repeal of the statutory procedure for grievances, it gave the opportunity for reinforcing the Agency's guidance on how to resolve disputes in the workplace or by mediation.

In November, the Coalition Government proposed significant changes to employment law for Great Britain. As part of our strategy for engagement with our stakeholders, the Agency held a seminar to debate these proposals. As a follow-up, the Agency contacted our principal stakeholders, namely the trade unions and the employers, to discuss how to take forward this debate. At the end of the year the Agency's informal discussions were continuing.

During the year it was announced that DEL was to be abolished and its functions were to be re-distributed. The Agency was concerned that that the demise of DEL could lead to a loss of focus on employment relations, to the loss of expertise built up in DEL and to the diminution of the mutually beneficial relationship the Agency had fostered with departmental officials. If DEL were abolished, the Agency's view was that the employment relations function should go to the department that in the future would have responsibility for the economy.

In furtherance of our duty to improve employment relations, the Agency was also anxious about the proposal to transfer the Industrial Tribunals and the Fair Employment Tribunal from DEL to the Department of Justice. Matters coming before the Industrial Tribunals and the Fair Employment Tribunal differ fundamentally from the type of cases, such as social security appeals, dealt by other tribunals.

Representations made to DEL about the cut in the Agency's budget were unsuccessful. Measures were taken to cope in 2011-12 with our reduced budget, but we will find it increasingly difficult to deliver the new comprehensive arbitration scheme, to step up our pre-claim

conciliation and mediation services and to replace our ageing IT systems.

To take forward its strategic aims, the Agency cooperates with a range of other organisations. Chief among these organisations is the Office of the Industrial Tribunals and the Fair Employment Tribunal, with which we concluded a memorandum of understanding recognising that ADR should be the prime focus for early dispute resolution. A similar memorandum of understanding is being reached with the Industrial Court. To enhance our performance, the Agency collaborates with the Advisory Conciliation and Arbitration Service in Great Britain and the Labour Relations Commission in the Irish Republic. In pursuit of common objectives, we worked closely with the Equality Commission and the Certification Officer and attended the international conference in Cardiff of our comparable organisations in countries having similar institutional arrangements.

Issues outstanding from a review of the Agency in 2010 were finalised. A strategy on value for money was completed and a review of the composition, skills, knowledge and aptitudes of the Agency Board was concluded.

New appointees to the Board in 2011-12 were Alison Millar and Gary Mc Michael. We look forward to the contribution that their differing perspectives will bring to the Board.

The high level of performance of the Agency staff was recognised by the award Bronze Status of Investors in People. As only 3% of organisations in the UK achieve this level, it was an outstanding achievement, on which the Board congratulated wholeheartedly the staff.

As we move into a new year, we are looking forward to contributing to the realisation of the general themes in the new Programme for Government of competing in the global economy and encouraging business growth and the particular aim of promoting the early resolution of workplace disputes.

Chief Executive's Overview of the Year

Advisory Services

Successful business requires that employers, employees and their representatives know about and develop the skills of good employment relations and effective employment practice.



Having a good quality of working life is intrinsically beneficial for all involved in the world of work, for the economy, for individual well-being and for social justice.

During the year, Agency Helpline staff dealt with a total of 28,479 callers, an increase of 2.7% on the previous year figure. Of the callers, 90 had their enquiries dealt with in person via a pre-arranged appointment. Whilst the number of callers has remained roughly steady, the standard of service has increased with the lost call rate for the year reducing from 24% (2010-11) to 10% (2011-12) and the average waiting time reducing from 2mins 17seconds (2010-11) to 1 min 04 seconds (2011-12). The calls dealt with during 2011-12 generated a total of 55,811 separate enquiries, an increase of 4% on the previous year.

In addition Agency staff received 248 advisory cases mainly from micro and small businesses. Fourteen good practice projects were facilitated and 18 workshops were held with 75 organisations attending the workshops.

The Agency undertook 163 good practice seminars with 2,386 individuals attending. The seminar series has had considerable appeal and success.

During the year there were 4,120 Web downloads per month and 59,362 page views per month.

The revised LRA Code of Practice on Discipline and Grievance procedures came into effect on 3 April 2011.

The revised LRA Code of Practice on Time off for Trade Union Duties and Activities came into effect 19 April 2012.

Dispute Resolution

The 2011-12 year proved to be productive for the Agency. Referring to tables 1 to 5 in the Management Commentary, in 2011-12 a total of 7,102 individual employment rights applications were received with Agency staff clearing a total of 9,389 claims. Of the total claims cleared approximately 43% were conciliated, 39% were withdrawn and 18% proceeded to Tribunal. This demonstrates the positive impact of Agency involvement with a total of 82% of total claims received being either successfully conciliated or withdrawn.

The individual conciliation figures for 2010-11 were somewhat distorted with the inclusion of bulk equal pay cases. However the underlying trend, setting aside the bulk equal pay cases, reveals a steady state of receipts with 1,139 equality jurisdictional applications received 2009-10, 1,062 received 2010-11 and 1,348 received 2011-12. The number of employment related jurisdictional applications received appears also to have stabilised with 6,249 received in 2009-10, 5,723 in 2010-11 and 5,754 in 2011-12. This reflects a considerable amount of ongoing work.

Pre-claim referrals from the Agency Helpline to conciliation amounted to 124 cases. Of these 57 were converted to conciliation cases. The Helpline link to conciliation continues to mature.

Forty-eight cases were referred to the Agency arbitration section during the year. No applications were received under the Statutory Arbitration Scheme provisions. However, a considerable amount of work was undertaken in preparing documentation in support of a new Statutory Generic Arbitration Scheme. It is estimated that the new scheme, which will cover all appropriate employment jurisdictions, will be launched in September 2012.

Three collective conciliation cases were carried over from the previous year with 27 cases being received in year. Twenty five cases were dealt with during 2011-12.

Fifty-nine mediation cases were received during the year with 45 cases being completed during 2011-12. The resolution of inter-personal disputes by way of mediation is a growing area.

There remains a widespread interest in the utilisation of alternative dispute resolution processes. It remains to be seen how far the current discussions on the review of employment law in Northern Ireland will lead to further innovation in alternative dispute resolution practice.

At year end, work commenced on a revised Management Statement and Financial Memorandum.

Corporate Services

The Agency has maintained its continuous improvement programme with the result of attaining IIP bronze accreditation. 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 with significant improvements being made in our information security status.

Body Corporate

We continue to develop indicators of the Agency value for money. Of particular interest is the taking forward of a Social Return on Investment study.

During the year a customer focus strategy was introduced, a stakeholder strategy was initiated and we prioritised our approach to public relations.

A Memorandum of Understanding was developed and agreed between the Agency and the Office of Industrial Tribunals and Fair Employment Tribunals.

A Memorandum of Understanding between the Agency and the Industrial Court was developed and is pending agreement.



Chapter 3

Management Commentary
for the Year ended 31 March 2012

Management Commentary for the Year ended 31 March 2012

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 Northern Ireland Assembly on the audit examination. The agreed fees of £7,000 (2011: £7,000) to cover the Labour Relations Agency and the Certification Office are confined to the statutory audit and neither include or permit other services which might diminish auditor independence.

Insofar as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware. 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

Deriving from our statutory duties and strategic direction are the Agency's nine strategic objectives for the 2011-2012 performance year. Progress on these is as set out below.

- 1 To have in place a generic arbitration scheme by March 2012.**

The work progressed throughout the year on the basis of a launch date of end March 2012. However, due to various logistical issues encountered in developing the legislative framework, the Department for Employment and Learning has reset the launch for September 2012. Therefore, it was not until 19 April 2012 that the Board met to consider the draft Labour Relations Agency Arbitration Scheme, as set out in *The Labour Relations Agency Arbitration Scheme Order (Northern Ireland) 2012*.
- 2 To have in place by 30 April 2011 and evaluated by 31 March 2012 a pre claim referral process from the Helpline to Agency conciliation services.**

Although the pre claim referral process was launched on time, it is considered that a year in full operation would be necessary to enable a comprehensive evaluation. Given the necessary several months required for the evaluation process, it is probable that an evaluation report will be available in the first half of 2012-13.
- 3 To have in place a customer focus strategy by November 2011.**

In November 2011, the Board agreed to adopt the Customer Services Excellence model as a building block for a Customer Focus Strategy. Work is now progressing to develop the strategy at a more strategic level and further developments of the strategy are expected in 2012-13.
- 4 To have a revised public relations strategy in place by December 2011.**

A revised Public Relations Strategy was approved by the Board in November 2011 with the proviso that PR and Communications would be tailored to the resources available, in-house PR capability would be developed and that the sponsoring Department, Department for Employment and Learning (DEL), should be approached in relation to assistance with the issue of Agency press releases.
- 5 To have determined by 31 March 2012 an approach to establishing a stakeholder engagement strategy.**

A framework for stakeholder engagement was developed by 31 March 2012 and went to the April Board. The principles involved gained general acceptance from the Board and a number of small amendments in the detail were proposed and adopted. The revised paper is regarded as being a sufficient basis upon which a stakeholder strategy can be developed (Corporate Plan target September 2012).
- 6 To retain liP accreditation by November 2011.**

The Agency was delighted in 2011 to have been moved from accreditation at the Core Standard (requiring 39 evidence requirements) to the Bronze Standard where they had achieved 78 evidence requirements. The message conveyed during the assessment was that the good practice which had been to some extent "learnt" in the initial liP assessment had now been "embedded" with a resultant enhancement in the commitment and alignment of staff to organisational values and objectives.
- 7 To have in place an employee engagement and recognition strategy by 31 March 2012.**

By November 2011, the Agency had developed a framework for recognition, reward

and engagement. However, although useful on the pathway to reassessment of liP, this was found to be weak in terms of strategy. It was therefore decided to develop a separate engagement strategy first with an independent (though linked) recognition strategy to follow. By the 31 March, both of these had been developed and, at the year end, were under review by the Chief Executive.

8 To develop Agency corporate governance capability by 31 March 2012

The two building blocks of this were to have in place Memoranda of Understanding between the LRA and OITFET¹ and the LRA and the Industrial Court and to undertake a review of Board capability in addressing corporate governance.

In October 2011, the Board agreed that the draft LRA/Industrial Court Memorandum of Understanding, as amended, should be submitted to the Court. A Memorandum of understanding between the LRA and OITFET was approved by the January 2012 Board.

Board corporate governance capability was addressed through a tailored workshop that was facilitated by the Chief Executive's Forum in October 2011.

9 Research and draft a Value for Money Strategy and determine the economic and social impact of Agency services by 31 March 2012

A value for Money Strategy was developed by the end of March and subsequently approved by the Board in April 2012. A business case to carry out a study on the social and economic impact of Agency Services was approved by the Department (DEL) in April 2012 and will be carried forward into 2012-13.

3.3 THE DIRECTORATES

3.3.1 ADVISORY SERVICES 2011-2012

Advisory Support

This year the Agency received 248 requests for assistance. Including cases carried forward from the previous year, the Agency assisted 305 organisations develop and maintain good practice in employment policies and procedures (270 in the previous year). This involved an Agency officer assisting with the vetting and updating of existing employment policies and procedures to ensure compliance with legislative requirements and to promote good practice. The Agency is of the view that sound policies and procedures are a desirable method of communicating rights and responsibilities in the workplace and form a valuable basis for the working relationship. In addition, sound procedures provide a means for disputes to be resolved in the workplace without the need for recourse to tribunals.

The users of the service reflect the structure of the Northern Ireland economy in that the vast majority of clients are micro and small organisations in the service sector employing fewer than 50 employees.

In addition, Agency officers regularly vet InvestNI Guides on employment-related matters for accuracy. This year 50 such documents were vetted. These guides and self-help tools appear on the INI website www.nibusinessinfo.com – Northern Ireland's online business advice service.

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

¹ Office of Industrial Tribunals, Fair Employment Tribunals

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 18 workshops, 12 in the Belfast Headquarters and the remainder in the Regional Office. A total of 75 organisations were represented.

As in previous years, feedback from the participants in the workshops remained very favourable with responses from individuals attending showing that 91 percent considered the workshops to be 'very good' and a further 9 percent said they were 'good'.

