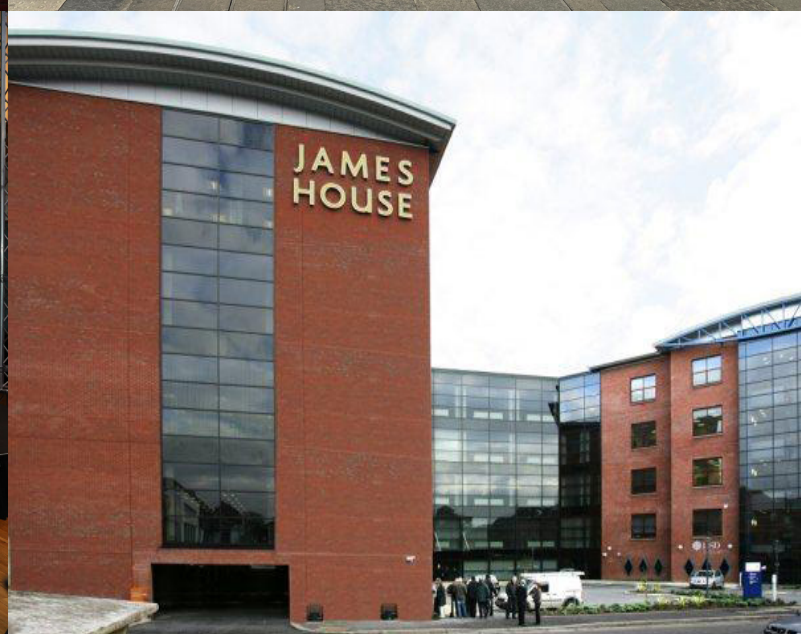


Labour Relations agency

improving employment relations

Annual Report & Accounts 2022-23



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Labour Relations Agency Annual Report and Accounts
For the year ended 31 March 2023

Laid before the Northern Ireland Assembly
under Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992
by the Department for the Economy

on

6 July 2023

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Foreword

As Chair of the Labour Relations Agency's Board, I believe that 2022-23 was a hugely successful year. My particular highlight was the Agency's employment relations conference, which was held in February 2023. This brought together key stakeholders from government, business and trade unions to discuss the importance of good employment relations to economic success. Thanks to the insights of a great range of speakers from Great Britain, Ireland, and closer to home, and along with compelling research, we affirmed the role of the Agency as a key partner in the delivery of the Department for the Economy's 10X Economic Vision for Northern Ireland.

Having taken up post in May 2021, 2022-23 was my first full year as Chair of the Agency. I was pleased to see the Board develop into a cohesive and high-performing team, as new members joined the pre-existing cohort. The Board has played a critical role in shaping the longer term strategy for the Agency, which has brought an even greater focus on helping organisations achieving success through good employment relations.

Board members have not just been strategists, they have also played important roles in supporting delivery of the Agency's business. Externally, they have been ambassadors for the work of the Agency and good employment relations more generally; their commitment was amply illustrated by their chairing of workshops at the Agency's conference. Internally, individual Board members play key roles in mentoring and sponsoring new staff networks as part of our commitment to fostering a culture of equity, diversity and inclusion.

I would like to take this opportunity to express my deep appreciation for the work of Deirdre Fitzpatrick, Michelle McGinley, Daire Murphy, and Jill Minne, whose Board appointments ended on 31 March 2023. As Agency Board members, they collectively accumulated almost 40 years of experience of good employment relations know-how and good governance, which will be hard to replace. I thank them for their important contribution to the success of the Agency and the cause of good employment relations in NI.

I look forward to welcoming new members to the Board.

I would also like to take this opportunity to thank the staff of the Agency for their amazing work in 2022-23. They are passionate and committed, and the expertise of our staff continues to have a positive impact in supporting employers, employees, and their representatives in building better workplaces and ultimately the growth of our economy.

I commend our Annual Report and Accounts for 2022-23 to you.



Gordon Milligan OBE
Chair

Chapter 1

Performance Report

Overview

The year in perspective

Our Annual Report and Accounts documents the successful delivery of the Labour Relations Agency's Business Plan for 2022-23. This Business Plan implements the second year of the four-year Corporate Plan, which sets our strategic direction until 2025.

2022-23 very much built on the foundations for transformation of the Agency, which were laid in 2021-22. This transformation – which in effect is a 're-imagining' of the Labour Relations Agency – comprises a number of changes, both in strategic direction and how we organise and support ourselves to achieve the ambitions set out in the Corporate Plan.

The Agency's strategic direction is very much aligned to delivery of the Department for the Economy's (DfE) 10X Economic Vision.¹ Our employment relations conference, held in February 2023, attracted high calibre speakers from the UK and Ireland and approximately 200 stakeholders to discuss how good employment relations and practice can support delivery of the 10X Vision.² This event has led to the Agency committing to develop in 2023-24 a good employment charter for Northern Ireland.

Other aspects of our work to support economic growth during the year included the further development of partnerships with industry-representative bodies to seek to address sector-specific issues. The key partnerships in 2022-23 were with the hospitality and care home sectors. These are two sectors badly hit during the pandemic and now facing recruitment and retention issues in what is a very competitive labour market; both recognise that good employment relations and practice are key to economic success.

Similarly, we continued to develop our thought-leadership work during the year. This progressed enormously during the year with the development of a podcast series, 'Challenging Workplaces'. The podcast, together with regular media engagement and articles, provide platforms for the Agency to help lead and shape the debate on contemporary employment issues, with a view to ensuring effective responses by employers and employee representatives in workplaces. We have been ably supported in this work through new and/or reinvigorated partnerships with CIPD NI, Diversity Mark and the Irish Congress of Trade Unions.

The Agency commissioned two important pieces of research during the year; both of which were showcased at our conference in February and will be published and disseminated later in 2023. The first, undertaken by the world-renowned Institute for Employment Research at the University of Warwick, highlights the correlation between good employment relations and economic success; the second focuses on the converse – the costs of workplace conflict, or the price of poor employment relations, which is estimated at around £851 million each year in NI.

Unfortunately, the high levels of industrial unrest experienced in the previous year continued throughout 2022-23. These disputes have their origins in the impact of post-pandemic labour market shortages and cost of living concerns caused by surging energy and food prices. While employers in the private sector have, in many cases, been able work with their unions to resolve pay disputes, this has been problematic in the public sector where resolution ultimately rests with politicians.

1 Available at: <https://www.economy-ni.gov.uk/articles/10x-economy-economic-vision>

2 For further information about the conference, see: <https://www.lra.org.uk/10x-reasons-and-more-good-employment-relations-conference>

Beyond this, the Agency has acted strategically to help improve collective bargaining. Using the shared experience of key stakeholders and ourselves of recent industrial action, the Agency initiated in 2022-23 a review of collective bargaining arrangements in local government. This is the first ever use of powers granted to the Agency under Article 86 of the Industrial Relations (Northern Ireland) Order 1992.³ The outcome of this review was reported to the June 2023 meeting of the Agency's Board. More broadly, the Agency has committed in our Business Plan for 2023-24 to developing a Code of Practice on Collective Bargaining to improve the conduct of this.

Internally, the effects of transformation have been most visible in our accommodation and new working practices. Relocation to new, modern office accommodation in James House on Belfast's Gasworks was a particular highlight of 2022-23; I am grateful to the colleagues who led this work with professionalism, and resilience in light of scheduling delays resulting from external factors. Relocation was supported by a formal trial of new hybrid working arrangements, which will be evaluated later in 2023.

Equity, diversity and inclusion (EDI) has been at the centre of a transformation of the Agency's culture, and the way we deliver services to customers. During 2022-23, we developed an EDI Strategy for the Agency and appointed our first ever EDI Manager to lead implementation of this. EDI has brought a new energy to the Agency as we strive to be an exemplary employer. It has, for example, seen a number of staff-led networks evolve to help improve employee engagement, which in turn led the Agency take part in the Belfast and Foyle Pride events in 2022; both to show solidarity to colleagues and help raise awareness of our services to the wider LGBT+ community.

All-in-all, 2022-23 was a successful year, despite an extremely challenging external environment. We have continued to deliver services, while transforming. Our standards have remained high. We retained and improved our standing in respect of the Customer Service Excellence standard and the Diversity Mark Bronze Award, and was a finalist in the Women in Business Awards for advancing diversity in the workplace.

Lastly, I would like to pay tribute to all my colleagues, and the Agency's Board, for their tremendous work throughout 2022-23. In particular, I would highlight the achievements of those involved in working tirelessly and skilfully to resolve disputes and prevent or stop industrial action, where they could. Thank you – your work makes a real difference to our economy and community, and does not go unnoticed.



Don Leeson
Chief Executive

³ Further information on this is available at: <https://www.legislation.gov.uk/nisi/1992/807/article/86>

The purpose and activities of the Labour Relations Agency

Purpose

The Labour Relations Agency is a non-departmental public body established under the Industrial Relations (Northern Ireland) Order 1976⁴ and continued by the Industrial Relations (Northern Ireland) Order 1992.⁵ The Agency is independent of Government, but accountable to and funded by the Department for the Economy (DfE).

The Agency's purpose is to improve employment relations, promote best employment practice and resolve workplace disputes through the delivery of quality, impartial and independent services.

The Agency is overseen by a Board, appointed by the Minister for the Economy. Staff are structured into two Directorates – Employment Relations Services and Corporate Services – with the Directors reporting to the Chief Executive. The Agency also provides staff and support services to the Certification Officer for Northern Ireland.

The Agency operates out of its Head Office in Belfast and a Regional Office in Derry/Londonderry. The Head Office relocated to James House within the Gasworks site in Belfast in December 2022.

Further information regarding how the Agency is organised and governed is set out in the Accountability Report.

Vision and values

The Agency's **vision** is:

To be widely recognised as Northern Ireland's leading authority in promoting productive working relationships for the benefit of individuals and organisations and to support the creation of a thriving and inclusive economy.

To achieve our vision and purpose, our **values** are to be:

Progressive – forward thinking, outward looking, and creative, harnessing all insights to find better ways to support the economy and society;

Ethical – always acting with integrity, impartiality, equity and utmost professionalism, and demonstrating openness and accountability;

Exemplary – challenging ourselves to be the best we can be and a role model in employment relations and equality, diversity and inclusion; and,

Responsive – listening to all our customers and colleagues and adapting to ensure our services meet their needs.

⁴ Available at: www.legislation.gov.uk/nisi/1976/1043/made

⁵ Available at: www.legislation.gov.uk/nisi/1992/807/contents

Services

The Agency provides a range of advisory services to promote good employment practice and advise employers and employees on their rights and responsibilities. These services include:

- **Workplace Information Service (WIS)** – this is a confidential information and advice line (telephone number: 03300 555 300) for employers and individuals, and their representatives;
- **Briefings, seminars, and workshops** – these are increasingly delivered via the Agency’s digital platforms and are aimed at disseminating information and good practice on a range of employment issues and enhancing the employment relations skills of line managers; and,
- **Document service** – this online service allows employers to compile workplace documentation – from written statements of employment particulars through to employee handbooks – with guidance on compliance and good practice.

The Agency also provides a range of confidential **dispute resolution services** designed to deal with problems that arise in the workplace, providing that the parties to a dispute are agreeable. These include:

- **Conciliation** – this service seeks to find a mutually agreeable solution to a problem or disagreement where an individual could make a claim to an Industrial and/or Fair Employment Tribunal. There are three aspects to this:
 - **Early conciliation** – potential tribunal claimants are required to notify the Agency of a dispute and consider conciliation before submitting a tribunal claim;
 - **Post-claim conciliation** – once a tribunal claim has been submitted, the Agency continues to be available to the parties to settle their dispute through conciliation; and,
 - **Employer-led conciliation** – the Agency provides a service to employers who wish to avoid the risk of a tribunal claim by using conciliation to resolve an employment matter.
- **Arbitration** – where a solution to a problem or disagreement to an individual dispute cannot be found, and the parties wish to avoid a tribunal, our arbitration service provides a quick, confidential, non-legalistic process to resolve the matter. Arbitration decisions, and remedies that flow from these, are legally enforceable in the same way as tribunal decisions. Arbitration is also available to resolve collective disputes;

An adjunct to Arbitration is the **Independent Appeals Service**, which facilitates second stage appeals for a number of public bodies, mostly in the education sector.

- **Mediation** – this is an effective tool for restoring positive working relationships using a mediator to work with those in conflict or dispute to find a mutually agreed resolution to overcome their differences; and,
- **Collective Conciliation** – this service aims to help employers and trade unions resolve collective disputes.

Influencing employment relations policy and agenda

As well as being a service provider, the Agency has a key role in working collaboratively with, and providing platforms for, representative bodies of employers and employees to facilitate discussion and seek to influence employment relations issues at a strategic level. These bodies include the Confederation of British Industry (CBI), Federation of Small Businesses (FSB), Chambers of Commerce, Institute of Directors (IoD), and the Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU). We also work across all sectors, including the public, private, education and research, and voluntary and community sectors.

The Agency chairs and facilitates two key fora of stakeholders:

- **The NI Employment Relations Roundtable** – this promotes the strategic importance of strong and equitable employment relationships and industrial relations to economic competitiveness and social wellbeing; and,
- **The NI Engagement Forum on Covid-19** – established in March 2020 at the request of the NI Executive, the Forum has provided advice on Covid-19 matters as they apply to workplaces and the labour market.

Key issues and risks in 2022-23

Covid-19 pandemic

The start of the reporting period coincided with a re-emergence from the Covid-19 pandemic and an accompanying relaxation of the associated public health restrictions. Having responded quickly to the public health crisis as it developed in the early part of 2020, the Agency was also able to return for the most part to pre-pandemic service delivery arrangements from April 2022.

Our overriding objective was to ensure the safety of staff and customers in maintaining delivery of key employment relations services throughout the period of the restrictions. We were however delighted to re-open our offices to staff and the public at an early stage in the business year and facilitate a return to more face-to-face delivery of services and working arrangements.

The Agency continued to facilitate the NI Engagement forum on Covid-19 during 2022-23. The forum was established to advise the NI Executive on how best to manage the challenge of Covid-19 as it applies to workplaces and the wider labour market; and to be the primary conduit for the Executive to consult on new approaches in response to emerging issues facing employers and employees (see 'Performance Summary' below). There is no doubt that the operation of the forum and the work it has been involved in has strengthened immeasurably the relationships between the key stakeholders representing employees and employers in NI and provided an environment for meaningful social dialogue. The Agency recognises the importance of this forum and progressed a review of the terms of reference of the Employment Relations Roundtable, from which the forum was formed, in 2022-23 to consider how it might continue to promote dialogue at this level.

It is important to acknowledge the resilience and adaptability of the Agency's staff throughout the Covid-19 restrictions and in successfully re-establishing working arrangements as the impact of the pandemic subsided.