As part of its programme of promoting good employment practice and preventing disputes arising in the workplace, the Agency hosted a series of seminars led by experienced Agency staff. Good Practice seminars were offered during the year as follows:

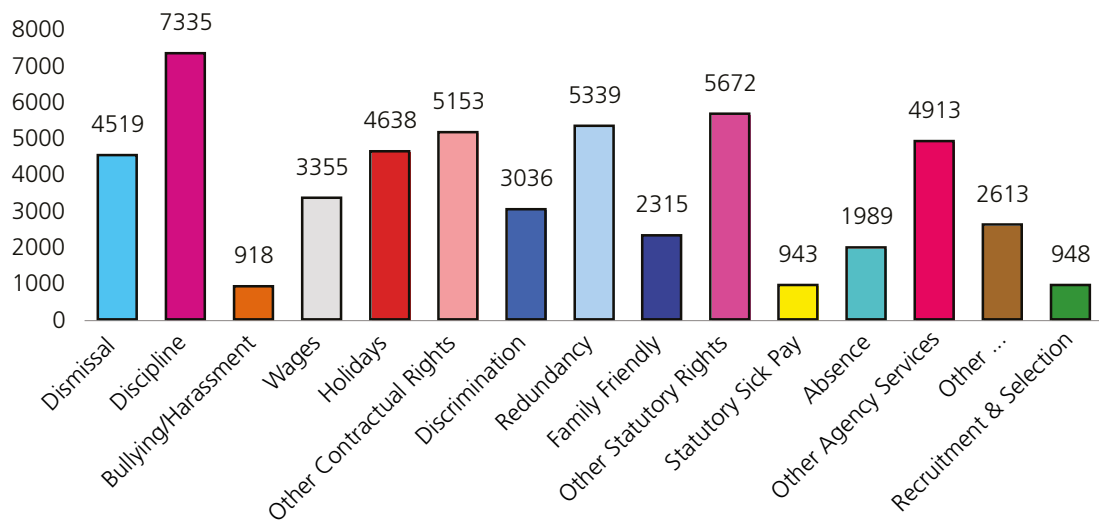
- Introduction to Employment Law
- Fair Recruitment and Selection
- Managing Absence
- Handling Redundancy
- Legal Implications of Workplace Stress
- Conducting Employment Investigations
- Handling Discipline and Grievance
- Conducting Employment Investigations and Handling Discipline and Grievance
-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

- Social Media and the Employment Relationship
- Time off from Work
- Agency Workers' Regulations
- Resolving Workplace Disputes
- Annual Review of Employment Legislation.

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 summer, autumn and spring events programmes were produced as high quality brochures and widely circulated to targeted audiences. The information was also published on the Agency's website. Including 'in-company' training, the Agency delivered 163 seminars (162 in the previous year). Of these seminars 18 were delivered on a joint basis with the Equality Commission for NI. The total number of individuals attending the seminars during the year was 2,386, and their response to the presentations continued to be favourable with 81 percent rating the seminars as 'very good' and a further 19 percent providing a rating of 'good'. Given our efforts to expand our customer base it was pleasing to note that thirty-four per cent (357) of attendees at the public seminars had never attended an Agency seminar before.

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. This year new seminars were offered on Time off from Work, Managing Performance, Social Media and the Employment Relationship, Agency Workers' Regulations and Resolving Disputes.

ENQUIRIES BY TYPE : 2010- 2011



The Helpline

The Helpline is often the first point of contact for users of the Agency’s service and, as well as providing an invaluable service for general employment related enquiries, is often a gateway for other services that the Agency provides and can also signpost the user to other sources of information or advice. Helpline Advisers have considerable knowledge of employment law and practice and, while they will not give legal opinions, they will provide information and advice to enable employers, employees and their representatives to take informed decisions.

The service is impartial, confidential and free and the Helpline Adviser will, where appropriate, refer the caller to relevant guidance documents to provide further assistance.

During the year ending 31 March 2012, the Agency dealt with 28,479 callers, an increase of 2.7% on 2010/2011 figures. Of this total, 28,389 contacted the Agency by phone and

the remaining 90 had their enquiries dealt with in person via a pre-arranged appointment. The standard of service provided to customers has improved with a reduction in the annual “lost call” rate from 24% to 10% and average waiting time reduced from 2mins 17 sec to 1min 04 sec. Enquiries from customers vary considerably in their nature and complexity and the calls to the Helpline in 2011- 2012 generated a total of 55,811 separate enquiries on a wide range of employment topics – an increase of 4% on 2010/11 figures. The chart above shows the subject matter covered in the enquiries handled during the year.

As in previous years, approximately 32% of users raised enquiries on behalf of employers and 68% on behalf of employees.

The largest single enquiry subject concerned discipline/grievance issues. This accounted for 13% of all enquiries, similar to last year.

As part of our strategy for demonstrating value for money the Agency, from 1 October 2011, carried out an on-going monthly confidential telephone sample survey of callers to the Helpline to measure the level of customer satisfaction and the percentage of callers who took clear action within the 2 weeks following a call to the Helpline. Survey results from 1st October to 31 March 2012 indicated that customer satisfaction with the service provided by the Helpline was 86.8% with 88.8% of callers indicating that they took clear action following a call to the Helpline.

The Agency's Website

The usage for the website was 59,362 page views per month and the number of downloads per month was 4,120. The Agency monitors what documents are downloaded each month and there was an increase during the year for information on:

- disciplinary and grievance issues. This is due to the revised Code of Practice on Disciplinary and Grievance procedures and associated guidance which came into effect on 3rd April 2011;
- redundancy issues such as consultation, selection, payments, variation of contracts, lay-off and guarantee payments. This is undoubtedly due to the continuing economic downturn and accompanying job losses and business reorganisations which took place during the year;
- managing poor performance; and
- managing absence from work.

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 handling discipline and grievances at work. This guide is purely

advisory. It complements the Agency's Code of Practice on disciplinary and grievance procedures (which came into effect on 3rd April 2011) by giving more practical advice and guidance that employers, employees and their representatives will often find helpful both in general terms and in respect of individual cases;

- Information notes on Employee grievances and disciplinary matters;
- Explanatory booklets on alternative dispute resolution processes such as mediation; pre-claim conciliation (before claims are lodged with an industrial tribunal), conciliation (on claims lodged with an industrial tribunal) and collective conciliation (where an Agency conciliator helps employers and employees, normally via trade unions, to try to reach mutually acceptable settlements of their collective disputes).

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

The Agency events programmes were also published on the website giving details of content, location and online booking for good practice seminars and advisory workshops.

The Agency continued to update its online directory of employment related legislation for 2011-2012.

Codes of Practice

Code of Practice on Disciplinary and Grievance Procedures

The Agency's revised Code of Practice on Disciplinary and Grievance Procedures came into operation on 3rd April 2011. The Code of Practice reflects the new non-statutory approach to dealing with grievances in the workplace as well as the continuing requirement to comply with the statutory procedures in respect of disciplinary/dismissal situations. There will continue to be consequences in terms of financial penalties

for an employer or an employee at an Industrial Tribunal if they have not followed the minimum discipline and dismissal procedures as required under statute and, in terms of grievances, an Industrial Tribunal can take into account the fact that there was an unreasonable failure to follow the Code by either the employer or employee and thus may financially penalise the employer or the employee.

Code of Practice on Time off for Trade Union Duties and Activities

The Agency's revised Code of Practice on Time Off for Trade Union Duties and Activities (which includes guidance on Time Off for Union Learning Representatives) was approved by the Northern Ireland Assembly on 6th March 2012. The revised Code follows a consultation exercise and was subject to approval by the Department for Employment and Learning (DEL). The Code comes into effect, by order of DEL, on 19th April 2012 and replaces the current Code which was published in May 2004. In support of its new Code, the Agency has also produced two new Advisory Guides on representatives in the workplace:

- Trade Union Representation in the Workplace
- Non – Union Representation in the Workplace.

These guides provide more detailed information on facilities and facility time for workplace representatives and cover all types of representatives found in the contemporary workplace, both statutory and non- statutory.

Good Employment Practice

This year the Agency facilitated 14 Good Employment Practice Projects, carrying over 5 from the previous year. The project work undertaken this year was within the public, business, and voluntary sectors combining on-going high-profile work, working with unionised

business umbrella groups and with migrant and third sector related groups.

The Agency's Good Employment Practice Project areas this year covered:

- Local Government - conducting a review of the constitution of the Joint Negotiating and Consultative Committee (JNCC) within Belfast City Council. On-going project work also included support to the Northern Ireland Joint Council for Local Authorities regarding the revision of its constitution with the aim being to agree a constitution fit for the post-RPA council structure.
- Education- facilitating employment relations issues conferences on behalf of trade unions and management staff development bodies and conducting numerous Employment Relations Audits within individual schools. The Agency continued with further roll out of support training within the Education sector in the form of the initiative entitled "Promoting Effective Industrial Relations in Schools" (PEIRS).
- The Police Service of Northern Ireland - on-going facilitation with the Police College (Leadership and Development Unit) for line managers (uniformed and non-uniformed) on how to handle sensitive grievances.
- Health Service - overseeing the evaluation of certain posts within the South Eastern Health and Social Care Trust under the matching panel system of Agenda for Change.
- Further Education - independent chairing of all three joint negotiating bodies within the sector.
- Central Government - by the end of the year, the Agency had almost completed the facilitation of the Department for Employment and Learning's (DEL) pilot Alternative Dispute Resolution working

group. This collaborative working group had concluded a charter and an operating model for a pilot exercise. However, the announcement of a proposed Government Department restructuring and the absorption of DEL into other existing Departments has meant that this project is temporarily suspended with a view to approaching another Department adopting the pilot.

- Specialised stakeholder work - facilitating key employment relations issues training for full-time officials for Northern Ireland's largest trade union.

Other projects saw the Agency:

- Supporting the Department for Employment and Learning in providing a training road show for organisations involved in advising migrant workers.
- Facilitating focus groups for The Health and Safety Executive for Northern Ireland as part of its Workplace Stress Audit.
- Chairing an Equal Pay Forum for Business in the Community's membership.
- Facilitating a variety of private sector organisations by providing training on the roles and responsibilities of employee representatives (in non-unionised organisations) in a collective redundancy context.

The period also saw the introduction of the Agency Workers Regulations (Northern Ireland) 2011 and the Agency devised, piloted and ran numerous awareness seminars for key stakeholders in the run up to the implementation date of the Regulations. The Agency also contributed towards the development of the DEL guidance on the Agency Worker Regulations in collaboration with Departmental officials.

Advisory Services' Public Relations Initiatives

The campaign to raise the profile of the advisory section to reach new customers and provide existing customers with professional and robust services continued throughout the year.

This was accomplished by advertising our services on the radio, at conferences, by attending business advice days, holding information sessions, publishing our seminar brochure and promotional literature and through linkages to customer data bases and websites.

New initiatives included the publication of a joint employment and equality E-zine with the Equality Commission (hard copy and on-line versions) containing updates on topical employment relations and equality issues. In addition our promotional documentation was distributed throughout all NI Jobs and Benefits offices. This exercise in particular helped to promote our Helpline, Website and the Agency's re-launched Pre-claim conciliation service.

Other main advisory services (workshops, seminars, vetting and the work of our good employment practice section) were further highlighted by a joint campaign with the Equality Commission. This campaign entailed a series of lunch time briefings with Business Support Advisors (Enterprise Agencies, Local Councils, Colleges, Consultants, Invest N.I. and other support providers) in Omagh, Newry, Ballymena and Belfast. This not only raised awareness of our existing services but helped us to obtain feedback on how to develop our services further in the future and in particular to meet the needs of SME's.

During the year the Agency delivered an annual review of employment law in Northern Ireland to the Northern Ireland Public Service Alliance, the Council for Catholic Maintained Schools, the Chartered Institute of Personnel and Development (NI), Law Centre (NI) and Legal-Island.

Officers from the Agency also continued to deliver a number of seminars as part of the PETAL (Progressive Equality Training and Learning) programme. This programme was developed by Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU), the Equality Commission for NI (ECNI) and the Agency. Agency officers also raise awareness of the Agency's services by contributing to events organised by HM Revenue and Customs.

3.3.2 CONCILIATION AND ARBITRATION SERVICES 2011-2012

Introduction

The resolution of employment disputes, both individual and collective, is the core responsibility of the Conciliation and Arbitration Section. Employment disputes can be resolved through individual or collective conciliation, mediation or arbitration services. These services are normally 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.

The number of individual employment rights of employees and workers has increased significantly over the past number of years. 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. The Agency launched the pre claim conciliation service for these kinds of disputes in April 2012 whereby referrals for this service can be made through the Help Line. 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 pursuing their case to a tribunal hearing if the conciliation process is unsuccessful in settling their dispute.

Industrial action can occur when a trade union is in dispute with an employer. This is normally when the parties are unable to reach an agreement on aspects of terms and conditions of employment. 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 and 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 collective dispute remains unresolved, the parties may decide to refer the matter to a mediator or an arbitrator for settlement. If mediation is used, a third party will make a recommendation to the parties on how best they can resolve the dispute. If arbitration is used, an arbitrator makes a decision on the resolution of the dispute. The decision is morally, but not usually legally binding on both parties. The Agency retains a panel of qualified people to act as mediators or arbitrators in determining such disputes.

Agency Officers are often called upon to act as mediators to deal with problems arising from a breakdown in working relationships. Referrals for mediation have been increasing in the last few years and the Agency has found that mediation has proved very successful in restoring working

relationships. This benefits employees and employers as the resolution of such disputes reduces stress levels, improves attendance and ensures that grievances are dealt with effectively.

The Agency also facilitates a range of independent appeals to deal with grievance, bullying and harassment or disciplinary issues under procedures that have been agreed between employers and trade unions. This service applies mainly to public sector organisations and such appeals are heard by an arbitration panel which is chaired by an arbitrator chosen from the Agency's panel of qualified people.

Key Indicators of Performance for 2011-2012

Deliver quality, impartial and independent dispute resolution services

Individual Conciliation

- The target for the overall percentage of claims to go to a Tribunal Hearing was that it should be less than 20%. The objective has been met with approximately 12% overall of claims going forward to a Tribunal hearing.
- Effective management of case load has been achieved.
- An officer is available on a daily basis in the LRA office in OITFET² primarily dealing with CMD³ hearings.
- Another officer is available to deal with requests for assistance from OITFET at very short notice.
- Tribunal days saved data has continued to be analysed.
- The Pre Claim Conciliation Service utilising the Agency Helpline was launched in April 2011. The agreed protocol developed for pre claim conciliation referrals from the Helpline Service has been implemented. A series of briefing

sessions has been delivered throughout the year. Pre claim conciliation has been actively promoted with key Agency stakeholders.

- Revised promotion materials have been published for individual conciliation, collective conciliation, mediation and pre claim conciliation and used for promotion programmes.

Arbitration/independent appeal/collective conciliation/mediation services

- A good practice seminar on "Resolving Workplace Disputes" is now an established part of the Agency's events programme
- A draft comprehensive arbitration scheme to enhance the existing Unfair Dismissal and Flexible Working Arbitration Schemes has been prepared and is awaiting implementation.
- Independent Appeal/Arbitration hearings continue to be dealt with promptly
- Management information is provided on a monthly basis.
- Newly appointed conciliation officers 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.
- There has been a significant increase in the number of mediation referrals during the year. Group mediation training was undertaken to enhance the skills of accredited staff mediators.

Individual Case Management System (ICMS)

- Following a review it has been agreed that the current ICMS⁴ should be replaced as the technology is out-dated and not fit for purpose. Preparation work has continued in the anticipation of the replacement of ICMS.

² Office of the Industrial Tribunal and the Fair Employment Tribunal

³ Case Management Discussion

⁴ Individual Case Management System

Staff training

- Team meetings continued and these included learning sessions on aspects of conciliation.
- Staff training - all new staff complete formal training within 6 months. Newly appointed staff who joined the Conciliation Section during last year have undertaken a comprehensive training programme.
- Shared learning is a standing item on all team meeting agendas.

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 officers 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 438 tribunal cases which is a decrease from the previous year. This is due to the retirement of an experienced member of staff and an initial training period for a new appointee.

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, 87 employers received assistance with their documentation. In addition, 21 organisations attended the 6 workshops held and a total of 33 seminars and 13 talks were delivered on a variety of employment topics.

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

An Employment Relations Manager (ERM) oversees the management of the office and the delivery of services. During the reporting year

the ERM dealt or assisted with 9 of the collective cases and 15 of the mediation referrals received.

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

Any trends which emerged

During the year under review, relationships were further strengthened between the Agency and OITFET⁵ to ensure effective and efficient delivery of services. A Memorandum of Understanding has been agreed between the Agency and OITFET. 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 OITFET. OITFET continued to review the backlog of claims and have struck out claims where appropriate.

A Memorandum of Understanding has been agreed in principle with the Industrial Court.

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 cases proceeding to Tribunal in 2011-2012 was 12% and the percentage of cases being either settled or withdrawn was 88%. This represents an increase from 84% in 2010-2011 reporting year.

In 2010-2011 there were 100 cases in total struck out by OITFET. This increased to 333 in 2011-2012.

In the year ending 31 March 2012, 6,961 claims other than fair employment claims were received by the Agency. For the year ended 31 March 2011, 26,520 claims were received [see Table 1]. The 6,961 figure includes 1,693 direct requests

⁵ Office of Industrial Tribunals and Fair Employment tribunals

made to and settled by the Agency. In 2010-2011 the number of direct requests was 21,056. 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 in 2010-2011 are circa 10,000 cases that formed part of a large bulk case which increased the claims in both Equal Pay and Sex Discrimination jurisdictions.

The number of claims dealt with (other than fair employment) in 2011-2012 was 9,196. In 2010-2011 the number of claims dealt with was 33,593. This decrease can partly be accounted for by the large bulk case commented on above.

The total number of discrimination claims going forward to Tribunal has increased significantly in the year (578 as opposed to 200). The Agency has again reviewed its approach to such claims. Conciliation Officers take a proactive approach by contacting parties upon receipt of the claim rather than waiting until the case is listed for CMD or CMD proceedings have been issued. Conciliation Officers also encourage face to face/ joint meetings where it is apparent that there is a need to preserve the employment relationship.

Table 1: Individual Conciliation Claims Received and Dealt With Other than Fair Employment)
(For comparison, the 2010-2011 figures are given in brackets)⁶

| Jurisdiction | Claims Received | | Claims Dealt With | |
|-----------------------------------|-----------------|-----------------|-------------------|-----------------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Unfair Dismissal | 2,237 | (2,186) | 2,269 | (2,365) |
| Wages Order | 934 | (741) | 628 | (677) |
| Breach of Contract | 1,026 | (965) | 1,029 | (1,104) |
| Other Employment Rights | 1,557 | (1,834) | 1,978 | (1,606) |
| Equal Pay | 196 | (10,067) | 1281 | (13,527) |
| Age Discrimination | 189 | (95) | 109 | (117) |
| Sex Discrimination | 453 | (10,285) | 1527 | (13,774) |
| Disability Discrimination | 212 | (172) | 204 | (223) |
| Race Discrimination | 122 | (138) | 138 | (164) |
| Sexual Orientation Discrimination | 26 | (23) | 26 | (19) |
| Flexible Working | 9 | (14) | 7 | (17) |
| TOTAL | 6,961 | (26,520) | 9,196 | (33,593) |

⁶ Note: Figures for previous year have been amended in line with practice following revision by ICMS

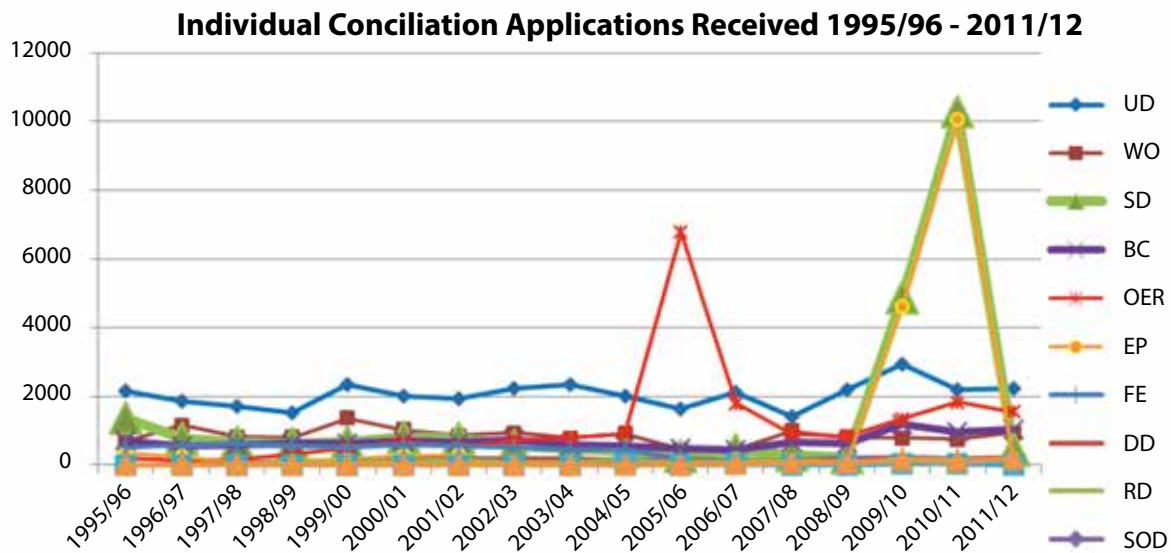
Table 2 (which follows) provides an analysis of the outcome of the 9,196 claims dealt with between 1 April 2011 and 31 March 2012. The number of

conciliated settlements in 2011-2012 was 4,027 and in 2010-2011 it was 22,827.

Table 2: Individual Conciliation Claims Dealt with and their Outcome Other than Fair Employment)
(For comparison, the 2010-2011 figures are given in brackets)⁷

| Jurisdiction | Settled by Conciliation | | Withdrawn During Conciliation | | Referred to a Tribunal | | Total Claims Dealt With | |
|-----------------------------------|-------------------------|-----------------|-------------------------------|----------------|------------------------|----------------|-------------------------|-----------------|
| | | | | | | | | |
| Unfair Dismissal | 1,726 | (1,668) | 334 | (402) | 209 | (295) | 2,269 | (2,365) |
| Wages Order | 216 | (268) | 246 | (222) | 166 | (187) | 628 | (677) |
| Breach of Contract | 432 | (349) | 291 | (402) | 306 | (353) | 1,029 | (1,104) |
| Other Employment Rights | 1,173 | (334) | 393 | (811) | 412 | (461) | 1,978 | (1,606) |
| Equal Pay | 83 | (9,950) | 976 | (3,568) | 222 | (9) | 1,281 | (13,527) |
| Age Discrimination | 51 | (38) | 40 | (62) | 18 | (17) | 109 | (117) |
| Sex Discrimination | 199 | (10,043) | 1,078 | (3,675) | 250 | (56) | 1,527 | (13,774) |
| Disability Discrimination | 74 | (86) | 102 | (105) | 28 | (32) | 204 | (223) |
| Race Discrimination | 59 | (73) | 51 | (56) | 28 | (35) | 138 | (164) |
| Sexual Orientation Discrimination | 10 | (9) | 13 | (6) | 3 | (4) | 26 | (19) |
| Flexible Working | 4 | (9) | 2 | (7) | 1 | (1) | 7 | (17) |
| TOTAL | 4,027 | (22,827) | 3,526 | (9,316) | 1,643 | (1,450) | 9,196 | (33,593) |

⁷ Note: Figures for previous year have been amended in line with practice following revision by ICMS



The chart above illustrates trends in applications received by year.

Note: In the above chart the peak shown at 2005/06 for OER⁸ 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.

The peak at 2008-2009 to 2010-2011 is due to the large bulk claim dealt with during the period.

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 2011-2012 was 141 and in 2010-2011 the number of claims received was 168.

The number of claims dealt with by the conciliation officers (193) was higher than the number of claims received (141) resulting in a continuing reduction in the backlog. The number of conciliated settlements in fair employment claims in 2011-2012 was 40 and in 2010-2011, the number of conciliated settlements was 49.

Table 3: Fair Employment Claims Received and Dealt With

| Claims | 2011 -2012 | 2010 - 2011 |
|---------------------------|------------|-------------|
| Received for Conciliation | 141 | 168 |
| Dealt With | 193 | 252 |

⁸ Other Employment Rights

Table 4: Analysis of Fair Employment Claims Dealt With

| Claims | 2011 - 2012 | 2010 - 2011 |
|-------------------------|----------------|----------------|
| Withdrawn | 125 | 159 |
| To Tribunal | 28 | 44 |
| Settled by Conciliation | 40 | 49 |
| Total Dealt With | 193 | 252 |

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 2011-2012 Year

| Category | Carried over From Previous Years | Cases Received | Cases Dealt With | Carried Over to 2012-2013 |
|--------------------|----------------------------------|----------------|------------------|---------------------------|
| Employment Matters | 4,452 | 5,754 | 5,904 | 4,302 |
| Equality Matters | 4,071 | 1,348 | 3,485 | 1,934 |

Pre Claim Conciliation (PCC)

During the reporting year the Helpline passed 124 referrals for PCC to the conciliation section. The majority of these referrals were from employees, which is not surprising given the caller profile to the Helpline. The issues referred for PCC often involved more than one issue with allegations of unfair dismissal featuring strongly.