The Agency's 'Together' People Programme,⁶ tailored specifically for the unique set of circumstances resulting from the public health crisis, assisted greatly in navigating what proved to be a particularly challenging period for everyone.

EU exit

The Agency continues to work closely with DfE colleagues regarding the economic impact of the UK's exit from the European Union (EU) and is a member of DfE's EU Exit Stakeholder Forum.

In addition, the Agency works in partnership with the Equality Commission and NI Human Rights Commission's Dedicated Mechanism Unit (DMU) regarding employment matters impacted upon by EU exit. The DMU was established to monitor compliance with Article 2 of the NI Protocol. Article 2 safeguards current protections for the rights, safeguards and equality of opportunity provisions. The Agency's role is to provide information and expertise to the DMU on general employment law matters such as gender pay gap reporting and other areas covered and impinged upon by Article 2.

⁶ Available at: <https://www.lra.org.uk/resources/labour-relations-agency-together-people-programme-may-2020>

Holiday pay

The Agency's work is impacted by what is happening across the wider labour market and emerging case law. The Agency continues to process thousands of grouped cases linked to a surge in tribunal claims regarding incorrectly calculated holiday pay.

Resolution of the case law position is awaiting a decision by the Supreme Court in the matter of the Chief Constable of the Police Service of Northern Ireland (PSNI) v Agnew (Alexander) and Others. This case was heard by the Supreme Court in December 2022; the Court's decision is imminent. It is expected that a substantial volume of work will follow as the Agency is called upon by the parties to settle their holiday pay disputes following the outcome of the Agnew case. Arrangements are in place to respond effectively to this demand for services.

Accommodation matters

Following a number of delays in the readiness of the new office accommodation, our Head Office successfully relocated to James House on the Government Estate in Belfast on 6 December 2022. The Agency exited the lease on the previous Head Office premises in Gordon Street, Belfast on 28 February 2023.

Risks

The Agency's arrangements for managing risk are set out in the Governance Statement.

The key corporate risks managed by the Agency in 2022-23 were:

- **Budget** – if adequate funding is not secured through the sponsor Department (DfE) then the Agency will not be able to deliver on its objectives.
- **Staffing** – if the Agency does not maintain adequate capacity and capability within its staffing structures then it will not be able to deliver on its objectives.
- **Office accommodation** – if the relocation of Head Office to James House and the re-opening of the Regional Office are not managed effectively, then this will impact negatively on employment relations, staff morale and, ultimately, effective service delivery
- **Hybrid working** – if the transition to hybrid working arrangements is not managed effectively, then this will impact negatively on employment relations, staff morale and, ultimately, effective service delivery.
- **Information systems - Managed services** – if the migration to new IS Managed Services is not effectively managed then it will impact negatively on business operations and service delivery.
- **Core business system** – if the Agency's core business system (Case Management and Records) does not meet defined long-term business needs then it will impact negatively on business operations and service delivery.
- **Cyber security** – if the Agency's business systems are subject to cyber security threats it will impact negatively on business continuity and service delivery.

- **Independent appeals and mediation services** – if the Agency does not maintain effective control in the delivery of internal appeals and mediation services it will impact negatively on customer service delivery and reputation.

The risk in relation to Information Systems – Managed Services was assessed as ‘extreme’ for a period during 2022-23. However, while it remained ‘high’ throughout the year, mitigating actions ensured that adequate controls were in place. None of the remaining risks materialised during the reporting period.

Performance summary

Employment relations services

The 2022-23 reporting year was one of great internal change for the Agency in terms of moving premises and adapting to a formal hybrid working pilot, both of which needed to be carefully managed in order to ensure seamless delivery of services.

As a 'new normal' returned to most workplaces the Agency was determined to build on lessons from remote and hybrid working and strengthen working relationships with other bodies that had pre-existed or been established during the pandemic.

The reporting year witnessed a continued high level of industrial unrest and industrial action across virtually all sectors and this meant the Agency having to pivot resources accordingly. The Agency experienced its busiest year in decades in terms of collective conciliation work as industrial discontent spread rapidly across sectors and we worked with the parties to resolve their disputes.

During 2022-23, the Agency completed 15 collective conciliations (compared to 18 in the previous year).

The balance between providing face to face advisory services and the clear demand for digital content meant that the Agency needed to carefully assess where best to focus its energies and so the efficiencies of holding a public seminar with relatively small numbers of in-person attendees needed to be assessed against using webinars and pre-recorded seminars. To this extent a trial of in-person workshop delivery in our Regional Office was compared to up-take in digital content emanating from Head Office. This trial is ongoing, but the early indicators suggest a longer term move towards digital content.

Working with sectoral representative bodies, such as hospitality and independent health care, has given the Agency insight into ongoing recruitment and retention issues. It has also helped shape our views on benefits and content of a Good Employment Charter, the development of which will be a priority for the Agency during the year ahead as the Agency supports delivery of DfE's 10X Economic Vision.

During the reporting year we further developed our thought leadership role. This led us to develop a podcast series entitled, 'Challenging Workplaces'. To date, three podcasts have been produced, covering issues such as the changing nature of workplaces, domestic violence and abuse and their impact on workplaces, and respectful conversations.

Our ongoing partnerships with established delivery partners, such as the Equality Commission and Invest NI, continue and are well-established in areas of commonality, overlap and joint interest. Employment-related guidance developed by the Agency attracts the largest audience on www.nibusinessinfo.co.uk, which is managed by Invest NI.

New and pre-existing other partnerships were developed in 2022-23 with organisations such as CIPD, Diversity Mark, and the Irish Congress of Trade Unions and helped extend the Agency's reach and reputation on contemporary workplace issues.

The Workplace Information Service (WIS) received 14,182 calls compared to 14,363 in 2021-22. Once again our dedicated WIS staff continued to deliver a high quality service while working hybridly, as evidenced in 'mystery shopping' exercises as part of the Customer Service Excellence requirements throughout the year.

During 2022-23, our programme of seminars were delivered through a combination of in-person events and online webinars. The Agency now has a library of pre-recorded popular topics available on our website along with accompanying resources, so customers can watch at a time convenient to them. The subject areas continue to be developed. During the reporting year we developed short focused 'knowledge nuggets' on subjects as varied as 'smoke breaks' and other topics identified from customer requests.

The Agency's Certificate in Effective Line Management Practice is now in its third iteration and has been adapted in line with customer feedback and staff experience. We delivered four programmes during the reporting year; a total of 16 have been delivered to date with over 250 line managers completing the Certificate. The programme was delivered online through a combination of pre-recorded webinars and live, facilitated question and answer sessions.

Our digital document platform, the Employment Document Toolkit has now been in operation for 18 months. This allows employers to build their own documents, tailored around a range of templates designed by the Agency. The uptake to date has been positive with almost 1,000 customers now registered to use the service.

During 2022-23 there continued to be a high demand for the Agency's individual conciliation service.

Over 31,000 cases were received during the reporting year (10,000 in 2021-22). Of these, 17% were Early Conciliation (EC) cases (15% were employee-led and 2% employer-led referrals). The remaining 83% (over 26,000) are cases lodged with the Tribunal Service. The vast majority of these relate to multiple claims linked to wider litigation action (such as the ongoing holiday pay and pension matters progressing through the courts). There were over 800 individual cases; almost 25% fewer than the total number of individual cases lodged at tribunal during the previous year.

Around 6,350 cases were cleared in 2022-23. A settlement was reached in over 1,300 (21%) of these clearances and 4,647 EC certificates (73%) were issued (a certificate is issued when a settlement has not been reached and is required for an individual to lodge tribunal proceedings).

Only 13% of tribunal cases dealt with were resolved by a determination by an industrial or fair employment tribunal. This accounted for just 2% of the overall number of cases dealt with by the Agency where the parties were unwilling to settle their dispute through conciliation.

Our Mediation Service continued during the reporting year with a full return to in-person delivery. The Agency conducted 15 mediations in 2022-23, compared to five in the previous year (service delivery in 2021-22 had been constrained by public health restrictions and the parties' unwillingness to use videoconferencing for mediations).

The Agency's Independent Appeal Service continues to experience a backlog of over 50 appeals, which has been carried forward into 2023-24. A review of this service, informed by legal opinion, regarding its future delivery was completed during the latter part of the reporting year. The outcome of the review will be progressed with stakeholders during 2023-24.

Good employment practice project work has been hampered by a variety of factors during the reporting year ranging from the departure of an Employment Relations Manager working in a dedicated capacity in that area, through to the marked up-take in industrial action across the private and public sector. Such collective conflict is not conducive to partnership working and good employment practice work. As a result, one high profile project stalled due to industrial action and another project slowed significantly as the parties pivoted towards other priorities.

Corporate services

2022-23 was both a challenging and a rewarding year for our corporate services. The Agency and our newly appointed Equity, Diversity and Inclusion Manager were recognised externally as finalists in the Women in Business Awards for 'Advancing Diversity in the Workplace' in the individual and company categories respectively. These along with our retention of the Diversity Mark Bronze Standard, and the Customer Service Excellence Standard in March 2023, capped off another successful year.

Alongside our existing corporate strategies around People, IT, Communications and Business Intelligence we brought forward a new Equity, Diversity and Inclusion Strategy in 2022-23. These strategies run alongside and enable delivery of our Corporate Plan 2021-25.

Accommodation issues again featured large in 2022-23. Staff and customers returned to our offices in the early part of the business year as we fully reopened our premises in line with the relaxation of restrictions associated with the public health emergency. That return coincided with the introduction of hybrid working arrangements on a trial basis. The operation of the initial trial assisted greatly in the development of a more formal Hybrid Working Policy which is now being piloted following the relocation to our new Head Office premises. The successful transition to hybrid working arrangements is testimony to the effectiveness of the Agency's information and communications technology infrastructure and the support arrangements in place for staff.

The Accommodation Project developed and completed Head Office relocation plans. The Agency said 'goodbye' to our Gordon Street premises after almost 26 years. With effect from 6 December 2022 we began delivering all Head Office operations from the newly refurbished James House.

The health and wellbeing of our staff remained an important focus throughout the period particularly as face-to-face service delivery made a welcome return. The outworking of the Agency's 'Together' People Programme, tailored specifically as a response to the unique set of circumstances resulting from the public health crisis, ensured that staff continued to be properly supported as they returned to more office-based working. The Agency's comprehensive health and wellbeing strategy comprising the key themes of Connect, Be Active, Keep Learning, Take Notice and Give ensured that the welfare of our people remained paramount.

We continued to make best use of our digital platforms to support the move to new hybrid working arrangements. Our website and social media capabilities enabled us to expand our online service-offerings and reach more customers. In line with the Communications Strategy, we have continued to grow our social media traffic and increased our media profile in 2022-23.

Staff engagement will always be at the heart of everything that the Agency does and accordingly remained an important theme in 2022-23. The staff Employment Relations Group, along with our own trade union partnership arrangements, continued to demonstrate their value in enhancing engagement levels between the Agency and its staff particularly as we progressed significant change initiatives including the Head Office relocation, the move to hybrid working arrangements and the development of our transformation programme. As part of that we continued the work of co-designing a future staffing structure. This work, when completed, will form the basis of a transformed service delivery model for the Agency.

Being the Labour Relations Agency, we recognise the importance of getting these exercises right and therefore highly value the input of colleagues in arriving at workable solutions.

Promoting equality of delivery of services to different groups

As a public authority, the Agency has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998⁷ in carrying out its functions. Further information on the Agency's equality scheme is available on our website.⁸

In terms of service delivery, the Agency holds the Customer Service Excellence standard. This was first achieved in March 2021. The annual reassessment took place in March 2023 and demonstrated that the Agency had improved its compliance level against the standard. This was principally because of the work carried out to improve the equality of delivery to, and better understand the needs of, different customer groups.

Annual surveys of levels of public awareness of the Agency's services and employment rights consistently show that younger people are least aware. We have sought to address this through more targeted social media, including developing new communications channels (Instagram and TikTok), and engagement with the Careers' Service to identify ways to reach those about to start their first job.

Great care is taken to ensure that services are accessible, including use of fully accessible premises and website, offering a range of communication channels, translation services, and adopting the JAM (Just a Minute)⁹ initiative for people with autism and other hidden disabilities. We are also a founding member of Neurodiversity in Business¹⁰, which demonstrates our commitment to building a more neuro-inclusive organisation in delivering accessible services.

7 Further information on the Section 75 statutory equality duties are available at: <https://www.equalityni.org/S75duties>

8 Available at: <https://www.lra.org.uk/resources/other/equality-scheme-2011>

9 Further information is available at: <https://www.jamcard.org/>

10 More information available at <https://neurodiversityinbusiness.org/>

We also undertake outreach with minority groups who may be particularly vulnerable in employment situations. In 2022-23, the Agency worked with the Rainbow Project¹¹ and Stonewall Young Futures¹² to support the LGBT+ community and, for the first time, participated corporately in Belfast Pride and Foyle Pride. We are committed to ensuring that our services are inclusive to ethnic minority groups and have become a signatory to the Business in the Community Race at Work Charter¹³. In addition, the Agency established a relationship with the Chinese Welfare Association¹⁴ to raise awareness of employment rights among people within the Chinese community.

11 Information available at <https://www.rainbow-project.org/>

12 Available at <https://www.stonewall.org.uk/young-futures>

13 More information at <https://www.bitcni.org.uk/programmes/race-at-work/>

14 Available at <https://www.cwa-ni.org/>

Performance analysis

This section sets out how the Agency has monitored delivery of the Business Plan for 2022-23 and a detailed view of performance against objectives.

Performance monitoring

The Agency's Business Plan for 2022-23 implemented the second year of the Corporate Plan for 2021-25. The Corporate Plan is closely aligned to the broader societal outcomes promulgated in the NI Executive's Programme for Government (PfG) and developed along three high level themes:

- Improving organisational performance and responding to the needs of individuals through expert employment relations advice and support;
- Working with stakeholders and delivery partners to evidence and promote the economic and social return from good employment relations and shape public policy; and,
- Optimising the contribution of staff and resources to deliver our statutory functions through effective leadership and governance practices.

We grouped delivery objectives under each strategic theme.

The Business Plan for 2022-23 contained 44 actions designed to deliver on the strategic objectives set out in the Corporate Plan. The Senior Leadership Team monitors progress against the objectives at monthly meetings and reports performance to the Board; progress against objectives is also discussed at Oversight and Liaison meetings with DfE.

Monthly performance management reports highlight actions that are complete, on track, behind schedule, not yet started, or not delivered during the year.

Performance against objectives

Overall, the Agency delivered, or delivered in large part, 40 of the 44 (91%) planned outcomes/ outputs contained in our Business Plan for 2022-23. Where appropriate a number of actions, which have been only partially met or not delivered in 2022-23, have been carried forward into 2023-24.