Issues raised in 4 of the referrals were resolved in the initial discussions with the Conciliation Officer. It was not possible to offer conciliation in a further 20 referrals. This was mainly down to difficulties contacting parties or further information being supplied which would have made conciliation difficult. 28 referrals were not progressed due to employers being unwilling to engage in conciliation and 10 due to employees not wishing to engage. At the end of the reporting year, 1 referral was still being worked on.

Parties took up the offer of conciliation in 57 of the referrals made and a settlement was reached in 31 cases. An impasse prevented settlement in 26 cases and at the end of the reporting year conciliation was ongoing in the remaining 4 cases.

Where PCC referrals have not progressed e.g. due to parties being unwilling to engage or impasse has been reached post PCC discussions (84 referrals in total), some have subsequently been lodged as proceedings at tribunal. This

has occurred in 43 of the cases which equates to a percentage of 51%. It should be noted that further cases could still be lodged where the time limit has not yet expired.

Table 6: PCC Referrals

| PCC Referrals | |
|--|-----|
| (a) Total number of PCC referrals from the Helpline | 124 |
| (b) Total converted to IC cases | 57 |
| (c) Unprogressed – employee unwilling | 10 |
| (d) Unprogressed – employer unwilling | 28 |
| (e) Unprogressed – Resolved in initial discussions; referral inappropriate for conciliation or parties uncontactable | 24 |

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 48 requests for independent appeals/arbitration – an increase of 33% on the previous year. The sources of these requests are outlined in the table below:

Table 7: Request for Independent Appeals/Arbitration

| Source of Requests | No. Received |
|---|--------------|
| Teaching Sector of Education Service | 17 |
| Non-Teaching Sector of Education Service | 12 |
| Board Officers of Education Service | 12 |
| Procedures agreed within local Government | 0 |
| Further Education Sector | 2 |
| Public Bodies/Voluntary | 5 |
| PSNI | 0 |
| Subject of Requests | |
| Grievance | 23 |
| Grading/Job Evaluation | 0 |
| Harassment | 10 |
| Interpretation of Agreement | 0 |
| Redundancy | 10 |
| Discipline/Dismissal | 5 |

The 48 requests received when combined with the 15 cases brought forward from the previous year amounted to a caseload of 63 independent appeal/arbitration cases. Independent appeal chairs/arbitrators from the list of qualified people retained by the Agency were appointed to hearings and decisions were issued in 22 cases.

A total of 18 cases were withdrawn, 4 were dealt with by conciliation and, in total, 44 cases were cleared during the year. 19 requests have been carried forward into the 2012–13 year.

Table 8 shows the independent appeal/ arbitration cases received and dealt with from 1996 to 2012.

Table 8: Arbitration Cases Received and Dealt With 1996-2012

| Year | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cases brought forward from previous year | 2 | 2 | 14 | 8 | 19 | 18 | 21 | 12 | 18 | 8 | 11 | 16 | 22 | 21 | 14 | 13 | 15 |
| Cases received in year | 27 | 44 | 34 | 36 | 29 | 39 | 32 | 35 | 24 | 19 | 35 | 36 | 42 | 24 | 41 | 36 | 48 |
| Total cases in hand | 29 | 46 | 48 | 44 | 48 | 57 | 53 | 47 | 42 | 27 | 46 | 52 | 21 | 45 | 55 | 49 | 63 |
| Cases dealt with | 21 | 31 | 36 | 20 | 14 | 25 | 37 | 22 | 24 | 10 | 19 | 18 | 35 | 23 | 27 | 23 | 25 |
| Cases withdrawn | 6 | 1 | 4 | 5 | 16 | 11 | 4 | 7 | 10 | 6 | 11 | 12 | 8 | 8 | 15 | 11 | 19 |
| Cases carried forward into next year | 2 | 14 | 8 | 19 | 18 | 21 | 12 | 18 | 8 | 11 | 16 | 22 | 21 | 14 | 13 | 15 | 19 |

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 2011–12 year.

These two Statutory Arbitration Schemes are due to be replaced in 2012 by a single generic Scheme, which will extend the option of resolving disputes to most jurisdictions. As well as broadening the scope of arbitration, this will remove a significant constraint which prevented claims of unfair dismissal or flexible working being

heard through arbitration where an applicant's claim covered more than one jurisdiction.

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. Following a recruitment exercise during 2011, six people were added to this list.

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.

Mediation (Individual or Team)

Many of the referrals received for mediation are complex interpersonal disputes. These can be either between individuals or within a whole team. Mediation has proved to be a highly successful way of dealing with interpersonal disputes within the workplace and in most cases it has helped to preserve and repair the working relationship. Where the working relationship proves to be beyond repair, then other services such as pre claim conciliation can be utilised. Not all cases referred are suitable for mediation. Where suitability for mediation is a concern, this is discussed with the parties involved before the case is withdrawn.

Table 9: Mediation Cases 2011-12

| Cases | No of cases |
|-------------------------------------|-------------|
| Brought forward from previous year | 5 |
| Received in period | 59 |
| Total | 64 |
| Mediations Completed in period | 45 |
| Of these, issues resolved | 36 |
| Issues unresolved | 9 |
| Referrals Withdrawn in period | 10 |
| Pre Claim Conciliation Settlements | 2 |
| Carried forward to following period | 7 |

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 a slight increase on the number received in the previous year. In total 30 cases were dealt with during the year under review. There has been a slight increase 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 10.

Table 10: Collective Conciliation Cases Received and Dealt With

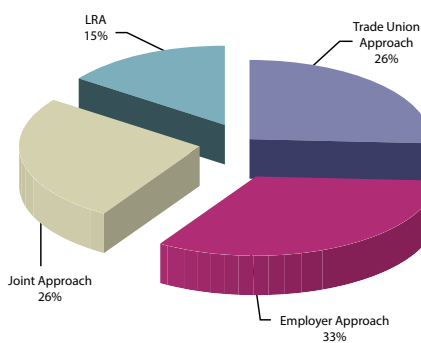
| Cases | 2011 - 2012 | 2010 - 2011 (amended ⁹) |
|------------------------------------|----------------|---|
| Brought forward from previous year | 3 | 6 |
| Received for conciliation | 27 | 25 |
| Total | 30 | 31 |
| Dealt with during the year | 25 | 28 |
| Carried forward to following year | 5 | 3 |

⁹ An error was discovered following the publication of the Annual Report for 2010-2011. The correct figures have been inserted in the column for 2010-2011.

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 11 shows the sources of requests for assistance.

Table 11: Sources of Requests for Collective Conciliation

| | 2011 -2012 | 2009 -2010 (amended ¹⁰) |
|----------------------|---------------|---|
| Trade Union Approach | 7 | 6 |
| Employer Approach | 9 | 8 |
| Joint Approach | 7 | 8 |
| LRA | 4 | 3 |
| Industrial Court | 0 | 0 |
| Total | 27 | 25 |

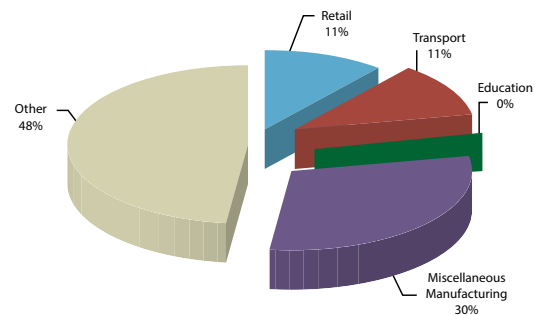


The sectors with the largest number of disputes were manufacturing and other. The 'other' category includes Finance, Public Sector and Health (see Table 12).

Table 12: Collective Conciliation Cases Received by Industry Classification

| Type of Industry | Cases Received |
|-----------------------------|----------------|
| Retail | 3 |
| Transport | 3 |
| Education | 0 |
| Miscellaneous Manufacturing | 8 |
| Other | 13 |
| TOTAL | 27 |

Cases Received



The majority of requests for assistance are resolved relatively quickly. 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, 5 cases were still the subject of ongoing collective conciliation assistance.

¹⁰ An error was discovered following the publication of the Annual Report for 2010-2011. The correct figures have been inserted in the column for 2010-2011.

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.

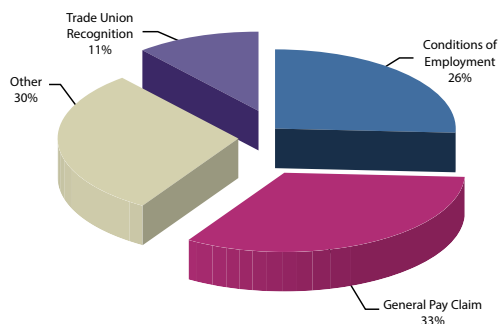
The Agency is proactive in respect of contacting parties to known disputes at the earliest stage possible in order to offer assistance and in this year the Agency initiated conciliation on four occasions.

The majority of the disputes have involved pay and conditions of employment.

Table 13 provides information on the nature of the disputes in the year under review.

Table 13: Nature of Disputes

| | 2011 - 2012 | 2010 - 2011 |
|--------------------------|----------------|----------------|
| Conditions of Employment | 7 | 9 |
| General Pay Claim | 9 | 10 |
| Other | 8 | 5 |
| Trade Union Recognition | 3 | 1 |
| Teacher Grievances | 0 | 0 |
| Total | 27 | 25 |



3.3.3 CORPORATE SERVICES

Corporate Services consists of 20 staff and supplies a corporate and operational support service to the organisation. The processes encompassed are as follows:

- Human Resources
- Information and Communications Technology
- Finance and Corporate Compliance
- Outsourced Contracts and Facilities
- Business Support and Premises.

A key theme covering all of the processes is to move to a more customer focused culture, adopting where possible the principles of the Customer Services Excellence Model. During the year, the section as a whole mapped its customers and services and issued a contact list to all staff which clearly showed on one card who to contact for which service and by what means (telephony or e-mail). Further developments in this direction will continue in 2012-13 in line with a customer focus strategy that was issued around the end of the year.

Human Resources

The key achievement for human resources in 2011-12 was in its support enabling the organisation to retain its LiP accreditation following an assessment in December. Not only was the basic standard retained but the organisation improved on its level of achievement, moving from Basic in 2008 to Bronze in 2011.

The human resource function also directly contributed to the business plan objective of developing strategies for employee recognition and employee reward.

Much of the above work involved looking at ways to improve “employee voice”, i.e. the mechanisms through which management in the organisation listen to the views of staff and gain a better understanding of how staff perceive the organisation as a place to work. In this respect,

human resources issued the first formal staff survey in October and were very pleased to receive a 75% response from staff by the end of 2011.

In the autumn, all members of staff were invited to workshops on absence management organised through the HR function and facilitated through Advisory Services. A much greater adherence to absence management procedures resulted and a small improvement in absence statistics observed by the end of the year. In support of this work, an annual health and wellbeing event was held under the auspices of the Civil Service, which allowed those attending to learn more about their general state of health and how it might best be maintained.

Information and Communications Technology

The last year has seen much progress in addressing and improving a number of functional areas within ICT across the Agency.

Firstly, the Agency has reviewed its envisaged IT support requirements for the next 3-5 years as part of the process of renewing the existing outsourced managed services contract. A resulting business case has been produced outlining the scope and predicted costs for a future contract with a recommendation that a procurement process based upon open competitive tendering be undertaken. The business case was submitted to the Agency's parent Department, DEL, at the end of 2011 and initial indications are that this will be formally approved and that Central Procurement Directorate will manage the resulting procurement exercise.

Over the last 12 months, work on the organisation's case management system, the Individual Conciliation Management System (ICMS) has also been taken forward as a matter of urgency. Enhancements have been made necessary in order to address very real issues resulting from both the system's original design

and the fact it is now deemed "end of life" in terms of ongoing support and maintenance. ICMS is now 12 years old and does not have the level of design and operational resilience that current case management systems would have as standard. In order to reduce the level of risk that this inevitably brings about, an active-standby infrastructure has been implemented that will protect this business critical environment against any single point of failure situation arising. In addition, an archive system has been created which will allow a detailed interrogation of the associated databases without impacting live operations. This will afford the Agency an opportunity to statistically analyse case work undertaken by the LRA and support research into employment profiles across Northern Ireland.