The actions not delivered are:

- *Review (by way of desk-top), by December 2022, the Mediation Service and make proposals to ensure the most effective use of Agency resources, in line with customer needs.*
- *Manage, by March 2023, the on-boarding of the Agency's IS Managed Services to IT Assist.*
- *Agree and implement, by March 2023, an organisational transformation programme.*
- *Develop, by March 2023, a scheme of delegation in preparation for new legislation clarifying the roles of Board and staff members.*

Further detail in relation to the delay in delivering these actions is set out in the table below

Most of the actions will be progressed under the Agency's Business Plan for 2023-24.

Strategic theme 1: Improving organisational performance and responding to the needs of individuals through expert employment relations advice and support.

1.1 To provide effective guidance on employment relations issues to individuals and organisations.

<p>a. Respond effectively to callers to the Workplace Information Service.</p>	<p>Outcome delivered Number of enquiries received/handled: 14,182</p> <p>Average waiting time for the year (<i>target: less than one minute</i>): 36 seconds</p> <p>Lost call rate for the year (<i>target: less than 10%</i>): 4.5%</p>
<p>b. Continue to focus advisory services to support post-Covid economic recovery and growth through the development of delivery partnerships with statutory, employer and industry bodies, and trade unions.</p>	<p>Outcome delivered A number of delivery partnerships took place during the reporting year: Hospitality Ulster (HU), Independent Health & Care Providers, Local Councils, Invest NI (INI), Equality Commission for Northern Ireland (ECNI) and Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU).</p> <p>Our partnership work during the year consisted of planned joint delivery of advisory and information topics.</p> <p>Number of joint events delivered: 7</p> <p>Managing Harassment and Bullying at Work - ECNI/LRA - 4 Menopause in the Workplace - ECNI/ICTU/LRA - 2 Pregnancy and Maternity at Work - ECNI/LRA - 1</p> <p>Stakeholder and customer satisfaction with the quality of the events: 97%, with 82% of customers reporting greater confidence in dealing with employment relations matters as a result of attendance at events (<i>target: at least 75%</i>).</p>

<p>c. Develop and deliver a programme of good practice seminars/webinars and briefings to give employers, employees, and their representatives, greater confidence in dealing with employment relations matters.</p>	<p><u>Outcome delivered</u> All pre-recorded webinars are current and available on the website and new material is being added as per plan. The balance between face-to-face and digital content material is still being assessed.</p> <p>Number of in-company events delivered during the year: 21</p> <p>Customer satisfaction with the quality of in-company events: 94% with 80% reporting greater confidence in dealing with employment relations matters as a result of attendance at events (<i>target: at least 75%</i>).</p> <p>The public programme continued to attract interest with steady numbers attending a range of events during the year. Customer satisfaction with the quality of public events: 100% with 94% reporting greater confidence in dealing with employment relations matters as a result of attendance at events (<i>target: at least 75%</i>).</p>
<p>d. Provide managers with practical skills and confidence to create positive and productive working environments through the LRA Certificate in Line Management Practice to encourage employers to adopt good practice in managing employment relations.</p>	<p><u>Outcome delivered</u> There were 4 certificate programmes delivered during the reporting year. In terms of satisfaction levels there was a 100% satisfaction rate from certificate attendees and in terms of increased confidence levels the rate was also 100%.</p>
<p>e. Develop and pilot, by March 2023, a programme for employee representatives to provide them with the practical skills and confidence to support the creation of positive and productive working environments by encouraging employers to adopt good practice in managing employment relations.</p>	<p><u>Outcome partially delivered</u> Development work on the pilot programme is complete. A pilot workshop is scheduled to be progressed during the early part of the new reporting year. Format discussions took longer than expected and it has now been agreed to develop the programme as an e-learning programme.</p>
<p>f. Promote take-up of the new online Employment Document Toolkit to support legislative compliance by employers and encourage good practice in employment relations matters from April 2022.</p>	<p><u>Outcome delivered</u> Since its inception the cumulative position (since October 2021): 3,472 users and 47,964 page views.</p>

<p><i>g.</i> Deliver sectoral-based good practice facilitation services.</p>	<p><u>Outcome partially delivered</u> Good employment practice projects have been hampered by the level of industrial unrest across all sectors. The presence of industrial action has not been conducive to partnership projects or an appetite for facilitated workshops or projects.</p> <p>This resulted in the key project being stalled within the NI Civil Service.</p> <p>Developmental work continuing (spanning reporting years) with construction industry around the 'Fair Work' agenda. The Construction Employers Federation (NI) has put together a committee to look at both procurement and fair work agendas as part of their strategy going forward.</p> <p>Good Employment Charter development work was commenced during the reporting year with Independent Health and Care Providers.</p>
<p><i>h.</i> In partnership with the Department for the Economy raise awareness of new Parental Bereavement Leave and Pay arrangements with effect from April 2022.</p>	<p><u>Outcome delivered</u> A new webinar was developed for delivery in addition to pre-recorded version currently on website. Also, detail included as part of Family Friendly Working Practices seminar/webinar.</p> <p>An in-person seminar is ready and is available to be delivered upon demand.</p>
<p><i>i.</i> Provide thought-leadership through the development and promotion of best practice employment policies and publications.</p>	<p><u>Outcome delivered</u> Our thought leadership programme on contemporary employment issues in the workplace has been well received. Our 'Challenging Workplaces' podcast series has garnered interest across social media with the topics during the reporting year including domestic violence and the workplace.</p> <p>Other thought piece work has been published in local business media during the reporting year and they addressed issues such as – industrial unrest, bringing your true self to work, social issues and the workplace, and the development of good employment charters.</p>

1.2 To help prevent and resolve individual and collective workplace employment disputes.	
a. Deliver an Early Conciliation service that reduces the number of claims heard by an employment tribunal.	<p>Outcome delivered Number of employee and employer-led notifications received: 5,398 (4,938 in 2021-22).</p> <p>Number and % of EC notifications settled: 801 (15%).</p>
b. Respond effectively to demand for conciliation to resolve holiday pay disputes.	<p>Outcome partially delivered A small number of holiday requests have been progressed. However, this work is largely stalled pending a decision in the 'Agnew' case at the Supreme Court. The case was heard in December 2022; the Court's decision is imminent.</p>
c. Deliver an effective collective conciliation service to facilitate the resolution of collective workplace disputes.	<p>Outcome delivered Number of collective conciliation cases received: 15 collectives were received, with 5 carried forward from the previous reporting year.</p> <p>% collective conciliation cases undertaken: 15 cases concluded during the reporting period.</p> <p>% resulting in a settlement to resolve the dispute (<i>target: 70%</i>): 47% resulted in a settlement (7) with 2 settling privately after the conciliation process.</p> <p>Settlement rates are below target for a variety of factors including pay offers not meeting expectations and disputes having more political overtones making them unlikely to be resolved by collective conciliation.</p>
d. Deliver an effective mediation service to facilitate the resolution of interpersonal workplace disputes within the context of devising a future mediation strategy for the Agency based on available resources.	<p>Outcome delivered Number of requests received: 21 cases were received from 1 April 2022.</p> <p>% of requests undertaken: 15 mediations took place between 1 April 2022 and 31 March 2023.</p> <p>% resulting in agreement to resolve the dispute (<i>target: 70%</i>): agreement was reached in 73% of the cases.</p>
e. Review, by December 2022 , the Mediation Service and make proposals to ensure the most effective use of Agency resources, in line with customer needs.	<p>Outcome not delivered The review has been delayed by other priorities and will be carried forward into the new reporting year.</p>

<p>f. Deliver an Arbitration and Independent Appeals Service that meets agreed performance standards, including reducing the pandemic-related backlog of hearings by 75%.</p>	<p><u>Outcome partially delivered</u> Number of arbitration and independent appeals cases received – 21 cases received during the reporting year. Industrial Arbitration, 1 case received this year.</p> <p>Number of arbitration and independent appeals cases heard: 18 heard during the reporting year.</p> <p>The Agency has a pandemic-related backlog. Current resources have meant that the number of overall cases has remained stubbornly high.</p>
<p>g. Review, by September 2022, the Independent Appeals Service and make proposals to ensure the most effective use of Agency resources, in line with customer needs.</p>	<p><u>Outcome partially delivered</u> The review of the independent appeals hearing service was not completed within the targeted timeframe for a variety of reasons including a delay in obtaining legal advice on options raised in the review regarding the future of the service. This legal advice was received by the Board at the end of the reporting year and the outcome of the review has been communicated to stakeholders. Stakeholders have been invited to form a working group to put in place a new governance framework to improve the efficiency of the scheduling and conduct of hearings, which will in turn help reduce the backlog described above.</p>
<p>h. Work with key delivery partners in line with agreed Memoranda of Understanding (MoUs).</p>	<p><u>Outcome delivered</u> A meeting took place during the reporting year with the Certification Officer and Acting Chair of the Industrial Court to consider the Certification Office providing secretariat support to both entities.</p> <p>The MoU with the Office of the Industrial Tribunals and Fair Employment Tribunal was revised to take account of the implementation of Judicial Mediation with effect from April 2023.</p>
<p>Strategic theme 2: Working with stakeholders and delivery partners to evidence and promote the economic and social return from good employment relations and shape public policy.</p>	
<p>2.1 <i>To facilitate the work of the NI Employment Relations Roundtable to stimulate discussion and collaboration by key stakeholders on matters of public policy, skills and research.</i></p>	
<p>a. Secure secretariat resources for, and facilitate the work of, the NI Employment Relations Roundtable.</p>	<p><u>Outcome partially delivered</u> Two staff in a job share arrangement were engaged on a temporary basis to support delivery of the employment relations conference and progress work on the Employment Relations Model.</p>

<p>b. Review the terms of reference for the NI Employment Relations Roundtable to ensure it continues to meet stakeholder needs.</p>	<p><u>Outcome delivered</u> The evaluation report was approved at the November 2022 Board meeting. Discussions with DfE and stakeholders regarding next steps are ongoing.</p>
<p>c. Continue to facilitate any engagement forum as established by the NI Executive, if asked to do so.</p>	<p><u>Outcome delivered</u> Engagement Forum meetings were convened on 28 November 2022 and 2 May 2023, at the request of the Head of the Civil Service.</p>
<p>d. Further develop partnership arrangements to progress collaborative projects with Acas and the Workplace Relations Commission.</p>	<p><u>Outcome delivered</u> All three bodies attended the International Industrial Relations Agencies conference in Washington DC in September 2022, which provided space for some in-depth discussions. Acas and WRC delegates attended the Agency’s conference on 23 February 2023.</p>
<p>e. Further develop partnership arrangements to progress work with the Equality Commission and other stakeholders as appropriate.</p>	<p><u>Outcome delivered</u> A number of joint training events have been scheduled with ECNI including Bullying and Harassment, Menopause in the Workplace, and an Employer Question Time on Creating Inclusive Workplaces. The Agency is working in partnership with the NI Human Rights Commission’s Business Forum on a proposal regarding a self-assessment diagnostic tool to support public procurement policy regarding tenderer classification as a ‘good work’ employer. The Agency delivered a joint workshop with CIPD on Employee Voice.</p>
<p>f. Host, by March 2023, a major employment relations conference in partnership with the Department for the Economy and the NI Employment Relations Roundtable.</p>	<p><u>Outcome delivered</u> This event was successfully delivered on 23 February 2023.</p>
<p>2.2 To develop and promote an Employment Relations model for Northern Ireland.</p>	
<p>a. Develop, by December 2022, proposals regarding the Agency’s role in respect of an Employment Relations Model for NI, based on the University of Warwick research recommendations.</p>	<p><u>Outcome partially delivered</u> With resources now in place, work on this objective has commenced. Good employment charters are being researched (see for example the one developed by Greater Manchester Combined Authority here) as a vehicle for progressing a number of recommendations.</p>

2.3 <i>To review the mechanisms for evidencing the economic and social return from good employment and industrial relations practice.</i>	
a. Secure funding for, and commission, research to extend Great Britain research to NI on the cost of workplace conflict by December 2022.	<u>Outcome delivered</u> The research was presented to the January 2023 Board meeting and subsequently profiled at the employment relations conference on 23 February 2023.
b. Secure funding for, and commission, research to establish the extent to which good employment relations supports improved productivity by March 2023.	<u>Outcome delivered</u> The research was profiled at the employment relations conference on 23 February 2023.
Strategic theme 3: Optimising the contribution of staff and resources to deliver our statutory functions through effective leadership and governance practices.	
3.1 <i>To ensure the effective development of Agency staff and systems to deliver our statutory functions.</i>	
a. Manage, from April 2022 , the re-opening of the Agency's offices in line with public health guidance.	<u>Outcome delivered</u> A full re-opening of both the Head Office and Regional Office proceeded in line with revised Risk Assessments.
b. Relocate the Agency's Head Office to James House in line with a timetable agreed with the Department of Finance.	<u>Outcome delivered</u> The Agency successfully relocated Head Office to James House on 6 December 2022.
c. Develop and implement a pilot hybrid working policy with effect from August 2022.	<u>Outcome delivered</u> A Hybrid Working Policy is being piloted for six months with effect from December 2022.
d. Develop, by June 2022 , an action plan to implement the Year 2 elements of the People Strategy for 2021-25.	<u>Outcome delivered</u> Year 2 action plan approved by Finance and Personnel Committee on 3 May 2022.
e. Develop, by June 2022 , an action plan to implement the Year 2 elements of the Communications Strategy for 2021-25.	<u>Outcome delivered</u> Year 2 action plan approved by Finance and Personnel Committee on 3 May 2022.