Having reduced the operational risks carried by the live production ICMS System, a project group was established to begin work on the specifications needed for a replacement case management and reporting capability. This work is progressing well and the Agency is on target to produce an initial design document by the end of this year. The resulting design will deliver an enhanced data capture and reporting capability covering a wider scope of activities undertaken by the organisation.

In keeping with best practice, the LRA has made much progress in completing the work needed for the organisation to attain accreditation against both the Government InfoSec and ISO 27001 information security standards. By year end the Agency was in a position for the formal processes to be undertaken with the ISO 27001 Stage 1 and Stage 2 audits scheduled for May and July 2012 respectively.

Finally, significant improvements have been made to the telephony infrastructure that has integrated the Belfast and Londonderry systems into a single logical unit. This will provide for increased and more flexible functionality as well as delivering cost savings and future economies on call charges.

Finance and Corporate Compliance

Finance matters are reported in detail by reference to the financial statements and also to some key statistics included in the Body Corporate section that follows. The finance function continued with its work of supporting the executive managers, the Board, the Audit Committee and the Finance and Personnel Committee.

A dominant project that progressed through the Compliance function was the setting up and running of an “Audit of Inequalities” which formed a baseline for actions incorporated in a revised Equality Scheme which is now with the Equality Commission (NI) awaiting their approval.

The Compliance Function is also responsible for the sponsorship and running of “corporate social responsibility” initiatives. A summary of this work is contained in the “Sustainability” report in the Body Corporate Section.

Outsourced Contracts and Facilities

The Corporate Services section of the Agency includes 4 staff seconded to support the functions of the Certification Officer Northern Ireland. This group supplies a separate annual report. In summary terms, they are involved in the regulation of trades unions and employer organisations, monitoring their annual reports and examining complaints as they arise.

Other facilities work includes client management of contracts such as cleaning and security. During the year, a new cleaning contract was initiated and initial reports show an improvement in staff satisfaction with cleanliness and hygiene throughout the Agency’s premises.

Business Support and Premises

Corporate Services through its secretarial and administrative staff has actively supported a range of corporate events (described in detail in the Body Corporate Section of this commentary). This would include the initial seminar run in

February 2012 addressing possible changes in employment law arrangements in the province. Staff supported the selection of a venue, organised the hosting arrangements, procured the external PR services necessary and surveyed those attending to obtain valuable feedback for planning purposes.

2011-12 saw the secretariat taking line management responsibility for services delivered through the administrative staff of Corporate Services. There were certain very demonstrable achievements. The in-house library was successfully moved to a new location and the referencing system and reporting systems overhauled. Other staff successfully dealt with significantly increased volumes of work that had resulted from the setup of an extended suite of meeting and seminar rooms established at the end of 2010-11. This meant that many more seminars and workshops were held in house and facilities introduced which allowed a significant expansion of the Agency’s mediation service. Much of the above required additional room setup and catering services.

The above improvements were achieved using existing staff numbers. To achieve this, it was necessary to examine methods of working in detail and to improve these. In support of this, administrative staff attended IAM (Institute of Administrative Management) accredited training and were successful in attaining the necessary credits. Administrative staff are now examining other ways in which they can improve the services provided. They are receiving training in graphical presentation (using VISIO) and in more specialist software (such as SAGE Financials which allows support for the Finance function). They have participated in the documentation of a new set of operational guidelines and have been in the forefront of customer focus work in Corporate Services.

3.4 BODY CORPORATE

Pension Liabilities

Details of how pension liabilities are treated in the accounts are given in the Remuneration Report which follows and note 3(c) 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 £3,277,997 for the Agency and £191,339 for the Certification Officer, totalling £3,469,336 (prior year restated: Total Net Expenditure of £3,680,429).

Plant Property and Equipment: Details of the movement of these assets are set out in Note 5 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 95% within 30 days and 52% within 10 days (compared with prior year figures of 94% and 51%).

Personal Data Related Incidents

No such incidents occurred in the period.

Sickness Absence

The number of days lost to sickness per member of staff in 2011-12 was 12.2 days compared with 13.3¹¹ days lost in 2010-11. The Agency is taking measures in terms of strengthening procedural controls and encouraging the health and well being of staff to improve on these figures.

Research and Development

The Labour Relations Agency recognises the need and has been challenged by DEL to demonstrate Value for Money (VFM) in regard to the delivery of Agency operational services. As part of meeting this challenge the Agency commissioned a scoping study into the applicability of using Social Return on Investment (SROI) techniques to measure the impact of Agency operational services. SROI is an approach to identifying, analysing and managing the impacts of a project or organisation. This scoping study confirmed that SROI methodology was applicable to Agency services. It is planned to conduct a full predictive study in the coming year. The strategic value of such a survey will be to assist in establishing if the Agency provides Value for Money and that its services have wider, positive social and economic benefits in Northern Ireland.

The Agency has included questions in the Northern Ireland Omnibus Survey conducted by the Northern Ireland Statistics and Research Agency (NISRA) to be carried out in June 2012. The questions are aimed at eliciting information about general awareness of the Agency and its services. The Agency plans to direct promotional activities on its services where awareness levels are found to be low.

¹¹ Corrected figure different from that published in the 2010/11 Annual Report

Also during the year the Agency sought expressions of interest from post – graduate students to work jointly on employment relations research projects. The Agency wishes to focus research on areas of strong relevance to the Agency and the delivery of its services, though priority will also be given to research that fills a gap in wider ER debates. Subject areas of particular interest have been identified and the research partnerships will be managed by the Research and Evaluation Section in the Agency. The deadline for such expressions of interest is 1st May 2012.

Corporate Promotional Activities

On 19 October 2011, the Agency held its public board meeting which was attended by some 70 members of the public. The agenda comprised a presentation from John Philpott, Chief Economist, CIPD on the theme: *“Rethinking the Way We Work”*. This was followed by presentations from the Chairman and Chief Executive on matters arising from the 2010-11 Annual Report.

On 16 February 2012, the Agency hosted a seminar attended by over 100 participants on proposals to change employment law in GB. This was designed to set the scene for debate on the employment law arrangements within Northern Ireland. Feedback from those attending was strongly of the view that the seminar had been successful in this respect and that there was an appetite for more to follow.

Sustainability Report

This report deals both the Agency’s commitments to the environment and also its engagement with the community.

Commitment to the Environment

The Agency continued to deliver on its commitment to reducing and monitoring its environmental impact.

A new scheme introduced recently involved a partnership with AER (All Electrical Recycling) promoting a “Home Recycling at Work” scheme.

The Labour Relations Agency was the first of many local organisations in Northern Ireland to promote social responsibility among staff in respect of recycling old electrical and other items thereby diverting hazardous waste from landfill sites.

Staff are encouraged to bring from home to work used electrical items, light bulbs, batteries and old mobile phones for deposit in a collection unit, keeping hazardous items out of their household black bins and away from landfill sites.

By using the workplace recycling unit, officers have the opportunity to help sustain the local environment and promote the return of used materials into the system for sound recycling.

As a result of a recent premises refurbishment, a set of unsellable assets (non-IT and IT) were recycled/donated to a number of registered charities including Citizens Advice Bureau (CAB), Dr Barnardos, Oxfam and the Blythswood Charity.

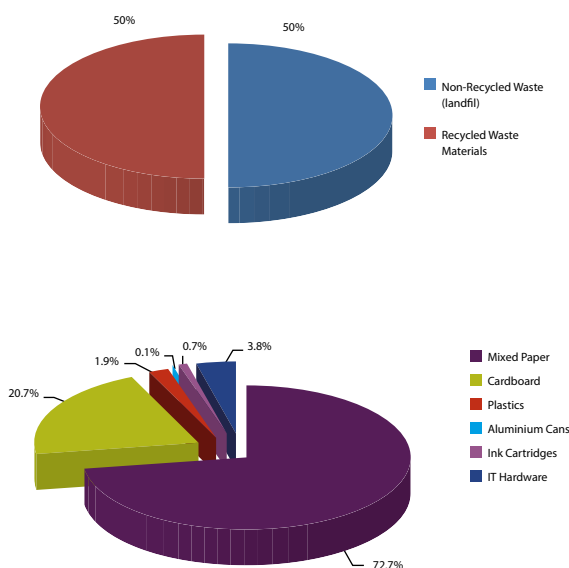
With sustainability at the forefront of corporate social responsibility, the Agency follows an environmental checklist as recommended by the Northern Ireland Environment Agency (NIEA) to self-assess its compliance with environmental legislative requirements. Its statutory duty of care to comply with waste transfer notices and retention periods remains in compliance.

The Agency’s four Air Conditioning systems are regularly serviced and maintained by an accredited engineer to ensure refrigerants are compliant in minimising ozone-depleting substances.

To encourage staff to engage in the recycling initiatives available, the Agency has produced an ‘A-Z Guide to Recycling’ which has been added to its public folders/intranet.

The Agency continues to recycle cardboard, plastics, cans, cartridges, electronic, electrical, and information technology multimedia devices.

The nature of the materials recycled and waste sent to landfill are shown below.



| | |
|-----------------------|----------------|
| Mixed Paper | 5923kgs |
| Cardboard | 1690kgs |
| Plastics | 152kgs |
| Aluminium Cans | 12kgs |
| Ink Cartridges | 58kgs |
| IT Hardware | 310kgs |
| Total Recycled | 8145kgs |

This results in non-recycled Waste (landfill) of 8040kgs

Engagement with the Community

During the reporting year a number of staff organised and participated in a variety of fund raising events.

On 27 May 2011, some employees signed up for a 5 mile stroll around Belfast starting from Custom House Square. The Agency’s ‘midnight walkers’ raised £433 to support the Northern Ireland Hospice and contributed to funding for 4 hospice nurses to care for local children and adults

living with terminal or life-threatening illnesses in Northern Ireland.

In October 2011, the Agency supported the “Bring a Pound to Work Day”, a high profile event aimed at raising money through the NSPCC’s Cash for Kids to support ChildLine. The staff raised £60 for this charity.

Closer to Christmas 2011, a charity quiz was held to raise funds to assist the Donard Special School in Banbridge. The aim was to help the School raise money and bring the children to Disneyland® Paris in May 2012. This event raised £475 for the School.

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 NIPSA¹² have in place a Joint Negotiating and Consultative Committee which meets quarterly and on an as and when basis. All employees have the opportunity to feed back their views through an annual staff survey.

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

12 Northern Ireland Public Service Alliance

definition of Section 75 and aims to ensure that all of the operational decisions introduced under its control are screened.

The Agency reviews content of its training plan on an annual basis to ensure that any training refresh on equality matters is included.

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. On a regular basis, arrangements are made with the Equality Commission to identify 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, 2-16 Gordon Street, Belfast, BT1 2LG.



Chapter 4

Remuneration Report
for the Year Ended 31 March 2012

Remuneration Report for the Year Ended 31 March 2012

Remuneration Policy

As a Non Departmental Public Body (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 Northern Ireland Civil Service (NICS) pay structure as approved by the Department and the Department of Finance and Personnel (DFP).

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a freeze on senior pay in respect of 2010-11 and 2011-12 pay awards, in line with the Executive's decision in Budget 2011-2015 to mirror the UK Coalition Government's commitment to impose pay restraint.

The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of NICS Permanent Secretaries' pay in line with the annual pay strategy as approved by the Minister of Finance and Personnel. The freeze on pay in 2010-11 and 2011-12 also applies to Permanent Secretaries.

The pay system in place for senior civil servants in the Northern Ireland Civil Service is currently under review.