<p>f. Develop, by June 2022, an action plan to implement the Year 2 elements of the Business Intelligence Strategy for 2021-25.</p>	<p><u>Outcome delivered</u> Year 2 action plan approved by Finance and Personnel Committee on 3 May 2022.</p>
<p>g. Develop, by June 2022, an action plan to implement the Year 2 elements of the IS Strategy for 2021-25.</p>	<p><u>Outcome delivered</u> Year 2 action plan approved by Finance and Personnel Committee on 3 May 2022.</p>
<p>h. Manage, by March 2023, the on-boarding of the Agency's IS Managed Services to IT Assist.</p>	<p><u>Outcome not delivered</u> Transitional arrangements for the relocation of Agency ICT infrastructure to public sector hosting has been completed. Completion of the on-boarding exercise will roll into the 2023-24 Business Plan.</p>
<p>i. Evaluate, by March 2023, the case management and records system (CMRS).</p>	<p><u>Outcome partially delivered</u> This exercise commenced in March 2023.</p>
<p>j. Implement, by May 2022, planned enhancements to the web portal and CMRS.</p>	<p><u>Outcome partially delivered</u> Development work carried-out and presented as ready for User Acceptance Testing (UAT). Completion of UAT was delayed by a need to resolve issues with the test database and the identification of 'gaps' in system code as provided by the contractor. Test System databases have been rebuilt along with a new development environment to support UAT activities. UAT testing to be completed.</p>
<p>k. Implement, by August 2022, a new intranet.</p>	<p><u>Outcome partially delivered</u> Product procured. Necessary content development underway. Completion of this exercise will roll into the 2023-24 Business Plan, due to competing priorities.</p>
<p>l. Establish, by March 2023, effective mechanisms to facilitate the sharing of knowledge amongst Agency staff.</p>	<p><u>Outcome delivered</u> A range of mechanisms have been developed and implemented including weekly updates to staff and a number of training initiatives have been delivered to date such as Parental Bereavement Leave, and Holiday Pay. The Knowledge Manager role has been established as the internal point of contact for information and queries. A range of external knowledge and expertise sources have also been established.</p>

<p>m. Agree and implement, by March 2023, an organisational transformation programme.</p>	<p><u>Outcome not delivered</u> The Senior Leadership Team co-ordinated a number of discussions in-year to further progress implementation plans. The Senior Management Team have been instrumental in developing draft outline proposals for a potential 'go-to' structure governing the future delivery of operational services. Proposals for new working arrangements were discussed at the staff conference on 24 November 2022. Further time is needed in respect of the co-design aspects of the proposals, which will delay implementation into 2023-24.</p>
<p>3.2 <i>To deliver excellent governance in the management of the Agency's resources in line with the requirements placed on public bodies.</i></p>	
<p>a. Ensure the effective quality management of the Agency's resources.</p>	<p><u>Outcome delivered</u> ISO 27001 - re-certification assessment was completed in November 2022.</p> <p>Customer Service Excellence Award – reaccreditation achieved in March 2023 demonstrating improvement against the standard.</p> <p>Internal customer satisfaction with Corporate Services - action points from the 2022 survey have been collated and reflected in unit work plans during the course of the year.</p> <p>Planning is progressing in respect of the next Investors in People assessment.</p>
<p>b. Achieve a budget outturn (resource and capital) of 99%.</p>	<p><u>Outcome delivered</u> The Agency's outturn was £4,863k against a revised budget of £4,942k (98.41%). Further information is contained in the Financial Performance section below.</p>
<p>c. Develop, by March 2023, a scheme of delegation in preparation for new legislation clarifying the roles of Board and staff members.</p>	<p><u>Outcome not delivered</u> It has not been possible to progress this exercise in-year because of competing priorities.</p>
<p>d. Support the recruitment of new Board members, in line with timetable agreed with the Department for the Economy.</p>	<p><u>Outcome delivered</u> Recruitment completed. Confirmation of appointments is awaited.</p>

<p>e. Ensure Board effectiveness.</p>	<p><u>Outcome delivered</u> The outcome of the Board member annual self-assessment exercise for 2021-22 was considered at the May 2022 Board meeting and the Board Strategy Day in September 2022. No issues of concern were identified.</p> <p>The 2022-23 self-assessment exercise also concluded that the Board is operating effectively.</p>
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Financial performance

Statement of financial position

In terms of the Agency’s overall Statement of Financial Position as at 31 March 2023, taxpayer’s equity was £366k, an increase of £43k from the previous year. This resulted from a number of factors, including the depreciation of assets following Head Office relocation, offset by an increase in cash held for an accrued pay award and settlement of the Agency’s liability in respect of dilapidations of our former Head Office premises.

Budget outturn

The Agency’s opening resource funding allocation in April 2022 was £4,408k. This included £42k for taking on provision of the Industrial Court’s secretariat. Additional funding of £414k was obtained in-year from DfE to cover, among other requirements, the costs of delays in relocation to James House. Therefore, the Agency’s resource budget for 2022-23 was £4,822k (2021-22: £4,910k).

As the year progressed, underspends in employment costs emerged. These resulted in difficulties in attracting suitable candidates in a number of recruitment exercises. Furthermore, the quantum of the 2022-23 pay award was less than that indicated by the Minister of Finance. As a result, the Agency returned £85k to DfE during the year.

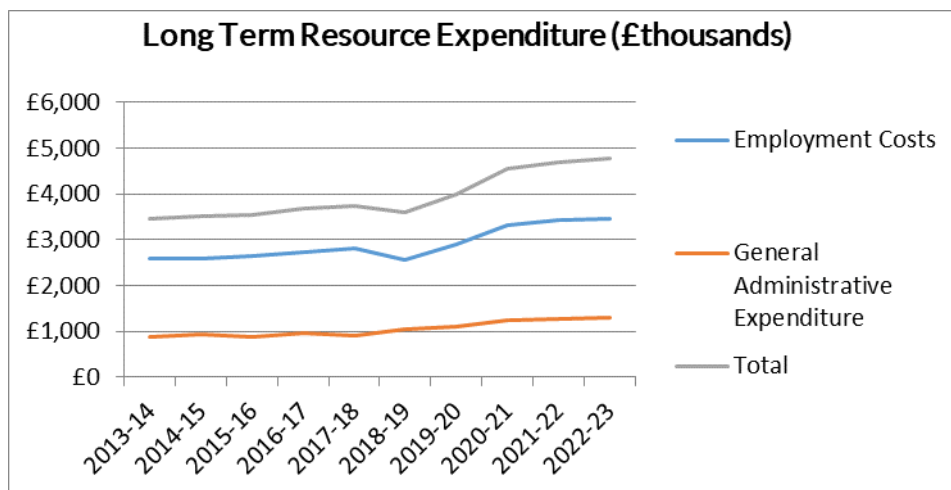
Excluding depreciation, the statement of net expenditure for 2022-23 shows an outturn of £4,743k (2021-22: £4,703k) i.e. 99.08% of the revised budget.

The capital budget allocation for 2022-23k was £120k. The capital budget outturn was £86k (2021-22: £90k) i.e. 72% of the budget.

The Agency’s combined resource and capital expenditure was £4,829k (2021-22: £4,793k) against a revised resource and capital budget of £4,942k, 98.41% of the revised budget.

Long term expenditure trends

The chart below illustrates the Agency’s resource expenditure (employment and administrative costs) over the past 10 years.



The long term expenditure analysis continues to show how employment costs have increased in recent years as a result of the Agency being able to attract in-year funding for additional staff to meet service demands.

Simultaneously, we have sought to grow the proportion of our budget dedicated to staff costs, while keeping general administrative expenditure at the lowest possible levels. Head Office relocation to James House should further help increase this for the year ahead through reductions in rent and building-related costs.

Variance analysis

Set out below is an analysis of significant changes in **resource** expenditure in 2022-23 compared to 2021-22.

- **Employment costs (+£22k):** the increase in costs covers an accrued pay award for 2022-23.
- **Premises costs (+£71k):** the increase resulted mainly from higher energy costs and costs associated with the relocation of Head Office to James House.
- **Staff training (-£60k):** expenditure in 2021-22 was higher largely due to investment in leadership development programmes and collective conciliation training, which were not required in 2022-23.
- **Postage and telephones (+£32k):** this variance resulted from increased expenditure in facilitating the relocation to James House, including relocating back-up servers within an IT Assist-supported environment.
- **Publications and advertising (+£12k):** this resulted from increased promotional activities, including sponsorship of awards in respect of CIPD NI and Business Eye, and advertising costs associated with recruitment exercises.
- **Conferences and seminars (-£13k):** most of the costs for the Agency's employment relations conference in February 2023 were accrued in the previous year, given contractual commitments.
- **Professional fees (-£53k):** expenditure in 2021-22 included a provision for legal costs in respect of an employment tribunal case. Although a similar provision has been made in 2022-23, the previous year's provision did not materialise and was reversed with the effect that it reduced expenditure in the current year.

The Agency incurred **capital costs of £124k** in 2022-23 (2021-22: £90k) on IT and other equipment to support new working arrangements in James House.

Corporate social responsibility

The Agency takes its corporate social responsibility very seriously and staff were particularly active during 2022-23 on a range of charitable activities.

Each calendar year staff select a 'charity of the year' to provide a focus for fundraising. In 2022, staff raised over £3k for Dementia NI. This was donated by staff and their family and friends through sponsored events such as the Belfast Marathon Walk, step challenges, bingo, quizzes, coffee mornings, etc. The staff charity for 2023 is Women's Aid NI for which we hope to raise a similar amount as in previous years.

With homelessness a very serious concern, and all too visible on the streets around the city centre, staff also support a number of charities working in this field in a range of ways. This includes donations of cash, food and drink, clothing, and toiletries. These were distributed to the North Belfast Foodbank, the West Belfast Projects and Foodbank, Homeplus NI, and the Salvation Army.

In addition, the Agency facilitates staff wishing to contribute to charitable causes on an individual or collective basis by participating in the Payroll Giving Scheme. This generated £1,380 for charities in 2022-23.

Sustainability

The Agency is committed to maximising the conservation and efficiency of our own resource use. We actively look at ways in which we can reduce our environmental impact and maximise value to NI. We are revising our sustainability focus through our people, undertaking activities across the organisation to contribute to a net zero society.

With staff spending a proportion of their week working from home on a hybrid basis throughout 2022-23, the Agency's most important positive environmental impact was achieved through substantial reductions in printing and staff travel. Hybrid working and service delivery, allowing staff to work from home or in the office according to service requirements and their preferences, has significantly reduced commuting and business travel.

With Head Office now accommodated in a modern electrical and thermos-efficient environment, the Agency's electricity and heating consumption will reduce significantly over the longer term. The Agency is also focused on 'paperless' working, which ensures minimal printer cartridge and paper consumption. Prior to Head Office relocation in December 2022, all dry mixed recycling materials (plastics, cardboard, paper and cans) consumed on the premises were fully recycled. Of the remaining waste collected from our offices, 65% was recycled with just 35% diverted to landfill. Within our new accommodation, strict recycling measures are enforced within the building, ensuring that previous high recycling levels will be maintained and possibly improved upon.



Don Leeson
Chief Executive/Accounting Officer
28 June 2023

Chapter 2

Accountability Report

Corporate governance report

The Agency has in place a corporate governance structure that is consistent with best practice standards and fully compliant with the requirements of Managing Public Money (Northern Ireland).¹⁵ This section of the report provides a brief overview of the governance structures and practices that are described in more detail in the Governance Statement.

The Agency's Board comprises a Chair and nine members appointed under the Commissioner for Public Appointments Regulations administered through DfE, the sponsor Department.

The sponsor Department reviews the Chair's performance on an annual basis; similarly, the Chair completes an annual performance appraisal with each Board member. The Board also conducts an annual self-assessment exercise to determine whether the Board is operating effectively and to identify areas for improvement.

The Chair appraises the Chief Executive on an annual basis in consultation with the Board's Finance and Personnel Committee.

The Board is responsible for establishing the strategic direction of the Agency and for monitoring performance against agreed operational targets. The Board has two committees to ensure there is adequate oversight of the Agency's operations:

- The Audit and Risk Assurance Committee (ARAC) provides the Board and the Accounting Officer with assurance about the effectiveness of the Agency's internal control framework; and,
- The Finance and Personnel (F&P) Committee fulfils a more detailed scrutiny function on corporate matters relating to finance, HR, information and communication technology (ICT), and premises. Its role is not just to challenge and support the work of the Senior Leadership and Senior Management Teams (SLT/SMT), but also to provide advice to inform the Board's decision-making.

Both committees meet at least four times per year.

After each meeting, the Committee Chairs provide written updates to the Board.

The Agency is required by statute to provide the Northern Ireland Certification Officer with the necessary staff and corporate support services to fulfil the requirements of its governing legislation.¹⁶

¹⁵ Available at: <https://www.finance-ni.gov.uk/articles/managing-public-money-ni-mpmni>

¹⁶ The Industrial Relations (Northern Ireland) Order 1992 (available at: <http://www.legislation.gov.uk/nisi/1992/807/contents/made>)

Directors' report

Chair and Chief Executive

The Chair of the Labour Relations Agency is **Gordon Milligan OBE**.

The Chief Executive and Accounting Officer is **Don Leeson**. **Mark McAllister**, Director of Employment Relations Services, was designated Acting Chief Executive and Accounting Officer from 14 November 2022 until 31 January 2023 to cover a period of sick leave.

Board

The Agency's overall strategic direction and governance arrangements, and the delivery of its functions as set out in legislation, are established and overseen by a Board.

Board members are appointed by the Minister for the Economy (all appointments made prior to May 2016 were made by the Minister for Employment and Learning).

Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992¹⁷ specifies that the Board should comprise a Chair and nine members. Of the Board members:

- Three should be representative of employers;
- Three should be representative of employees; and,
- Three should be "other persons as appear to the Minister to be appropriate."

The Board members who served the Agency in 2022-23, and their dates of appointment, are set out in the tables below – biographical information is available on the Agency's website.¹⁸

Board members

Name	Date appointed to Board	End of Term of Office
Gordon Milligan OBE (Chair)	01-05-21	30-04-24
Geraldine Alexander	01-05-21	30-04-24
Clare Duffield	01-05-21	30-04-24
Deirdre Fitzpatrick	01-12-14	31-03-23
Kevin McCabe	01-05-21	30-04-24
Michelle McGinley	16-11-15	31-03-23
Jill Minne	01-12-14	31-03-23
Daire Murphy	01-12-14	31-03-23
John Taylor CBE	01-02-22	31-01-25
Lee Wilson	01-05-21	30-04-24

¹⁷ Available at: www.legislation.gov.uk/nisi/1992/807/schedule/4

¹⁸ Available at: <https://www.lra.org.uk/about/agency-structure>

The terms of appointment for **Deirdre Fitzpatrick, Michelle McGinley, Jill Minne** and **Daire Murphy** ended on 31 March 2023. In anticipation of this, a Board members selection process was undertaken by DfE during 2022-23. However, due to the absence of a functioning NI Executive, leaving no Minister for the Economy in place to take decisions regarding Board appointments, the Secretary of State for Northern Ireland is seeking legislative authority to appoint new Board members and/or extend the appointments of previous Board members.

During 2022-23, the Agency hosted two apprentices under the Boardroom Apprenticeship programme, which is aimed at developing future Board members.¹⁹ Board apprenticeships are for a period of 12 months (from September to August). **Aideen Duggan** was the Board apprentice until 31 August 2022; **Christine Magill** has been the apprentice since 1 September 2022.

Senior Leadership Team and Senior Management Team

Operational management of the Agency (day-to-day decisions on resource allocations, business plan and budget monitoring, risk management, etc) are taken by the Senior Leadership Team (SLT), which comprises the Chief Executive and two Directors. SLT members are Board level employees.

The wider Senior Management Team (SMT), which comprises the Chief Executive, Directors, and Employment Relations Managers, meets monthly to discuss issues of cross-cutting interest to improve service delivery or organisational development in furtherance of the Agency's vision, core purpose and values.

As part of a development programme, two SMT members attend SLT meetings on a three-month rota basis.

In order to foster partnership working, and effective employee engagement, the Chair of the trade union branch attends formal minuted SLT meetings, which are held monthly.

Register of interests

The Register of Interests of Board and SLT members is published on the Agency's website.²⁰

Data security

The Agency incurred no personal data breaches in 2022-23 (2021-22: one).

Creditor payment, policy and performance

The Agency is committed to the Better Payments Practice Code, and is subject to the Late Payment of Commercial Debts Regulations 2002. Payment is regarded as late if it is made outside the agreed terms, or 30 calendar days after receipt of a valid invoice where no terms are agreed.

¹⁹ Further information about the programme is available at: <https://strictlyboardroom.com/>

²⁰ Available at: <https://www.lra.org.uk/resources/register/boardslt-register-interests>

To provide greater support to business, the Agency has supported a public sector-wide commitment to paying valid invoices within 10 working days. As part of this process, prompt payment performance for both 10 working days and 30 calendar days is monitored. In 2022-23, the Agency paid 1,583 invoices as follows:

- **91%** of invoices within 10 working days (2021-22: 91%); and,
- **99%** of invoices within 30 calendar days (2021-22: 100%).

Charitable donations

No charitable donations were made in 2022-23 (2021-22: £nil).

Complaints procedure

The Customer Complaints Procedure is published on the Agency's website.²¹

The Agency achieved the Customer Service Excellence standard²² in March 2021. The Agency demonstrated continuing and improved compliance with the standard at subsequent annual re-assessments in March 2022 and 2023 respectively.

One complaint was received in 2022-23 (2021-22: nine). This related to the scheduling of an independent appeal hearing; the complaint was resolved to the customer's satisfaction. The Independent Appeals Service has been beset with difficulties caused by the absence, in the collective agreements that give rise to them, of a governance framework that provides the Agency with authority regarding their operation. Working with stakeholders to resolve this shortcoming, including problems in parties to the appeal's availability to participate in hearings, is a priority in the Agency's Business Plan for 2023-24.

²¹ Available at: <https://www.lra.org.uk/resources/policy/customer-complaints-policy-and-procedure>

²² Further information about the standard is available at:
<https://www.customerserviceexcellence.uk.com/about-the-standard/>

Statement of the Accounting Officer's responsibilities

Under the Industrial Relations (Northern Ireland) Order 1992, the Department for the Economy (with the consent of the Department of Finance) has directed the Labour Relations Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Labour Relations Agency and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Department for the Economy (with the consent of the Department of Finance), 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 accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis; and,
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Department for the Economy's Accounting Officer has appointed the Chief Executive as Accounting Officer of the Labour Relations Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and safeguarding the Labour Relations Agency's assets, are set out in Managing Public Money Northern Ireland (MPMNI).

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Labour Relations Agency's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance statement

Introduction

This Governance Statement sets out the governance structures, risk management, and internal control procedures that have operated within the Agency during the financial year 2022-23 and up to the date of approval of the Annual Report and Accounts. The Agency's governance structure provides clarity and accountability in managing the delivery of its strategic objectives. It ensures that the Agency has the capacity to make decisions, monitor performance, and assess and manage resources and risk.

Responsibilities of the Accounting Officer

As Accounting Officer, I have responsibility for maintaining an effective system of governance and internal control that supports the achievement of the Agency's aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

In delivering this role I provide regular updates to the Agency's Board on performance against the targets specified in the annual business plan. I am supported by an SLT/SMT who contribute to my mid and end-year assurance statements and the ARAC, which regularly monitors risk management activities.

The Agency's Board

As specified in Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992, the Agency's Board comprises a Chair and nine members. All appointments to the Board are made in accordance with the Code of Practice published by the Commissioner for Public Appointments for Northern Ireland.²³

DfE is responsible for appointing Board members, with the final decision normally resting with the Minister for the Economy.

The Board currently comprises a Chair and five Board members; the terms of office of four other Board members ended on 31 March 2023. In anticipation of this, a Board members selection process was undertaken by DfE during 2022-23. However, due to the absence of a functioning NI Executive, leaving no Minister for the Economy in place to take decisions regarding Board appointments, the Secretary of State for Northern Ireland is seeking legislative authority to appoint new Board members and/or extend the appointments of previous Board members.

In the interim, the Board has reviewed its Standing Orders to ensure it can continue to operate effectively. Agreement has been reached with DfE to support the work of the ARAC with the co-optation of a former Board member, whose appointment ended on 31 March 2023 and who was the previous Committee Chair.

²³ Available at: <https://www.publicappointmentsni.org/publications>

The role of the Board is to:

- Set the Agency's overall strategic direction within the policy framework set out in statute and the resources framework agreed with the sponsor Department;
- Oversee the delivery of planned outcomes by monitoring performance against agreed strategic objectives and targets;
- Ensure that the Agency operates within the limits of its statutory and financial delegated authority agreed with its sponsor Department and in accordance with any other conditions relating to the use of public funds. Members of the Board have a duty to ensure that public funds are properly safeguarded and that the Agency conducts its operations as economically, efficiently and effectively as possible, with full regard to relevant statutory provisions;
- Ensure that the Agency has policies and procedures in place to comply with Freedom of Information and Data Protection legislation, including prompt response to public requests for information and the appropriate treatment of personal data;
- Ensure that the Agency operates sound environmental policies and practices in accordance with relevant Government guidance; and,
- Ensure that high standards of corporate governance are observed at all times.

The discharge of some of the Board's responsibilities is delegated to sub-committees. There are two standing committees: the Audit and Risk Assurance Committee (ARAC) and the Finance and Personnel (F&P) Committee.

The Audit and Risk Assurance Committee

ARAC deals with a range of issues relating to governance, internal control, accountability, and risk management. It is an advisory committee with no executive powers other than those delegated by the Board. The Committee provides recommendations to the Board for approval.

The Committee advises the Accounting Officer and Board on:

- Strategic processes for risk, control and governance and the Governance Statement;
- Accounting policies, the accounts, and annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the External Auditor;
- Planned activity and results of both Internal and External Audit;
- Adequacy of management response to issues identified by audit activity, including External Audit's management letter;
- Assurances relating to the management of risk and corporate governance requirements for the organisation;
- Proposals for tendering Internal Audit services; and,
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

Finance and Personnel Committee

The F&P Committee deals with a range of corporate issues. It is an advisory committee with no executive powers other than those delegated by the Board. The Committee provides recommendations to the Board for approval.

The Committee advises the Accounting Officer and Board on:

- Planning for and the management of Agency resources, for example financial, ICT, staffing and accommodation;
- Policy and strategic matters relating to the Agency's finances and personnel;
- The financial performance of the Agency;
- Staffing, equality, diversity and inclusion, and organisational development matters; and,
- Evaluation of the Agency's services in respect of performance and quality.

The Committee also plays a role in some of the Agency's employment policies and procedures, for example Discipline and Grievance Procedures; and considers a report from the Agency's Chair on the mid-year and annual performance appraisals of the Chief Executive.

The Senior Leadership Team

The SLT comprises the Chief Executive and two Directors.

The Directors, collectively and individually, provide advice and support to the Chief Executive in exercising responsibility for ensuring that effective systems of internal control are maintained and operated.

The SLT meets weekly to discuss ongoing operational and resourcing issues.

There is also a formal SLT meeting each month to review financial and business performance, key resourcing issues, and risks. These meetings are minuted, with the minutes published on the Agency's website.²⁴

The membership of the SLT is supplemented, on a three-month rota basis, by two members of the Senior Management Team as part of a staff development programme. In addition, the Chair of the trade union branch attends the monthly formal SLT meeting to foster partnership working and effective employee engagement through participative and transparent decision-making.

The Chief Executive attends individual team meetings as appropriate and holds periodic all-staff 'town hall' meetings to brief and consult staff on key strategic priorities and issues.

²⁴ Available at: <https://www.lra.org.uk/about/governance/senior-leadership-team-minutes>

Board member attendance in 2022-23

Name	Board Meetings (out of 10)	Audit and Risk Assurance Committee Meetings (out of 4)	Finance and Personnel Committee Meetings (out of 4)
Gordon Milligan OBE (Chair of the Board)	10	n/a	n/a
Geraldine Alexander (Chair, F & P Committee)	9	n/a	4
Clare Duffield	7	4	n/a
Deirdre Fitzpatrick (Chair, ARAC)	9	3	n/a
Kevin McCabe	10	3	n/a
Michelle McGinley	7	4	2
Jill Minne	8	n/a	n/a
Daire Murphy	8	3	n/a
John Taylor CBE	10	n/a	4
Lee Wilson	8	4	3

The Board normally meets 10 times per year (every month except April and July). The quorum requirements for Board and Committee meetings are 50%+1 (i.e. normally six) and three Board members respectively.

Board and Committee meetings are held in-person, with Board members able to join by videoconference in exceptional circumstances.

The Board held a Strategy Day in September 2022. This event was used to review the Board's effectiveness and progress in delivering the Agency's Corporate Plan for 2021-25. Senior DfE officials attended part of the meeting to brief the Board on the Department's priorities and wider operating context. These discussions informed the development of the Agency's Business Plan for 2023-24.

Board performance

A Board Learning and Development Plan aligned to the period covered by the Corporate Plan (i.e. to March 2025) was developed by the Agency's HR Team in consultation with Board members.

This Plan was approved at the March 2022 Board meeting and aims to ensure that Board members' knowledge of strategic employment relations issues and good practice in corporate governance continues to develop.

In anticipation of new Board members being appointed, the Board approved an induction programme at its meeting in March 2023. This will be implemented once new Board members are appointed.

Board practices evolved during the year. A new Board Practice and Standing Orders document²⁵ came into effect from April 2022. This included safeguards to ensure involvement of the three constituent parts of the Board in decision-making, new arrangements for the handling of conflicts of interest, and adopted recommended practice regarding the handling of dissent. The Board also adopted meeting management software to facilitate 'paperless' meetings (i.e. without hardcopy papers), which came into usage from May 2022 following training.

An annual self-assessment was undertaken by Board members at the end of 2022-23. This uses a questionnaire derived from The Good Governance Standard for Public Services, which was prepared by The Independent Commission on Good Governance in Public Services and published by OPM (Office for Public Management) and CIPFA (Chartered Institute of Public Finance and Accountancy).²⁶ The outcome was discussed at the May 2023 Board meeting; this confirmed that Board members believe that the Board is operating effectively. Suggested improvements regarding the development of a scheme of delegation to set out the respective decision-making roles of the Board and SLT, and greater use of in-person meetings between the Chair and individual Board members, will be progressed during 2023-24.

The key governance and strategic issues discussed by the Board in 2022-23, in addition to the above, were:

- Business Plan for 2022-23 and performance against this and, in March 2023, the Business Plan for 2023-24;
- Annual Report and Accounts for 2021-22, and the Report to Those Charged With Governance (RTTCWG) on the outcome of the audit of this, which is issued by the NIAO;
- Budget for 2022-23 and regular management accounts, which report against a monthly expenditure profile;
- Corporate risk register for 2022-23;
- Chief Executive's mid and end-year assurance statements to DfE;
- The work of the Workplace Information Service;

²⁵ Available at: <https://www.lra.org.uk/publications/board-practice-and-standing-orders>

²⁶ Available at: <https://www.jrf.org.uk/report/good-governance-standard-public-services?msclkid=ba0da05dcf9711ec9b1126f3fd0c3b67>

- The future of the Independent Appeals Service;
- Strategic interventions into collective bargaining arrangements and subsequent review of collective bargaining in local government;
- Research into the costs of workplace conflict;
- Arrangements by the Tribunal Service for the implementation of Judicial Mediation from April 2023;
- Public awareness of the Labour Relations Agency;
- The outcome of the review of the Employment Relations Roundtable;
- The programme and arrangements for the Agency's employment relations conference, which took place on 23 February 2023;
- The Agency's Equity, Diversity and Inclusion Strategy; and,
- Organisational transformation.

Representatives of the Agency's Trade Union Side (TUS) attended the August 2022 Board meeting to discuss employment relations within the Agency. This is an annual event and provides the trade union direct access to the Board as a safeguard in case of employment relations difficulties. The TUS was able to provide reassurance that the employment relations climate within the Agency remains very positive and confirm the strength of the partnership between the SLT and TUS.

Risk management

The Agency has in place a Risk Management Framework. The current Framework, which was in place throughout 2022-23, was reviewed in April 2022.

The Risk Management Framework enables the Chief Executive as Accounting Officer, who has overall responsibility for risk, to demonstrate that there are sound systems of risk management within the Agency. The Framework forms the basis for risk management in the Agency in terms of the control environment and individual roles and responsibilities in managing all key corporate and project risks. It also describes the process of risk assessment and assurance, both internally and to the sponsoring Department, as well as stating how risk appetite is considered for each type of corporate risk.

The Agency's Risk Management Framework is an adapted version of that used by DfE. This has been modified to include reference to current issues that might result in a risk materialising and the anticipated future risk assessment once planned actions to mitigate risk have been implemented.

ARAC provides the Board and the Accounting Officer with assurance about the effectiveness of the Agency's internal control framework, including risk management.

As part of the Framework, each Director is required to submit an assurance statement to the Accounting Officer to confirm that risks are being managed effectively within their area of responsibility. This informs the Accounting Officer's own six-monthly assurance statement to the sponsoring Department's Accounting Officer. Each Director also has responsibility for managing specified risks in the Corporate Risk Register.

The currency and effectiveness of the Risk Management Framework and corporate risks are reviewed at an annual Risk Workshop attended by ARAC and SMT members. The Corporate Risk Register is then approved by the Board annually, and reviewed and updated at monthly formal SLT meetings and at every ARAC meeting. The Board is alerted to concerns about escalating risks by the SLT and/or ARAC.

Following an internal audit of the Agency's corporate governance arrangements, a recommendation was accepted to revise the format of the Corporate Risk Register. While comprehensive, the previous approach of corraling high-level strategic risks made it difficult to discern the assessments and controls in place for specific risks. Following discussions by ARAC and the SLT, a new approach was agreed at the March 2022 Board meeting for implementation in 2022-23; this provided a greater focus on specific key risks.

The key corporate risks identified in 2022-23 related to:

- Securing funding to cover the additional rental charges incurred by a delay in Head Office relocation;
- Maintaining staff capacity and capability to deliver business priorities;
- Head office relocation;
- Effective transition to new hybrid working arrangements;
- Effective transition to new IS managed services support;
- Ensuring the effectiveness of the Case Management and Records System (CMRS); and
- Reviewing the future of the Independent Appeals and Mediation Services.

While none of the identified risks materialised in 2022-23, the IT-related risks and implementation of the reviews of the Independent Appeals and Mediation Services carry forward into 2023-24.