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

Salary and pension entitlements

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

Remuneration (Audited information)

| Board members | 2011/2012 Salary £000 | Benefits in Kind (to nearest £100) | Bonus Payments | 2010/2011 Salary £000 | Benefits in Kind (to nearest £100) | Bonus Payments |
|---|--------------------------------------|---|---------------------------|--------------------------------------|---|---------------------------|
| Mr J McCusker | 20-25 | Nil | Nil | 20-25 | Nil | Nil |
| Mrs P O'Farrell - term of office ended on 30 Nov 2010 | - | Nil | Nil | 5-10 | Nil | Nil |
| Mr P Williamson | 5-10 | Nil | Nil | 5-10 | Nil | Nil |
| Mrs B Maitland | 5-10 | Nil | Nil | 5-10 | Nil | Nil |
| Mr T Morrow | 5-10 | Nil | Nil | 5-10 | Nil | Nil |
| Mr S L Fawcett | 5-10 | Nil | Nil | 5-10 | Nil | Nil |
| Mr N Willis | - | Nil | Nil | 0-5 | Nil | Nil |
| Mr G Parkes | 5-10 | Nil | Nil | 5-10 | Nil | Nil |
| Mrs S McKee | 5-10 | Nil | Nil | 5-10 | Nil | Nil |
| Mrs A Millar (from 1 Sept 2011) | 0-5 | Nil | Nil | - | Nil | Nil |
| Mr G McMichael (from 1 Dec 2011) | 0-5 | Nil | Nil | - | Nil | Nil |
| Management | | | | | | |
| W Patterson Chief Executive & highest paid employee | 80-85 | Nil | Nil | 75-80 | Nil | Nil |
| P Holloway | 50-55 | Nil | Nil | 45-50 | Nil | Nil |
| D McGrath | 50-55 | Nil | Nil | 50-55 | Nil | Nil |
| G O'Neill | 50-55 | Nil | Nil | 50-55 | Nil | Nil |

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 HM Revenue and Customs 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.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2011-12 relate to performance in 2011-12 and the comparative bonuses reported for 2010-11 relate to the performance in 2010-11.

Pension Benefits (Audited information)

| Chairman/Officials | J Mc Cusker £ | W Patterson £ | P Holloway £ | D McGrath £ | G O'Neill £ |
|--|------------------|--------------------|-------------------|-------------------|-------------------|
| Pension increase at 31/03/11 – 31/03/12 | 0-2,500 | 0-2,500 | 0-2,500 | (0-2,500) | (0-2,500) |
| Lump sum increase at 31/03/11 – 31/03/12 | - | 0-2,500 | 0-2,500 | (0-2,500) | (0-2,500) |
| Accrued pension at 31/03/12 or date of leaving | 0-5,000 | 30,000 -35,000 | 20,000 -25,000 | 20,000 -25,000 | 15,000 -20,000 |
| Accrued lump sum at 31/03/12 or date of leaving | - | 95,000 -100,000 | 65,000 -70,000 | 65,000 -70,000 | 55,000 -50,000 |
| CETV @ 31/03/11 or at date of leaving (to nearest £k) | 24 | 653 | 455 | 509 | 412 |
| CETV @ 31/03/12 or at date of leaving (to nearest £k) | 32 | 713 | 510 | 522 | 420 |
| Employee Contributions and transfers-1n (£) | 822 | 1,296 | 794 | 774 | 762 |
| Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k) | 7 | 4 | 16 | (5) | (7) |

*** The actuarial factors used to calculate CETVs were changed in 2011-12. The CETV at 31/3/11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Northern Ireland Civil Service 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. From April 2011, pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased 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 CPI. For 2011, public service pensions will be increased by 3.1% with effect from 11 April.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum

(but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

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

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

The actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31/03/10 will not be the same as the corresponding figure shown in last year's report.

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 2011-12 received compensation for loss of office.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

| Remuneration Report | 2011-12 | | | 2010-2011 | | |
|--|--|--|-------------------------------|--|--|-------------------------------|
| | Salary (exc non-consol perf pay) £'000 | Non-Consolidated Performance Pay £'000 | Benefits in Kind nearest £100 | Salary (exc non-consol perf pay) £'000 | Non-Consolidated Performance Pay £'000 | Benefits in Kind nearest £100 |
| Chief Executive | 80-85 | Nil | Nil | 75-80 | Nil | Nil |
| Band of Highest-Paid Director's Total Remuneration | 80-85 | Nil | Nil | 75-80 | Nil | Nil |
| Median Total Remuneration | 23.336 | Nil | Nil | 26.197 | Nil | Nil |
| Ratio | 3.54 | | | 2.96 | | |

To calculate the median salary all salaries (other than that of the highest paid “director”) were listed in order of value and the median between the highest and lowest was taken.

In 2011-12, one employee, the Chief Executive was the highest-paid director Remuneration was £80-85k. In 2010-11, the Chief Executive was also the highest-paid director with remuneration of £75-80k.

Therefore, the banded remuneration of the highest-paid director in the Labour Relations Agency in the financial year 2011-12 was £80-85. This was 3.54 times the median remuneration of the workforce, which was £23,336.

In 2010-11, the equivalent ratio was 2.96. This figure was anomalous in that a pay settlement was implemented which focused on clerical staff below the grade of EO2. The shift in rank of salaries paid meant that the median salary in 2010-11 was £26,197 (i.e. higher than the 2011-12 median). The Chief Executive’s salary in this period was in the range £75-80. This divided by £26,197 provided a ratio of 3.54.

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



21 June 2012

William Patterson
Chief Executive / Accounting Officer

Date



Chapter 5

Corporate Governance

Corporate Governance

The arrangements for corporate governance can be summarised as follows.

The Board of the Agency has a full membership of 10 non-executive members including the Chairman, Mr Jim McCusker. All of the Board members are independent. For part of the year, there were two vacancies which meant that only eight members were in place to conduct business. The Board held 10 meetings in 2011-12. It also met in May for a briefing on the draft 2010-11 Financial Statements.

The Board has an Audit Committee chaired by Peter Williamson, other members being Trevor Morrow, Lyn Fawcett, Gordon Parkes and Alison Millar (from September 2011 onwards). The Audit Committee met formally on 2 occasions in 2011-12 rather than 3 which is the norm. This was because of the initiation of a new internal audit contract that resulted in the usual March meeting being held in April (thus bringing it into the 2012-13 financial year). The Audit Committee focuses on corporate governance and the management of risk. 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 spring meeting concentrates on internal audit matters.

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 Brenda Maitland, Neal Willis and Sally McKee. This committee met formally twice in the year (and not the norm, 3 times, because the March meeting was deferred into April 2012). Its function is to focus in greater detail on the finance and personnel issues which are presented to the Board on a bi-monthly basis throughout the year.

This sub-committee also conducts the Chief Executive's appraisal.

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

Each Board member received an annual performance appraisal which included a written assessment of their effectiveness on the Board which is 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; and
- 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.

Control:

Obtaining assurance that financial and operational information is accurate and that financial and operational controls are robust and defensible.

Risk:

Establishing the Agency's appetite for risk and ensuring that systems for risk management are effective.

By statute, the Labour Relations Agency is required to pay the Certification Officer's remuneration and to provide support services. The Certification Officer is supported fully by staff from the Labour Relations Agency. As the objectives and function of the Certification Officer are fundamentally different from those of the Agency, this support is provided through a Memorandum of Understanding / Service Level Agreement (MOU/SLA).



Chapter 6

LRA Publications

LRA Publications

Corporate Matters

- Annual Reports and Accounts
- Annual Review
- Board Minutes
- Corporate Plans
- Business Plans
- Customer Complaints Policy and Procedure
- Disability Action Plan
- Draft Communications Policy for Consultation
- Finance & Personnel Sub-Committee meetings
- Guide to Services
- Guide to Services – Polish
- Guide to Services – Cantonese
- Labour Relations Agency Publication Scheme
- National Fraud Initiative Notice
- Recruitment Selection and Transfer Procedure
- Section 75 Annual Progress Report
- Senior Management Team Minutes

Advice and Guidance on Employment matters

- Advisory Guides
 - Collective Dispute Resolution
 - Advice on agreeing and changing contracts of employment
 - Advice on handling discipline and grievances at work
 - Advice on handling redundancy
 - Advice on managing absence from work
 - Advice on Managing Poor Performance
 - Advice on recruitment, selection and induction.

- Advice on Conducting Employment Investigations
- Codes of Practice
 - Disciplinary and grievance procedures - 3rd April 2011
 - Time off for trade union duties and activities
 - Disclosure of information to trade unions for collective bargaining purposes
- Disciplinary and Grievance Procedures - Sample letters and Flowcharts
 - Sample letters
 - Flowcharts
- Joint ECNI/LRA publications
 - Harassment and Bullying in the Workplace
 - Pregnancy and Maternity Rights -The Law and Good Practice- A Guide for Employers
 - Flexible Working - The Law and Good Practice - A Guide for Employers
- 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 statutory sick pay
 - 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 & members of statutory bodies
- No.11 Time Off - Rights and Responsibilities
- Information on the rights of workers in Northern Ireland
 - Latvian
 - Lithuanian
 - Polish
 - Portuguese
 - Slovak
 - Cantonese
 - Russian
 - Return
- Occasional papers
 - Review of Developments in Employment Law 2008-09
 - An Examination of Recent and Likely Future Developments in Employment Law in Northern Ireland
 - New Developments in Public Sector Pay Setting
 - The Changing World of Work - Key Issues for Northern Ireland - Conference Proceedings
 - Developments in Employment Law in Northern Ireland
 - Review of Employment Law 2006-2007
- The Northern Ireland Labour Market 1977-2007: then, today and tomorrow
- Employment Relations in Northern Ireland – Co-operation or Confrontation?
- Dispute Resolution Matters
 - Mediation Explained
 - Pre-Claim Conciliation Explained
 - Conciliation Explained
 - Collective Conciliation Explained
 - LRA Arbitration Scheme
 - Proposals of the Labour Relations Agency for improving the resolution of disputes
 - LRA response to DEL review of the NI employment dispute resolution system



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

31st March 2012

Contents

| | Page |
|--|------|
| Statement of the Agency's and Chief Executive's Responsibilities | 68 |
| Statement on Internal Control | 69 |
| Report of the Comptroller and Auditor General | 72 |
| Financial Statements (consolidated, including the results for The Certification Officer) | |
| (a) Statement of Comprehensive Net Expenditure | 75 |
| (b) Statement of Financial Position | 76 |
| (c) Statement of Cash Flows | 77 |
| (d) Statement of Changes in Taxpayers' Equity | 78 |
| (e) Notes to the accounts | 79 |

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 IFRS 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 Agency policy, 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 Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Labour Relations Agency for the year ended 31 March 2012 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 developed by the Agency's Board and approved 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 inputs and outputs 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. In particular, Board members are kept abreast of governance training opportunities and avail of these frequently on an ongoing basis.

Statement on Internal Control (contd)

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 managed, i.e. 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 by the Chief Executive supported by the Directors.

The full risk register is discussed at each of the Agency's three formal audit committee meetings with a full formal review at the autumn meeting.

In the 2011/12 financial year, Internal Audit provided overall "satisfactory" assurance rating. All areas examined obtained a "satisfactory" rating.

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. In addition, I rely on 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. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board through its Audit Committee oversees the policy and framework for risk management and reviews the most significant risks on an annual basis. The Audit Committee supports me as the Accounting Officer by offering objective advice on issues concerning the risk, control and governance of the Agency and the associated assurances. Reporting to the Board on Risk Management is undertaken 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.

Statement on Internal Control (contd)

Directors have general responsibility for identifying any new areas of operational risk, or significant changes in risk, and for bringing these to my attention.



21 June 2012

William Patterson
Chief Executive / Accounting Officer

Date

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 12 under the Industrial Relations (NI) Order 1992. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity 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 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 and express an opinion on the financial statements in accordance with applicable law. I conducted my audit in accordance with 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 of invoices 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 read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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.

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (contd)

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's affairs as at 31st March 2012 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with 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 made under the Industrial Relations (NI) Order 1992; and
- the information given in the Mission Statement, Equality Statement, Core Values and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (contd)

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited 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.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
27 June 2012

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2012

| | Notes | Agency £ | Certification Officer £ | 2011-12 Total £ | Restated 2010-11 Total £ |
|------------------------|-------|-------------------------|-------------------------------|-------------------------|-----------------------------------|
| Expenditure | | | | | |
| Staff costs | 2 | 2,325,089 | 149,415 | 2,474,504 | 2,533,433 |
| Depreciation | 4 | 107,446 | 1,028 | 108,474 | 129,906 |
| Other expenditure | 4 | 845,462 | 40,896 | 886,358 | 1,017,090 |
| Totals | | <u>3,277,997</u> | <u>191,339</u> | <u>3,469,336</u> | <u>3,680,429</u> |
| Net Expenditure | | <u>3,277,997</u> | <u>191,339</u> | <u>3,469,336</u> | <u>3,680,429</u> |

Other Comprehensive Expenditure

| | 2011-12 Total £ | Restated 2010-11 Total £ |
|---|-----------------------|-----------------------------------|
| Net gain/(loss) on revaluation of Property, Plant and Equipment | 13,553 | 16,017 |
| Net gain/(loss) on revaluation of Intangibles | (199) | 3,595 |
| Total Comprehensive Expenditure for the year ended 31 March 2012 | 3,482,690 | 3,700,041 |

All amounts above relate to continuing activities.