Raising concerns (whistleblowing)

An important element of the Agency's risk management and governance arrangements is its approach to raising concerns (or whistleblowing). The Agency advises customers on the employment law protections afforded to whistleblowers. In line with our values to be ethical and exemplary, we pride ourselves on the effectiveness of our own arrangements for staff and others to raise concerns should any arise about anything untoward in the Agency.

As an added safeguard, our Raising Concerns (Whistleblowing) policy contains the contact details for a Board member should anyone have concerns they feel unable to raise with a member of the SLT. This policy was updated and staff reminded of its provisions in early 2022, when the Board contact point changed.

Internal audit

The Agency's internal audit provider throughout 2022-23 was ASM.

A risk-based three-year Strategic Internal Audit Plan (SIAP) was in place for the period to 2023. This provided the basis for annual audit planning. It ensured that an informed and comprehensive opinion of the effectiveness of the Agency's governance and control systems was provided for the period to March 2023. A new SIAP will be developed in 2023-24.

The focus of Internal Audit activities in 2022-23 were:

- **Procurement;** and,
- **IT system controls.**

There was also a review of the implementation of recommendations from previous internal audits.

Internal Audit concluded that the Agency has satisfactory controls in place in both areas. A number of recommendations for further improvement resulted from these audits; none of these were deemed 'Priority 1' whereby a major failure of control systems could result if not implemented.

The internal audit programme operated to requirements defined in the Public Sector Internal Audit Standards (PSIAS).

External audit

External Audit is undertaken by the NIAO. Following the audit of this Annual Report and Accounts, the NIAO made four recommendations for change in the Report to those Charged with Governance (RTTCWG) (2021-22: four recommendations); all have been accepted by the Agency. Of these, two were deemed Priority 2, which are important issues to be addressed by the Agency.

The areas covered by the Priority 2 recommendations relate to fully documenting the basis for accruals and regularly updating the banking mandate to reflect leavers.

The Priority 3 recommendations relate to purchase order approval and the format of the Fixed Asset Register.

Ministerial direction

No Ministerial Directions were received in 2022-23 (2021-22: none).

Data security

The Agency continues to maintain an Information Security Management System certified to ISO 27001 to protect the confidentiality, integrity and availability of corporate and personal information. The Agency's ongoing compliance with the standard was confirmed by audit in November 2022. There were no data security incidents in 2022-23 (2021-22: one).

Governance issues identified in 2022-23

No governance issues arose in 2022-23 (2021-22: one).

However, an issue identified in 2020-21 is continuing. Following the Court of Appeal Judgement in respect of *McKee and Others v Charity Commission for Northern Ireland and Department for Communities*,²⁷ a shortcoming in the Agency's governing legislation, the Industrial Relations (Northern Ireland) Order 1992, was identified. Legal advice confirms that the 1992 Order does not provide an express power of delegation to staff. This matter will be rectified through an appropriate legislative vehicle once the NI Executive and Assembly is in place.

Any risk to the Agency's ability to operate is considered very low. The primary staff functions are service delivery under the auspice of a Board and DfE approved Business Plan.

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control. This review is informed by the work of the Internal Audit and its comments and recommendations, and the opinion of the Comptroller and Auditor General as set out in the NIAO's Report to those Charged with Governance. It is also informed by the work of the Board, ARAC and the F&P Committee, and assurances from the Agency's Directors who have responsibilities for the development and maintenance of the internal control framework.

I am aware of the importance of my ongoing review of the effectiveness of the systems of governance and internal controls within the Agency, and I will continue to review these systems and processes to ensure continuous improvement.

27 Available at: <https://www.judiciaryni.uk/judicial-decisions/2020-nica-13>

Remuneration and staff report

Remuneration report

The Remuneration and Staff Report sets out the Agency's remuneration policy for Board and SLT members, and how that policy has been implemented. It also sets out the amounts awarded to Board and SLT members and, where relevant, the link between performance and remuneration. The Report also provides details on remuneration and staff that the Northern Ireland Assembly and others see as key to accountability.

Chair and Board members

The Chair and Board members are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. They are normally appointed for a fixed period of three years. Thereafter, they may be reappointed in accordance with the Code of Practice.

The remuneration of the Chair and Board is set by DfE. Increases are calculated in line with the recommendations of the Senior Salaries Review Body. There are no arrangements in place for the payment of a bonus.

The Agency reimburses the Chair and Board members for any incidental expenses incurred for carrying out their duties relevant to the organisation. Expenses amounting to £3,038 (2021-22: £208) have been paid during the year and are reflected under Other Expenditure in Note 4 to the accounts.

Pension benefits are normally provided to the Chair through the NICS pension schemes. Board members do not receive pension benefits from the Agency or DfE as a result of their appointments.

Senior Leadership Team

The SLT comprises the Chief Executive and two Directors with responsibility for Corporate Services and Employment Relations Services respectively.

Remuneration policy

While not civil servants, the Agency's staff are subject to levels of remuneration and terms and conditions of service (including superannuation) of the NICS. The Agency's Chief Executive post is equivalent to Assistant Secretary (Grade 5) within the Senior Civil Service (SCS). Director posts are equivalent to Principal (Grade 7) within the NICS.

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants, is normally approved by the Minister of Finance. In the absence of a Minister, the pay award for 2022 was set by the Permanent Secretary at the Department of Finance and announced on 6 April 2023.²⁸ The pay award, together with any arrears of pay due to staff, is expected to be made in June 2023.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points, allowing progression towards the maximum based on performance.

²⁸ The pay award announcement and payscales for each grade are available at: <https://www.finance-ni.gov.uk/publications/2022-pay-award>

Service contracts

Staff appointments are made in accordance with the Agency's Recruitment, Selection and Transfer Procedure, which requires appointments to be on merit on the basis of fair and open competition. Unless otherwise stated below, the staff 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.

Remuneration and pension entitlements

This section is subject to audit. It provides details of the remuneration and pension interests of the Agency's Chair and Board members and the SLT, and the Certification Officer.

	Salary £'000		Benefits in kind (to nearest £100)		Pension benefits ²⁹ (to nearest £1,000)		Total £'000	
	2022- 23	2021- 22	2022- 23	2021- 22	2022- 23	2021- 22	2022- 23	2021- 22
Chair and Board members								
Gordon Milligan OBE ³⁰	-	-	-	-	-	-	-	-
Geraldine Alexander	5-10	5-10	-	-	-	-	5-10	5-10
Claire Duffield ¹⁶	-	-	-	-	-	-	-	-
Deirdre Fitzpatrick	5-10	5-10	-	-	-	-	5-10	5-10
Kevin McCabe	5-10	5-10	-	-	-	-	5-10	5-10
Michelle McGinley	5-10	5-10	-	-	-	-	5-10	5-10
Jill Minne ¹⁶	-	-	-	-	-	-	-	-
Daire Murphy	5-10	5-10	-	-	-	-	5-10	5-10
John Taylor CBE ³¹	5-10	0-5	-	-	-	-	5-10	0-5
Lee Wilson	5-10	5-10	-	-	-	-	5-10	5-10

²⁹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

³⁰ Public servant in receipt of a salary from another public body and therefore no payment is made for Agency Board membership, in line with DAO (DFP) 02/11 (available at: <https://www.finance-ni.gov.uk/publications/dear-accounting-officer-letters-daos-2011>).

³¹ Appointed to the Board with effect from 1 February 2022.

Senior Leadership Team	Salary £'000		Benefits in kind (to nearest £100)		Pension benefits ³² (to nearest £1,000)		Total £'000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Don Leeson <i>Chief Executive</i>	75-80	75-80	-	-	30	32	105-110	105-110
Paul Lowe <i>Director of Corporate Services</i>	55-60	50-55	-	-	22	22	75-80	75-80
Mark McAllister <i>Director of Employment Relations Services</i>	55-60	50-55	-	-	23	29	75-80	80-85
Certification Officer								
Tom Evans OBE ³³	15-20	-	-	-	-	-	15-20	-
Sarah Havlin ³⁴	0-5	20-25	-	-	2	9	5-10	30-35

Salary

'Salary' includes gross salary; overtime; and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments. This report is based on accrued payments made by the Agency and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Agency and treated by HM Revenue and Customs as a taxable emolument.

No benefits in kind were paid to staff or Board members in 2022-23 (2021-22: £nil), whether chargeable to tax under s163 of the Income and Corporation Taxes Act 1998 or in other permitted circumstances.

Bonuses

Bonus payments are not made to Board members or staff (2021-22: £nil).

³² The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

³³ Tom Evans OBE was appointed Certification Officer with effect from 15 June 2022. The annual equivalent salary in 2022-23 was £20k-£25k.

³⁴ Sarah Havlin's appointment as Certification Officer ended on 14 June 2022. The annual equivalent salary in 2022-23 was £20k-£25k.

Fair pay disclosures

This section is subject to audit.

Pay ratios

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

The banded remuneration of the highest-paid director in Agency in the financial year 2022-23 was £75,000 - £80,000 (2021-22, £75,000 - £80,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2022-23	25 th percentile	Median	75 th percentile
Total remuneration (£)	24,507	33,445	34,011
Pay ratio	3.24	2.38	2.34

2021-22	25 th percentile	Median	75 th percentile
Total remuneration (£)	26,017	32,328	33,459
Pay ratio	3.06	2.5	2.38

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

The values for the salary component of remuneration for the 25th percentile, median and 75th percentile were £24,507 (2021-22: £26,017), £33,445 (2021-22: £32,328) and £34,011 (2021-22: £33,459) respectively. The decrease in 25th percentile salaries resulted from an increase in agency workers engaged on the Administrative Officer pay scale, all of whom start on the pay band minima.

In 2022-23, nil (2021-22: nil) employees received remuneration in excess of the highest-paid director.

The Chief Executive is the highest paid director; their pay increased in line with the NICS pay award.

Percentage change in remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

- a) salary and allowances; and,
- b) performance pay and bonuses

of the highest paid director and of their employees as a whole.

The percentage changes in respect of the Agency are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

Percentage change for:	2022-23 v 2021-22	2021-22 v 2020-21
Average employee salary and allowances	0.09%	3.73%
Highest paid director's salary and allowances	2.73%	3.00%
Average employee performance pay and bonuses	n/a	n/a
Highest paid director's performance pay and bonuses	n/a	n/a

Note: the Agency does not pay performance pay or bonuses

Pension entitlements

This section is subject to audit.

Name	Accrued pension at pension age as at 31/3/23 and Related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/23 £'000	CETV at 31/3/22 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Gordon Milligan OBE ³⁵ Agency Chair	-	-	-	-	-	-
Don Leeson Chief Executive	15-20	0-2.5	241	202	21	-
Paul Lowe Director of Corporate Services	0-5	0-2.5	58	40	13	-
Mark McAllister Director of Employment Relations Services	20-25 plus lump sum of 40-45	0-2.5 plus lump sum of 0	396	343	13	-
Tom Evans OBE ³⁶ Certification Officer	-	-	-	-	-	-
Sarah Havlin ³⁷ Certification Officer	5-10	0-2.5	62	60	1	-

35 Public servant in receipt of a salary from another public body and therefore no payment is made for Agency Board membership, in line with DAO (DFP) 02/11 (available at: <https://www.finance-ni.gov.uk/publications/dear-accounting-officer-letters-daos-2011>) and consequentially there is no pension provision.

36 Tom Evans OBE was appointed Certification Officer with effect from 15 June 2022.

37 Sarah Havlin's appointment as Certification Officer ended on 14 June 2022.

Northern Ireland Civil Service pension schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

McCloud judgment

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps are being taken by the Department of Finance to remedy those 2015 reforms, making the pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members.

The second part is to put right, 'remedy,' the discrimination that has happened between 2015 and 2022. We are currently working on new scheme regulations and processes in readiness for this.

It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g. legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active

PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completed Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022.

At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

From 1 April 2015, all new entrants joining the NICS can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

Information on the PCSPS(NI) - Closed scheme

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

Staff in post prior to 30 July 2007 were eligible to be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of premium or joining the Partnership Pension Account.

Benefits in Classic accrue at the rate of $1/80^{\text{th}}$ 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 $1/60^{\text{th}}$ 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.

Partnership Pension Account

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (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 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member’s State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. Further details about the NICS pension schemes can be found at the website <https://www.finance-ni.gov.uk/landing-pages/civil-service-pensions-ni>.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2022 was 10.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2023.

Employee contribution rates for all members for the period covering 1 April 2023 – 31 March 2024 are as follows:

Scheme year 1 April 2023 to 31 March 2024:

Annualised rate of pensionable earnings (salary bands)		Contribution rates – all members
From	To	From 1 April 2023 to 31 March 2024
£0	£25,049.99	4.6%
£25,050.00	£56,999.99	5.45%
£57,000.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

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 NICS pension 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) Regulations 1996 (as amended) and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Expenditure on consultancy and contingent labour

There was no expenditure on consultancy during 2022-23 (2021-22: none).

Expenditure on contingent labour (employment agency staff) in 2022-23 was £268,277 (2021-22: £292,448). Employment agency staff are used to respond to temporary increases in demand for services and/or to provide additional capacity for time-bound projects. In the current year and previous year, most of the expenditure has been on administrative staff to manage EC notifications and certificates in respect of holiday and pension cases.

Compensation for loss of office

This section is subject to audit.

No staff member received an exit package in 2022-23 (2021-22: none).

Staff report

Staff costs

This section is subject to audit.

The breakdown of costs contained in this Staff Report carry through to the Financial Statements, specifically the Statement of Comprehensive Net Expenditure and Note 4.

Staff costs comprise:	2022-23 £	2021-22 £
Labour Relations Agency (excluding Certification Office):		
Directly employed staff:		
Wages and salaries (includes childcare vouchers)	2,223,327	2,192,977
Social security costs	197,217	197,492
Other pension costs – superannuation	599,436	630,903
	3,019,980	3,021,372
Others:		
Employment Agency Staff	268,277	248,118
Sub Total (excluding Certification Office)	3,288,257	3,269,490
Less recoveries in respect of outwards secondments	–	–
Total	3,288,257	3,269,490
The Certification Officer and staff		
Wages and salaries	134,315	91,602
Social Security Costs	10,167	8,657
Other pension costs – superannuation	31,096	27,929
Employment Agency staff	–	44,230
Total	175,578	172,418
TOTAL STAFF COSTS	3,463,835	3,441,908

Pension costs

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Agency is unable to identify its share of the underlying assets and liabilities.

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 scheme valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information, including a copy of Unpause Cost Cap Valuation Report, can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2022-23, employers' contributions of £654,073 were payable to the NICS pension arrangements (2021-22: £654,734) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2021-22: £nil) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2021-22: 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £nil, 0.0% (2021-22: £nil, 0.0%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

No persons (2021-22: none) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2021-22: £nil).

Average number of persons employed

This section is subject to audit.

The average number of whole-time equivalent persons employed during the year was as follows (figures rounded up):

	2022-23 Male	2022-23 Female	2022-23 Total	2021-22 Total
Chair and Board Members	5	5	10	10
The Certification Officer	1	0	1	1
Total (Public Appointments)	6	5	11	11
Senior Leadership Team	3	0	3	3
Employment Relations Services	15	24	39	40
Corporate Services	4	16	20	16
Certification Office Staff	1	3	4	4
Total (Directly Employed)	23	43	66	63
Employment Agency staff	4	3	7	10
Inward Secondment	0	1	1	1
Student Placement	1	0	1	0
Total (Other)	5	4	9	11
TOTAL	34	52	86	85

Staff turnover

The Agency's staff turnover in 2022-23 was 8.9% (2021-22: 6.3%). Of the colleagues who left the Agency during the year: four obtained better paid employment; three retired; and one departed for another reason.

Off payroll disclosures

There were no off payroll payments made during 2022-23 (2021-22: none).

Sick absence

The number of days lost per member of staff through sick absence in 2022-23 was 17.4 days (2021-22: 12.8 days). This was 7.9% of available working days (2020-21: 6.4%). 84% of absence resulted from the long-term sickness of a small number of staff. Some 33% of staff had no absence in 2022-23 (2021-22: 40%).

Over half of long-term absence levels in 2022-23 was caused by mental health conditions associated with anxiety, stress and/or bereavement; most as a result of non-work issues. Other long-term absence was caused by medical conditions, some of which required hospitalisation.

All staff who take sick leave receive a return to work interview with their line manager to understand the cause of their absence and what action can be taken to help prevent recurrence. An absence management plan is put in place for staff who experience long-term sick absence, which includes regular contact from line management and the HR Team, and referrals to the Occupational Health Service (OHS) and the NICS Welfare Support Service. 11 referrals to OHS were made in 2022-23 (2021-22: five). Attendance is formally reviewed after four occasions of absence, or when a staff member has been absent for 10 working days, in a rolling 12-month period. Following such a review, a staff member may be issued with a formal notice of concern that their absences are at risk of becoming unsustainable and may ultimately be dismissed.

All staff have access to an Employee Assistance Programme, operated by Inspire Wellbeing. As part of this, staff have access to a confidential helpline and counselling, and guidance on a range of health and wellbeing matters.

A Health and Wellbeing Strategy is in place to help promote healthy lifestyles. This has a particular focus on mental health. Through this, the Agency provides a range of health and wellbeing initiatives. In 2022-23, these included webinars and talks on mental wellbeing, and flu vaccinations. The Agency's annual Health and Wellbeing Week, last held in March 2022, has this year been moved to May 2023 to accommodate providers' availability. This comprises health checks provided by Chest, Heart and Stroke, a range of onsite health treatments, and wellbeing talks.

Staff policies regarding disabled people

The Agency is an equal opportunities employer, dedicated to the promotion of equality in all aspects of working life.

Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Reasonable adjustments for disabled job applicants are made on request.

The Agency makes reasonable adjustments to enable disabled staff members to perform their duties effectively and participate fully in meetings and events. OHS, the Welfare Support Service and Access Centre NI where appropriate advice on the provision of reasonable adjustments. Reasonable adjustments are in place for a number of staff.

The Agency has signed up to the Mental Health Charter.³⁸ The Charter has been developed by the Equality Commission and mental health organisations to provide a framework for working towards mentally healthy workplaces. As part of this, a Mental Health at Work Champion was appointed at Board level.

A Disability Action Plan was developed for the period 2020-23, in line with the Agency's statutory duty under Section 49B of the Disability Discrimination Act 1995. This was prepared with expert advice from North West Forum of People with Disabilities, to whom we are very grateful, and in consultation with disabled staff members.³⁹

Learning and development

In October 2020, the Agency became the first public body in Northern Ireland to achieve the new and more challenging sixth generation Investors in People (IiP) Gold standard. IiP recognises the effective investment made in, and management of, learning and development and staff participation in business planning and decision-making.

A Learning and Development Plan is agreed each year, which determines organisation wide priorities for the investment of the Learning and Development budget.

The Agency has in place a Leadership Development Programme, developed and delivered by Queen's University, Belfast. To date, four cohorts of staff have participated from a wide range of grades (Chief Executive to Administrative Officer). The intention is that eventually all staff will undertake the programme to ensure that leadership behaviours are embedded at all levels in the Agency.

The Agency's staff spent a total of 420 days (2021-22: 431 days) on learning and development activities (of which, 49 were on health and wellbeing activities). This represents an average number of training days per member of staff of 6.3 (2021-22: 6.6 days).

³⁸ Further information is available at: www.equalityni.org/MentalHealthCharter

³⁹ The Disability Action Plan is available at:

<https://www.lra.org.uk/resources/labour-relations-agency-disability-action-plan-2020-2023>

Employee Consultation and Trade Union Relationship

The Agency is committed to engaging effectively with its staff. Formal Management and TUS consultation is facilitated through the Agency's Joint Negotiating and Consultative Committee (JNCC). The TUS also attends a Board meeting each year to discuss employment relations and was able to confirm that the Agency continues to enjoy a very positive employment/industrial relations culture.

An Employment Relations Group (ERG), comprising staff at all grades and from each team, meets monthly. The terms of reference for the ERG have been agreed with the TUS and focus on promoting health and wellbeing and greater staff participation in decision-making.

A Staff Conference was held in November 2022 to discuss a proposed transformation programme, which includes restructuring. This will be progressed in 2023-24.

The Agency conducted a series of quarterly pulse surveys during 2022-23. These helped inform the SLT of any issues or concerns from staff as the Agency transforms. The surveys use standard questions, which allow results to be benchmarked against similar organisations. Among other results, these show the Agency has an engagement score of 78%, which is higher than the public sector average.

Equity, Diversity and Inclusion

In line with our values, the Agency is committed to building an inclusive workplace culture where diversity is truly valued at all levels, where colleagues are valued for who they are and where they can bring their 'true self' to work. We want to make use of all the talent that exists across the Agency to ensure we are a well-led, high performing, outcome-focused organisation, and a great place to work; an exemplary employer. In 2022-23, the Agency appointed on a temporary basis an Equity, Diversity and Inclusion (EDI) Manager, reporting directly to the Chief Executive and mentored by the Board EDI Champion. This post was created following the impact of dedicating a proportion of a pre-existing post to create a Staff EDI Champion. The longer term need for a dedicated EDI resource will be considered in light of planned restructuring and budget availability.

The Agency's People Strategy includes a range of actions that will help accelerate our ambition of being recognised as a truly inclusive organisation, which reflects the society we serve. This has been supplemented by an EDI Strategy, which was approved by the Board in November 2022. This covers both our work to be an even more inclusive employer and to ensure our services reach all parts of our community, particularly potentially vulnerable groups currently under-represented among our customer-base.

Annual staff EDI surveys informed the EDI Strategy and help focus activities, which are progressed through an annual EDI Work Plan.

The Agency supports a growing number of staff-led networks: Disability and Long-Term Conditions; LGBT+ and Allies; Neurodiversity; and Women. A number of these networks are sponsored by Board members; further networks are planned for 2023-24. Other staff-led initiatives include a Menopause Café. These help the Agency achieve a number of objectives, including enhancing employee engagement and using colleagues' lived experiences to inform policy and guidance.

The LGBT+ and Allies Network organised the Agency's first ever corporate participation in the Belfast and Foyle Pride events in 2022. This served to promote the Agency's services to the LGBT+ community, as well as express solidarity to LGBT+ colleagues.

A new Diversity Council, which comprises the SLT, EDI Manager and representatives from each staff network was formed in April 2023. This is intended to ensure that staff network activities are co-ordinated to highlight and address intersectional issues.

The Agency successfully retained the Diversity Mark Bronze Accreditation⁴⁰ in March 2023, following an external assessment of progress against a gender-based action plan. We were also a finalist in the Women in Business Awards for 2023 for 'Advancing Diversity in the Workplace', in both the individual and organisational categories.

Equality is a cornerstone consideration in the development and review of all HR policies, which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The Agency continues to meet its statutory obligations under the Fair Employment and Treatment (NI) Order 1998,⁴¹ which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission, both of which assess the composition of the Agency's workforce and the composition of applicants and appointees.

Health, Safety and Wellbeing

A joint Health, Safety and Wellbeing Committee, with management and TUS representation, oversees and coordinates activities to help ensure the Agency provides a healthy and safe working environment for its staff and customers. Furthermore, health and safety is a standing agenda item at formal JNCC meetings.

In line with public health guidance, and following updated Covid-19 health and safety risk assessments, the Agency's offices re-opened to the public in early 2022-23.

⁴⁰ Further information is available at: <https://diversity-mark-ni.co.uk/>

⁴¹ Available at: <https://www.legislation.gov.uk/nisi/1998/3162/contents/made>

Assembly accountability and audit report

Assembly accountability disclosures

Regularity of expenditure

This section is subject to audit.

All expenditure during 2022-23 has been in line with Managing Public Money (NI).

Losses and special payments

This section is subject to audit.

There were no losses in 2022-23 (2021-22: £nil).

No special payments were made during 2022-23 (2021-22: none).

Fees and charges

This section is subject to audit.

No fees were chargeable by the Agency in 2022-23 (2021-22: none).

Remote contingent liabilities

This section is subject to audit.

There were no remote contingent liabilities as at 31 March 2023 (2021-22: none).



Don Leeson
Chief Executive/Accounting Officer
28 June 2023

The certificate and report of the Comptroller and Auditor General to the Northern Ireland Assembly

Opinion on financial statements

I certify that I have audited the financial statements of the Labour Relations Agency for the year ended 31 March 2023 under the Industrial Relations (Northern Ireland) Order 1992. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Labour Relation Agency's affairs as at 31 March 2023 and of Labour Relation Agency's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial Relations (Northern Ireland) Order 1992 and Department for the Economy directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of Labour Relations Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded Labour Relations Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Labour Relations Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Labour Relations Agency is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate and report. The Board and the Accounting Officer are responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed,

I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department for the Economy directions made under the Industrial Relations (Northern Ireland) Order 1992; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Labour Relations Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. 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 parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remuneration and Staff Report is prepared in accordance with the applicable financial reporting framework; and
- assessing the Labour Relations Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Labour Relations Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to examine, certify and report on the financial statements in accordance with the Industrial Relations (Northern Ireland) Order 1992.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Labour Relations Agency through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included governing legislation and any other relevant laws and regulations identified;
- making enquires of management and those charged with governance on the Labour Relations Agency's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Labour Relations Agency's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: expenditure recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and making enquiries to the Labour Relations Agency and relevant third parties; and
- addressing the risk of fraud as a result of management override of controls by:
 - o performing analytical procedures to identify unusual or unexpected relationships or movements;
 - o testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;

- o assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and,
- o investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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

Report

I have no observations to make on these financial statements.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU
30 June 2023

Chapter 3

Financial Statements

Statement of comprehensive net expenditure for the year ended 31 March 2023

	Notes	Agency £	Certification Officer £	2022-23 Total £	2021-22 Total £
Income	3	34,042	-	34,042	-
Expenditure					
Staff costs	4	3,288,257	175,578	3,463,835	3,441,908
Depreciation and amortisation and Loss on Disposal of Fixed assets	5	242,981	-	242,981	245,296
Other expenditure (excluding depreciation and amortisation)	5	1,267,658	45,960	1,313,618	1,261,482
Total expenditure		4,798,896	221,538	5,020,434	4,948,686
Net operating expenditure		4,764,854	221,538	4,986,392	4,948,686

Other comprehensive expenditure for the year ended 31 March 2023

	Notes	2022-23 £	2021-22 £
Net operating expenditure		4,986,392	4,948,686
Items that will not be reclassified to net operating expenditure:			
Net loss/(gain) on revaluation of property, plant and equipment	6	(10,757)	(3,969)
Net loss/(gain) on revaluation of Intangibles	7	(4,274)	3,381
Total comprehensive net expenditure for the year ended 31 March 2022		4,971,361	4,948,098

All amounts above relate to continuing activities.

The notes on pages 78 to 93 form part of these financial statements.

Statement of financial position as at 31 March 2023

	Notes	2023 £	2022 £
Non-current assets:			
Property, plant and equipment	6	153,284	184,121
Right of Use Assets	6	476,595	-
Intangible assets	7	46,340	123,720
Total non-current assets		676,219	307,841
Current assets:			
Trade and other receivables	8	84,185	116,113
Cash and cash equivalents	9	722,788	597,707
Total current assets		806,973	713,820
Total assets		1,483,192	1,021,661
Current Liabilities			
Trade and other payables	10	(540,996)	(504,452)
Provisions	12	(201,810)	(193,870)
Total current liabilities		(742,806)	(698,322)
Total assets less Current liabilities		740,386	323,339
Non-Current Liabilities			
Other Payables		(374,468)	-
Total Non-Current Liabilities		(374,468)	-
Net Assets		365,918	323,339
Taxpayers' equity			
Revaluation reserve		64,604	49,573
General reserve		301,314	273,766
Total taxpayers' equity		365,918	323,339

The notes on pages 78 to 93 form part of these financial statements.

The financial statements on pages 73 to 93 were approved by the Board on 23 June 2023. and were signed on its behalf by:



Don Leeson
Chief Executive and Accounting Officer

Statement of cash flows for the year ended 31 March 2023

	Notes	2022-23 £	2021-22 £
Cash flows from operating activities			
Net operating expenditure		(4,986,392)	(4,948,686)
Adjustments for non-cash transactions		242,981	245,296
Decrease/(Increase) in trade and other receivables		31,928	(33,459)
Increase/(decrease) in trade and other payables and provisions		418,953	163,903
Net cash outflow from operating activities		(4,292,530)	(4,572,946)
Cash flows from investing activities			
Purchase of plant, property and equipment		(594,585)	(82,858)
Purchase of intangible assets		(1,744)	(9,210)
Net cash outflow from investing activities		(596,329)	(92,068)
Cash flows from financing activities			
Financing – grant from Department for the Economy*			
– Agency		4,792,940	4,638,000
– Certification Officer		221,000	212,000
Net financing		5,013,940	4,850,000
Cash and cash equivalents at the beginning of the year		597,707	412,721
Net increase/(decrease) in cash and cash equivalents in the year		125,081	184,986
Cash and cash equivalents at the end of the year		722,788	597,707

* The grant is intended to finance both revenue and capital expenditure, details of which are summarised in the Statement of Comprehensive Net Expenditure (SoCNE) and Notes 4, 5 and 6 to the accounts respectively.