The notes on pages 79 to 96 form part of these financial statements

Statement of Financial Position

as at 31st March 2012

| | Notes | 2012 £ | Restated 2011 £ | 2010 £ |
|---------------------------------|-------|------------------|-----------------------|-----------|
| Non-current assets: | | | | |
| Property, plant and equipment | 5 | 320,505 | 345,795 | 326,007 |
| Intangible assets | 6 | 43,016 | 3,247 | 15,086 |
| Total non-current assets | | 363,521 | 349,042 | 341,093 |
| Current assets: | | | | |
| Trade and other receivables | 7 | 59,005 | 52,458 | 60,203 |
| Cash and cash equivalents | 8 | 47,107 | 36,476 | 571,013 |
| Total current assets | | 106,112 | 88,934 | 631,216 |
| Total assets | | 469,633 | 437,976 | 972,309 |
| Current Liabilities | | | | |
| Trade and other payables | 9 | (121,024) | (337,697) | (320,759) |
| Assets less liabilities | | 348,609 | 100,279 | 651,550 |
| Taxpayers' equity | | | | |
| Revaluation reserve | | 80,252 | 62,586 | 43,428 |
| General reserve | | 268,357 | 37,693 | 608,122 |
| Total taxpayers' equity | | 348,609 | 100,279 | 651,550 |

The financial statements on pages 75 to 96 were approved by the Board on 21 June 2012 and were signed on its behalf by:



J Mc Cusker,
Chairman



William Patterson,
Chief Executive and Accounting Officer

The notes on pages 79 to 96 form part of these financial statements

Statement of Cash Flows

for the year ended 31st March 2012

| | Notes | 2011-12 £ | Restated 2010-11 £ |
|---|-------|--------------------|--------------------------|
| Cash flows from operating activities | | | |
| Net surplus after interest | | (3,469,336) | (3,680,429) |
| Adjustments for non-cash transactions | 4 | 112,785 | 129,906 |
| (Increase)/Decrease in trade and other receivables | | (6,547) | 7,745 |
| Increase/(Decrease) in trade payables exc. capital creditors | | (216,672) | 89,822 |
| Net cash outflow from operating activities | | (3,579,770) | (3,452,956) |
| Cash flows from investing activities | | | |
| Purchase of plant, property and equipment | | (68,579) | (187,564) |
| Purchase of intangible assets | | (41,020) | (4,017) |
| Net cash outflow from investing activities | | (109,599) | (191,581) |
| Cash flows from financing activities | | | |
| Financing – grant drawn down from Department for Employment & Learning | | | |
| - Agency | | 3,497,000 | 2,955,000 |
| - Certification Officer | | 203,000 | 155,000 |
| Net financing | | 3,700,000 | 3,110,000 |
| Net increase/(decrease) in cash and cash equivalents in the period | 8 | 10,631 | (534,537) |
| Cash and cash equivalents at the beginning of the period | 8 | 36,476 | 571,013 |
| Cash and cash equivalents at the end of the period | 8 | 47,107 | 36,476 |

Notes:

- Grant is drawn down under Request for Resources B (2011: Request for Resources B).
- The grant drawn down is intended to finance both revenue and capital expenditure, details of which are summarised in the Statement of Comprehensive Net Expenditure and Notes 3,4,5 & 6 to the accounts respectively.

Statement of Changes in Taxpayers' Equity

for the year ended 31st March 2012

| | Capital Reserve £ | Revaluation Reserve £ | SoCNE Reserve £ | Total Reserves £ |
|---|----------------------|--------------------------|---------------------|---------------------|
| Balance at 31st March 2010 | 4,099,144 | 43,428 | (3,491,022) | 651,550 |
| Grant from Department for Employment & Learning – drawn down | 3,110,000 | - | - | 3,110,000 |
| Transfers between reserves: | | | | |
| Comprehensive Expenditure for the year | - | - | (3,689,901) | (3,689,901) |
| Prior Year Adjustment Note 17 | - | - | 9,472 | 9,472 |
| Movements in Reserves: | - | - | - | - |
| Net gain (loss) on revaluation of property, plant & equipment | - | 71,989 | - | 71,989 |
| Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost | - | (52,831) | - | (52,831) |
| Balance at 31st March 2011 Restated | 7,209,144 | 62,586 | (7,171,451) | 100,279 |
| Grant from Department for Employment & Learning-drawn down | 3,700,000 | - | - | 3,700,000 |
| Transfers between reserves: | | | | |
| Comprehensive expenditure for the year | - | - | (3,469,336) | (3,469,336) |
| Net gain/(loss) on revaluation of property, plant & equipment (Notes 5&6) | - | 45,214 | - | 45,214 |
| Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost (Notes 5&6) | - | (27,548) | - | (27,548) |
| Balance as at 31st March 2012 | 10,909,144 | 80,252 | (10,640,787) | 348,609 |

The General Reserve serves as the chief operating fund. The General Reserve is to be used to account for all financial resources except those required to be accounted for in another fund. The General Reserve is made up of the Capital Reserve and the Statement of Comprehensive Net Expenditure Reserve.

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 2012

1. Accounting Policies

Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2011-12 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.

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

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 (2011:£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.

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 (2011:£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 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 2012 (contd)

1.8 Operating Income

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

1.9 Impending application of newly issued accounting standards not yet effective

The Agency has not yet applied a new accounting standard, and known or reasonably estimable information relevant to assessing the possible impact that initial application of the new standard will have on the agency's financial statements.

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 2012 (contd)

2. Statement of Operating Costs by Operating Segment

The two main segments operating in the Labour Relations Agency are Labour Relations Agency and the Certification Officer. The principal activities of the Labour Relations Agency are to assist employers, employees and their representatives to improve the conduct of their employment relations. The Agency provides a range of services to those engaged in industry, commerce and the public services. These services include advice and assistance on all aspects of employment relations and employment practices and also comprehensive conciliation and arbitration services for resolving both individual and collective matters. The Certification Officer is responsible for ensuring that Trade Unions and Employer's Associations comply with statutory provisions relating to the regulation of Trade Unions and Employer's Associations.

| | 2011-12 | | 2010-11 | |
|--------------------------|------------------|----------------------------|-------------------------|----------------------------|
| | Agency £ | Certification Officer £ | Restated Agency £ | Certification Officer £ |
| Gross Expenditure | 3,277,997 | 191,339 | 3,506,240 | 174,189 |
| Income | - | - | - | - |
| Net Expenditure | 3,277,997 | 191,339 | 3,506,240 | 174,189 |

Note 2.1 Reconciliation between Operating Segments and SoCNE / SoFP

| | 2011-12 | | 2010-11 | |
|--|------------------|----------------------------|-------------------------|----------------------------|
| | Agency £ | Certification Officer £ | Restated Agency £ | Certification Officer £ |
| Total net expenditure per statement of operating cost | 3,277,997 | 191,339 | 3,506,240 | 174,189 |
| by operating segment | - | - | - | - |
| Total net expenditure by Operating Cost Statement | 3,277,997 | 191,339 | 3,506,240 | 174,189 |

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

3. Staff numbers and related costs

| (a) Staff costs comprise:- | 2011-12 £ | 2010-11 £ |
|--|-------------------------|-------------------------|
| Agency (excluding Certification Office):- | | |
| Permanently employed staff: | | |
| Wages and salaries | 1,800,800 | 1,827,623 |
| Social security costs | 132,445 | 115,095 |
| Other pension costs – superannuation | <u>355,617</u> | <u>352,468</u> |
| | 2,288,862 | 2,295,186 |
| Others: | | |
| Employment Agency Staff | <u>36,227</u> | <u>110,531</u> |
| Total (excluding Certification Office) | 2,325,089 | 2,405,717 |
| Certification Office: | | |
| The Certification Officer and assistants | | |
| Wages and salaries | <u>149,415</u> | <u>127,716</u> |
| | <u>149,415</u> | <u>127,716</u> |
| TOTAL STAFF COSTS | <u>2,474,504</u> | <u>2,533,433</u> |

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

3. Staff numbers and related costs (cont'd)

| (b) | 2011-12 £ | 2010-11 £ |
|---|-------------------------|-------------------------|
| The above staff costs are analysed as follows: | | |
| Board members | | |
| Chairman's salary and other Board members fees | 64,301 | 62,196 |
| Social security costs | 2,391 | 2,272 |
| Other pension costs – superannuation re Chairman | 4,696 | 4,696 |
| | <u>71,388</u> | <u>69,164</u> |
| Staff: Chief Executive and other management | | |
| Salary | 231,594 | 227,625 |
| Social security costs | 26,037 | 18,907 |
| Other pension costs – superannuation | 59,419 | 52,496 |
| | <u>317,050</u> | <u>299,028</u> |
| Operational: Salaries (permanent staff) | 1,156,380 | 1,222,931 |
| Social security costs | 82,931 | 75,254 |
| Other pension costs – superannuation | 240,594 | 243,565 |
| Employment agency staff | - | - |
| | <u>1,479,905</u> | <u>1,541,750</u> |
| Support: Salaries | 348,525 | 316,885 |
| Social security costs | 21,086 | 16,648 |
| Other pension costs – superannuation | 50,908 | 51,711 |
| Employment agency staff and miscellaneous | 36,227 | 110,531 |
| | <u>456,746</u> | <u>495,775</u> |
| Total staff costs (excluding Certification Officer) | <u>2,325,089</u> | <u>2,405,717</u> |
| Certification Officer: Salary | 16,937 | 23,929 |
| Social security costs | 1,559 | 2,014 |
| | <u>18,496</u> | <u>25,943</u> |
| Certification Office Support: Salaries | 130,919 | 101,773 |
| Total Certification Office staff costs | <u>149,415</u> | <u>127,716</u> |
| TOTAL STAFF COSTS | <u><u>2,474,504</u></u> | <u><u>2,533,433</u></u> |

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

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 2011-12, employers' contributions of £355,617 were payable to the PCSPS(NI) (2010-11, £352,468) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2012-13, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2011-12 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 2012.

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

(d) Average number of persons employed

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

| The number of Board members serving at any one time during the year was: | 2011-12 No | 2010-11 No |
|--|------------------|------------------|
| Board Members (including Chairman) | <u>10</u> | <u>9</u> |
| The average number (full time equivalent) of:- | | |
| Management (including Chief Executive) | 4 | 4 |
| Operational | 44 | 44 |
| Support | 15 | 13 |
| The Certification Officer (part-time) | 1 | 1 |
| Certification Office Support Staff | <u>4</u> | <u>3</u> |
| | 68 | 65 |
| Employment Agency staff | <u>1</u> | <u>5</u> |
| Total (including The Certification Officer) | <u>79</u> | <u>79</u> |

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

4 Other Expenditure (including VAT, where relevant)

| | Agency £ | Certific. Officer £ | 2011-12 Total £ | Restated Agency £ | Certific. Officer £ | Restated 2010-11 Total £ |
|---|----------------|---------------------------|-----------------------|-------------------------|---------------------------|-----------------------------------|
| Cash items | | | | | | |
| Premises Costs: | | | | | | |
| Rent, under operating leases, including car parks | 205,183 | 19,089 | 224,272 | 211,638 | 11,802 | 223,440 |
| Rates, including car parks | 85,473 | - | 85,473 | 85,197 | 5,952 | 91,149 |
| Service charges, maintenance, cleaning, heating, lighting and insurance | 106,409 | 5,311 | 111,720 | 120,885 | 6,189 | 127,074 |
| Security | - | - | - | 41,769 | - | 41,769 |
| Other Office Running Costs: | | | | | | |
| Staff training | 55,429 | 1,398 | 56,827 | 72,320 | - | 72,320 |
| IT Managed Services, Maintenance and licenses | 35,812 | - | 35,812 | 49,048 | 2,999 | 52,047 |
| IT Development and implementation | - | - | - | 8,761 | - | 8,761 |
| Postage and telephones | 43,047 | 903 | 43,950 | 45,223 | 585 | 45,808 |
| Library services | 40,159 | 2,382 | 42,541 | 33,507 | 2,580 | 36,087 |
| Office, supplies, printing and stationery | 42,654 | 209 | 42,863 | 32,708 | 103 | 32,811 |
| Publications and advertising | 17,219 | 4,202 | 21,421 | 32,668 | - | 32,668 |
| Conference & Seminars | 2,894 | - | 2,894 | 12,635 | - | 12,635 |
| Travel and subsistence | 27,824 | - | 27,824 | 29,418 | - | 29,418 |
| Hospitality | 5,770 | 48 | 5,818 | 8,609 | 362 | 8,971 |
| Miscellaneous expenditure and venue hire | 13,929 | 6,251 | 20,180 | 36,698 | 5,952 | 42,650 |
| Professional subscriptions | 6,115 | - | 6,115 | 7,991 | - | 7,991 |
| Advertising (staff vacancies) | 5,746 | - | 5,746 | 17,368 | - | 17,368 |
| Bank charges | 790 | 106 | 896 | 528 | 59 | 587 |

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

4 Other Expenditure (including VAT, where relevant) (contd)

| | Agency £ | Certific. Officer £ | 2011 Total £ | Agency £ | Certific. Officer £ | 2010 Total (as restated) £ |
|---|----------------|---------------------------|-----------------|------------------|---------------------------|-------------------------------------|
| Fees and Expenses: | | | | | | |
| Other professional fees | 110,271 | - | 110,271 | 71,963 | 770 | 72,733 |
| Advisors' fees and expenses | 2,600 | 936 | 3,536 | 20,101 | 596 | 20,697 |
| Arbitration fees and expenses | 17,683 | - | 17,683 | 13,381 | - | 13,381 |
| Legal fees | 900 | - | 900 | 9,185 | - | 9,185 |
| Internal auditors' remuneration | 8,305 | - | 8,305 | 8,445 | 650 | 9,095 |
| External auditors' remuneration | 7,000 | - | 7,000 | 7,795 | 650 | 8,445 |
| Total cash expenditure | 841,212 | 40,835 | 882,047 | 977,841 | 39,249 | 1,017,090 |
| Non-cash items | | | | | | |
| Depreciation | | | | | | |
| Depreciation of property, plant and equipment | 106,394 | 1,028 | 107,422 | 107,568 | 2,886 | 110,454 |
| Amounts written off intangible assets | 4,250 | 61 | 4,311 | - | - | - |
| Amortisation of non-current assets | 1,052 | - | 1,052 | 15,114 | 4,338 | 19,452 |
| | 111,696 | 1,089 | 112,785 | 122,682 | 7,224 | 129,906 |
| Total net non-cash expenses | 111,696 | 1,089 | 112,785 | 122,682 | 7,224 | 129,906 |
| Total | 952,908 | 41,924 | 994,832 | 1,100,523 | 46,473 | 1,146,996 |

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

5. Property, plant and equipment

2011-2012

| | Adaptations to Agency Short Leasehold Buildings £ | Agency Office Equipment, Furniture & Fittings £ | Agency Computer Equipment £ | Certific. Officer Office Furniture Fittings £ | Certific. Officer Computer Equipment £ | Total £ |
|---|--|--|--------------------------------------|--|--|------------------|
| Cost or valuation | | | | | | |
| At 1 April 2011 As restated | 444,309 | 443,249 | 275,657 | 29,250 | 14,946 | 1,207,411 |
| Additions | 23,982 | 22,541 | 22,056 | - | - | 68,579 |
| Disposals | - | - | - | - | - | - |
| Adjustment arising on revaluation | 29,913 | 3,426 | (15,672) | 432 | (850) | 17,249 |
| At 31 March 2012 | 498,204 | 469,216 | 282,041 | 29,682 | 14,096 | 1,293,239 |
| Depreciation | | | | | | |
| At 1 April 2011 | 222,974 | 364,352 | 233,206 | 26,138 | 14,946 | 861,616 |
| Provision for year | 34,198 | 38,779 | 33,417 | 1,028 | - | 107,422 |
| Disposal | - | - | - | - | - | - |
| Adjustment arising on revaluation | 15,012 | 2,251 | (13,083) | 366 | (850) | 3,696 |
| At 31 March 2012 | 272,184 | 405,382 | 253,540 | 27,532 | 14,096 | 972,734 |
| Net book value At 31 March 2012 | 226,020 | 63,834 | 28,501 | 2,150 | - | 320,505 |
| Net book value at 31 March 2011 as restated. | 221,335 | 78,897 | 42,451 | 3,112 | - | 345,795 |

All Assets were subject to revaluation using annual indices provided by the Office of National Statistics.

NB The depreciation charge per note 4 of £107,422 (2011: £110,454) for the year reflects the depreciation provision for Property, plant and equipment. A gross revaluation upwards adjustment of £17,249 (2011 £53,157) has been posted to reserves.

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

5. Property, Plant and equipment (cont'd)

Leased Assets

The adaptations to Agency buildings on short leasehold land carried at a Net Book Value at 31 March 2012 of £226,020 represent the only Agency leased assets.

2010-2011 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 £ |
|---|--|--|--------------------------------|--|---|------------------|
| Cost or valuation | | | | | | |
| At 1 April 2010 | 370,658 | 413,074 | 216,720 | 27,000 | 12,578 | 1,040,030 |
| Additions restated | 67,907 | 26,178 | 18,155 | 1,984 | - | 114,224 |
| Disposals | - | - | - | - | - | - |
| Adjustment arising on revaluation | 5,744 | 3,997 | 40,782 | 266 | 2,368 | 53,157 |
| At 31 March 2011 As restated | 444,309 | 443,249 | 275,657 | 29,250 | 14,946 | 1,207,411 |
| Depreciation | | | | | | |
| At 1 April 2010 | 194,607 | 324,786 | 157,831 | 25,161 | 11,638 | 714,023 |
| Provision for year | 25,352 | 36,540 | 45,675 | 719 | 2,167 | 110,453 |
| Disposal | - | - | - | - | - | - |
| Adjustment arising on revaluation | 3,015 | 3,026 | 29,700 | 258 | 1,141 | 37,140 |
| At 31 March 2011 | 222,974 | 364,352 | 233,206 | 26,138 | 14,946 | 861,616 |
| Net Book Valued At 31 March 2011 As restated | 221,335 | 78,897 | 42,451 | 3,112 | - | 345,795 |
| Net Book Value as At 31 March 2010 | 176,051 | 88,288 | 58,889 | 1,839 | 940 | 326,007 |

The Agency Office equipment, furniture and fittings additions for 2010/11 have been increased from £16,706 to £26,178 due to prior year adjustments as detailed in note 17.

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

6. Intangible Assets

Intangible assets comprise computer software and development costs.

2011-12

| | Agency £ | Cert' Office £ | Total £ |
|-----------------------------------|-----------------------|---------------------|-----------------------|
| Cost or Valuation | | | |
| At 1st April 2011 | 112,879 | 10,441 | 123,320 |
| Additions | 41,020 | - | 41,020 |
| Adjustment arising on revaluation | <u>(6,392)</u> | <u>(594)</u> | <u>(6,986)</u> |
| At 31st March 2012 | <u>147,507</u> | <u>9,847</u> | <u>157,354</u> |
| Amortisation | | | |
| | - | - | - |
| At 1st April 2011 | 109,632 | 10,441 | 120,073 |
| Charged in year | 1,052 | - | 1,052 |
| Adjustment arising on revaluation | <u>(6,193)</u> | <u>(594)</u> | <u>(6,787)</u> |
| At 31st March 2012 | <u>104,491</u> | <u>9,847</u> | <u>114,338</u> |
| Net Book Value | | | |
| At 31st March 2012 | <u>43,016</u> | <u>-</u> | <u>43,016</u> |
| At 31st March 2011 | <u>3,247</u> | <u>-</u> | <u>3,247</u> |

All Assets were subject to revaluation using annual indices provided by the Office of National Statistics

NB The depreciation charge per note 4 of £1,052 (2011: £19,452) for the year reflects the depreciation provision for intangible assets. Most additions were purchased in March 12 resulting in a low depreciation charge for the year. A gross revaluation downwards adjustment of £6,986 (2011 upwards adjustment of £19,274) has been posted to reserves.

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

6. Intangible Assets (cont'd)

Intangible assets comprise computer software and development costs.

2010-11

| | Agency £ | Cert' Office £ | Total £ |
|-----------------------------------|-----------------------|----------------------|-----------------------|
| Cost or Valuation | | | |
| At 1st April 2010 | 91,242 | 8,787 | 100,029 |
| Additions | 4,017 | - | 4,017 |
| Adjustment arising on revaluation | <u>17,620</u> | <u>1,654</u> | <u>19,274</u> |
| At 31st March 2011 | <u>112,879</u> | <u>10,441</u> | <u>123,320</u> |
| Amortisation | | | |
| At 1st April 2010 | 79,550 | 5,393 | 84,943 |
| Charged in year | 15,114 | 4,337 | 19,451 |
| Adjustment arising on revaluation | <u>14,968</u> | <u>711</u> | <u>15,679</u> |
| At 31st March 2011 | <u>109,632</u> | <u>10,441</u> | <u>120,073</u> |
| Net Book Value | | | |
| At 31st March 2011 | <u>3,247</u> | <u>0</u> | <u>3,247</u> |
| At 31st March 2010 | <u>11,692</u> | <u>3,394</u> | <u>15,086</u> |

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

7. Trade receivables and other current assets

| | 2012 £ | 2011 £ |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Other receivables | 2,455 | 1,041 |
| Prepayments | 56,438 | 48,960 |
| Other taxation and social security | 112 | 2,457- |
| | 59,005 | 52,458 |

8. Cash and Cash Equivalents

| | Agency £ | Certification Officer £ | 2012 Total £ | 2011 Total £ |
|---|---------------|-------------------------------|--------------------|--------------------|
| Balance at 1 April | 37,768 | (1,292) | 36,476 | 571,013 |
| Net change in cash and cash equivalent balances | 5,539 | 5,092 | 10,631 | (534,537) |
| Balance at 31 March | 43,307 | 3,800 | 47,107 | 36,476 |
| The following balances at 31 March were held at: Commercial banks and cash in hand | 43,307 | 3,800 | 47,107 | 36,476 |
| Balance at 31 March | 43,307 | 3,800 | 47,107 | 36,476 |

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

9. Trade payables and other current liabilities

| | 2012 £ | 2011 £ |
|---|----------------|----------------|
| Amounts falling due within one year: | | |
| Trade payables | 13,457 | 5,188 |
| Accruals | 107,567 | 332,509 |
| Total | 121,024 | 337,697 |

10. Capital Commitments

| | 2011 £ | 2010 £ |
|---|---------------|---------------|
| Contracted capital commitments at 31st March not otherwise included in these financial statements: | | |
| - remainder of refurbishment of extended Belfast leasehold premises | - | - |
| | 2012 £ | 2001 £ |
| Authorised, but not contracted for at 31st March: | | |
| Property, plant and equipment | | |
| - new security door for Belfast leasehold premises | - | 15,000 |
| - Works, decorations and refurbishment | 37,000 | -- |
| - Publication | 1,730 | - |
| Total | 38,730 | 15,000 |

11. Contingent Liabilities disclosed under IAS 37

There are no contingent liabilities at the year-end 31 March 2012

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

12. 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:-

| | 2012 £ | 2011 £ |
|---|-------------------------|-------------------------|
| Buildings: | | |
| Not later than one year | 215,400 | 226,919 |
| Later than one year and not later than five years | 861,600 | 864,000 |
| Later than five years | 430,800 | 864,000 |
| | <u>1,507,800</u> | <u>1,954,919</u> |

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.

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

13. 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 2011/12, analysed by period during which the commitment expires are as follows:-

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Not later than one year: | | |
| Security accreditation projects | - | 1,000 |
| | - | 1,000 |
| Later than one year and not later than five years: | - | - |
| Later than five years: | - | - |
| Total | - | 1,000 |

14. 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 £3,700,000 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.

15. 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.

16. Impairments

The total impairment charge for the year is £4,311. There is no movement between the revaluation reserve and the general reserve.

Notes to the Financial Statements

for the year ended 31st March 2012 (contd)

17. Prior Year Adjustment

The 2010-11 Accounts have been restated to transfer an item of furniture from revenue to capital of £9,472. All 2010-11 Primary Statements and Note 2 Statement of Operating Costs by Operating Segment, Note 4 Other Expenditure and Note 5 Property, plant and equipment have been restated.

18. Events after the reporting period

There were no events occurring after the reporting date that require disclosure. The Accounting Officer authorised these financial statements for issue on 27 June 2012.

These accounts are authorised for issue on the same day that the Comptroller and Auditor General signs his audit report.

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