Statement of changes in taxpayers' equity for the year ended 31 March 2023

This statement shows the movement in the year on the different reserves held by the Labour Relations Agency, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Notes	General reserve £	Revaluation reserve £	Total Reserves £
Balance at 31 March 2021 as originally stated		315,335	48,985	364,320
Prior period adjustment		57,117	-	57,117
Balance at 31 March 21 as restated		372,452	48,985	421,437
Changes in taxpayers' equity 2021-22				
Grant from Department for the Economy		4,850,000	-	4,850,000
Comprehensive expenditure for the year (excluding Auditor's remuneration)		(4,933,936)	-	(4,933,936)
Auditor's remuneration		(14,750)	-	(14,750)
Movements in reserves				
Net gain on revaluation of property, plant & equipment and intangible assets			588	588
Balance at 31 March 2022		273,766	49,573	323,339
Changes in taxpayers' equity 2022-23				
Grant from Department for the Economy		5,013,940	-	5,013,940
Net operating expenses for the year (excluding Auditor's remuneration)		(4,971,392)		(4,971,392)
Auditors' remuneration		(15,000)		(15,000)
Movements in reserves				
Net loss on revaluation of property, plant & equipment and intangible assets			15,031	15,031
Balance at 31 March 2023		301,314	64,604	365,918

Notes to the financial statements for the year ended 31 March 2023

1. Accounting policies

Statutory information

The Labour Relations Agency is a non-departmental public body. The Agency's principal place of business is James House, Cromac Avenue, Belfast, BT7 2JA.

The presentation currency is GBP (£); all figures are rounded to the nearest £1.

Statement of accounting policies

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM)⁴² 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.

Critical accounting judgments and estimates

The Labour Relations Agency prepares its financial statements in accordance with the Government's Financial Report Manual, the application of which often requires judgments to be made by management when formulating the financial position and results. Under IFRS, the Agency is required to adopt those accounting policies most appropriate to the organisation's circumstances for the purpose of presenting fairly its financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Agency should it later be determined that a different choice would be more appropriate. The Agency considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and provide an explanation accordingly. The Agency has discussed its critical accounting estimates and associated disclosures with its Audit and Risk Assurance Committee. As the use of estimates is inherent in financial reporting, actual results could differ from these. Key accounting estimates include accrued expenses, depreciation and provisions.

⁴² Available at: <https://www.gov.uk/government/publications/government-financial-reporting-manual-2022-23>

1.1 Accounting convention

The accounts have been prepared on a going concern basis. With funding confirmed for 2023-24, the Agency has a clear view of how it will continue to operate for at least 12 months from the date of approval of these financial statements.

The Agency has 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 she may require for the carrying out of her duties. The Agency also has 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 DfE are credited direct to the General Fund reserve on an accruals basis. The annual recurrent allocations from DfE are intended to meet recurrent costs. Income from services rendered is included to the extent of the completion of the contract or service concerned.

1.3 Property, plant and equipment

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

A capitalisation threshold of £1,000 (excluding VAT) for all assets 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
Right-of-use assets	- Straight line over period of lease

Property, plant and equipment are revalued by reference to appropriate "Price Index Numbers for Current Cost Accounting" produced by the Office for National Statistics. 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 £1,000 (excluding VAT). These assets have been restated using valuation techniques produced by the Office for National Statistics.

1.5 Pensions

Present and past employees are covered by the provisions of the NICS pension arrangements which are unfunded multi-employer defined benefit schemes. The Agency is unable to identify its share of the underlying assets and liabilities. The Agency recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS pension arrangements of amounts calculated on an accruals basis. All pension contributions are charged to Net Expenditure when incurred.

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. Therefore, all expenditure includes input VAT.

1.7 Operating leases

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

1.8 Operating income

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

1.9 Accounting standards, interpretations and amendments to published standards not yet effective

The Agency has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. The Agency considers that these are unlikely to have a significant impact on the accounts in the period of initial application.

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 financial instruments 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 record.

1.12 IFRS 16 Leases

IFRS 16 Leases is effective from 1 April 2023. The adoption of this new standard has resulted in the Agency recognising a right-of-use asset and related lease liability in connection with all operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

At 31 March 2023, the Agency engaged a 'peppercorn' operating lease that is affected by implementation of IFRS 16 Leases. IFRS 16 has been applied and the effect has been an increase in right to use assets at fair value of £510,637 on commencement of the lease and corresponding deferred income of £510,637.

1.13 Leased Assets

At lease commencement date the Agency recognises a right-of-use asset measured at fair value and a corresponding lease liability measured at present value. The right-of-use asset is depreciated on a straight-line basis from lease commencement to the earlier of the end of useful economic life or the end of the lease term. The Agency also assesses the right-of-use asset for impairment when such indicators exist.

The difference between the carrying amount of the right-of-use asset and lease liability is recognised as income as required by IAS 20.

1.14 Provisions

The Agency recognises a provision where the following criteria are fulfilled:

- The Agency has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and,
- A reliable estimate can be made of the amount of the obligation.

1.15 Contingent Liabilities

Contingent liabilities arise where a possible obligation is depending on whether some uncertain future event occurs, a payment is not probable, or the amount cannot be measured reliably.

2. Statement of Operating Costs by Operating Segment

The two main segments operating in the Labour Relations Agency are the Agency itself and the Certification Officer. The principal activities of the 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 employers' associations.

The non-current assets of the Agency are all located in Northern Ireland.

	Agency £	Certification Officer £	2022-23 Total £	Agency £	Certification Officer £	2021-22 Total £
Gross Expenditure	4,798,896	221,538	5,020,434	4,732,443	216,243	4,948,686
Income	(34,042)	-	(34,042)	-	-	-
Net Expenditure	4,764,854	221,538	4,986,392	4,732,443	216,243	4,948,686
Total Assets	1,472,406	10,786	1,483,192	1,012,084	9,577	1,021,661
Total Liabilities	(1,109,812)	(7,462)	(1,117,274)	(692,606)	(5,716)	(698,322)
Net Assets	362,594	3,324	365,918	319,478	3,861	323,339

2.1 Reconciliation between Operating Segments and SoCNE/SoFP

	Agency £	Certification Officer £	2022-23 Total £	Agency £	Certification Officer £	2021-22 Total £
Total net expenditure reported for operating segments	4,764,854	221,538	4,986,392	4,732,443	216,243	4,948,686
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	4,764,854	221,538	4,986,392	4,732,443	216,243	4,948,686
Total Assets Reported for Operating Segments	1,472,406	10,786	1,483,192	1,012,084	9,577	1,021,661
Total Assets Per Statement of Financial Position	1,472,406	10,786	1,483,192	1,012,084	9,577	1,021,661

Total Liabilities reported for Operating Segments	(1,109,812)	(7,462)	(1,117,274)	(692,606)	(5,716)	(698,322)
Total Liabilities per Statement of Financial Position	(1,109,812)	(7,462)	(1,117,274)	(692,606)	(5,716)	(698,322)
Total net assets per Statement of Financial Position	362,594	3,324	365,918	319,478	3,861	323,339

3. Income

Income of £34,042 was recognised in 2022-23 (2021-22: none) in respect of the difference between the carrying amount of the right to use asset and the lease liability at the period end in accordance with IFRS 16 and IAS 20.

4. Staff Costs

	2022-23 £	2021-22 £
Wages and salaries	2,357,642	2,284,579
Social Security Costs	207,384	206,149
Other pension costs – superannuation	630,532	658,832
Employment Agency Staff	268,277	292,348
	3,463,835	3,441,908

Further disclosure of staff costs can be found in the Remuneration and Staff Report.

5. Other Expenditure

	Agency	Certification Officer	2022-23 Total	Agency	Certification Officer	2021-22 Total
	£	£	£	£	£	£
Cash items						
Premises Costs:						
Rent, under operating leases, including car parks	260,582	22,018	282,600	285,277	22,018	307,295
Rates, including car parks	82,489	4,496	86,985	90,059	4,496	94,555
Service charges maintenance, cleaning, security, heating, lighting and insurance	199,332	6,188	205,520	95,403	6,731	102,134
Other Office Running Costs:						
Staff training	47,784	1,012	48,796	108,864	-	108,864
IT Managed Services, maintenance, licences, & development	268,202	3,000	271,202	268,347	3,000	271,347
Postage and telephones	105,795	324	106,119	73,302	324	73,626
Library services	36,246	-	36,246	29,954	-	29,954
Office, supplies, photocopying, printing and stationery	1,574	-	1,574	10,378	-	10,378
Publications and advertising	52,774	-	52,774	40,128	-	40,128
Conference & Seminars	19,749	-	19,749	33,071	-	33,071
Travel and subsistence	7,284	2,298	9,582	3,149	-	3,149
Hospitality	4,129	-	4,129	148	-	148
Miscellaneous expenditure	20,353	5,534	25,887	32,495	5,800	38,295
Interpreter fees and venue hire	1,226	-	1,226	2,314	-	2,314
Professional subscriptions	17,361	-	17,361	13,252	-	13,252
Advertising (staff vacancies)	24,959	-	24,959	4,691	-	4,691
Bank charges	11	(366)	(355)	6	-	6

Fees and Expenses:						
Other professional fees*	39,972	284	40,256	92,820	284	93,104
Arbitration fees and expenses	13,264	-	13,264	9,055	-	9,055
Internal auditor's remuneration	11,736	473	12,209	10,893	473	11,366
External auditor's remuneration	14,301	699	15,000	14,051	699	14,750
Research and Development	38,535	-	38,535	-	-	-
Total cash expenditure	1,267,658	45,960	1,313,618	1,217,657	43,825	1,261,482
Non-cash items						
Depreciation and amortisation						
Depreciation of property, plant and equipment	87,586	-	87,586	141,077	-	141,077
Amortisation of intangible assets	82,965	-	82,965	104,219	-	104,219
Sub Total Depreciation	170,551	-	170,551	245,296	-	245,296
Loss on disposal of Property, Plant and Equipment	38,388	-	38,388	-	-	-
Total net Non-cash expenses	208,939	-	208,939	245,296	-	245,296
Total	1,476,597	45,960	1,522,557	1,462,953	43,825	1,506,778

* Includes National Fraud Initiative fee of £1,250 paid to the NIAO.

6. Property, plant and equipment 2022-23

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2023 statistics.

Note:

The depreciation charge per Note 5 of £87,586 (2022: £141,077) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2023 (2022: £nil).

	Adaptations to Agency Short Leasehold Buildings £	Agency Right of use Assets £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
Cost or valuation	715,066	-	302,169	625,312	6,490	5,691	1,654,728
At 1 April 2022		-					
Additions	-	510,637	10,511	73,437	-	-	594,585
Adjustment arising on revaluation	70,417	-	29,003	21,602	329	600	121,951
Disposal	(785,483)	-	(313,220)	(430,598)	-	-	(1,529,301)
At 31 March 2023	-	510,637	28,463	289,753	6,819	6,291	841,963
Depreciation							
At 1 April 2022	677,420	-	269,121	511,885	6,490	5,691	1,470,607
Charge for the year	18,068	34,042	12,203	57,315	-	-	121,628
Adjustment / (Impairment) arising on revaluation	66,711	-	25,871	17,683	329	600	111,194
Disposal	(762,199)	-	(299,607)	(429,539)	-	-	(1,491,345)
At 31 March 2023	-	34,042	7,588	157,344	6,819	6,291	212,084
Carrying amount at 31 March 2022	37,646	-	33,048	113,427	-	-	184,121
Carrying amount at 31 March 2023	-	476,595	20,875	132,409	-	-	629,879

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2023 statistics.

Note:

The depreciation charge per Note 5 of £121,628 (2022: £141,077) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2023 (2022: £nil).

6. Property, plant and equipment (continued)

Leased assets

The adaptations to Agency buildings on short leasehold land carried a Net Book Value at 31 March 2023 of £nil (2022: £37,646) and represent the Agency's only leased assets.

2021-22

	Adaptations to Agency short leasehold buildings £	Agency Office equipment, furniture & fittings £	Agency computer equipment £	Certification Officer office furniture fittings £	Certification Officer computer equipment £	Total £
Cost or valuation						
At 1 April 2021	691,380	283,642	556,927	6,175	5,779	1,543,903
Additions	-	5,997	76,861	-	-	82,858
Adjustment arising on revaluation	23,686	12,530	(8,476)	315	(88)	27,967
At 31 March 2022	715,066	302,169	625,312	6,490	5,691	1,654,728
Depreciation						
At 1 April 2021	580,175	249,809	463,594	6,175	5,779	1,305,532
Charge for the year	77,369	8,361	55,347	-	-	141,077
Adjustment arising on revaluation	19,876	10,951	(7,056)	315	(88)	23,998
At 31 March 2021	677,420	269,121	511,885	6,490	5,691	1,470,607
Carrying amount at 31 March 2021	111,205	33,833	93,333	-	-	238,371
Carrying amount at 31 March 2022	37,646	33,048	113,427	-	-	184,121

7. Intangible assets

Intangible assets comprise computer software, development costs and licences.

2022-23

Cost or valuation	Agency £	Certification Officer £	Total £
At 1 April 2022	1,105,496	10,142	1,115,638
Additions	1,744	-	1,744
Adjustment arising on revaluation	38,190	851	39,041
Disposal	(811,253)	-	(811,253)
At 31 March 2023	334,177	10,993	345,170
Amortisation			
At 1 April 2022	981,776	10,142	991,918
Charged in year	82,965	-	82,965
Adjustment arising on revaluation	33,916	851	34,767
Elim on disposal	(810,820)	-	(810,820)
At 31 March 2023	287,837	10,993	298,830
Carrying value at 31 March 2022	123,720	-	123,720
Carrying value at 31 March 2023	46,340	-	46,340

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using March 2023 statistics.

Note:

The amortisation charge per Note 6 of £82,965 (2022: £104,219) for the year reflects the amortisation provision for intangible assets. No impairment adjustment was required to the SoCNE in 2023 (2022: £nil).

7. Intangible assets (continued)

Intangible assets comprise computer software, development costs and licences.

2021-22

Cost or valuation	Agency £	Certification Officer £	Total £
At 1 April 2021	1,113,229	10,299	1,123,528
Additions	9,210		9,210
Adjustment arising on revaluation	(16,943)	(157)	(17,100)
At 31 March 2022	1,105,496	10,142	1,115,638
Amortisation			
At 1 April 2021	891,119	10,299	901,418
Charged in year	104,219		104,219
Adjustment arising on revaluation	(13,562)	(157)	(13,719)
At 31 March 2022	981,776	10,142	991,918
Carrying value at 31 March 2021	222,110	-	222,110
Carrying value at 31 March 2022	123,720	-	123,720

8. Trade and other receivables and other current assets

	2022-23 £	2021-22 £
Amounts falling due within one year:		
Other receivables	891	-
Prepayments	83,294	116,113
	84,185	116,113

The above includes £nil (2022: £nil) due to the Agency from the Certification Officer.

9. Cash and cash equivalents

	Agency £	Certification Officer £	2022-23 Total £	2021-22 Total £
Balance at 1 April 2021	588,130	9,577	597,707	412,721
Net change in cash and cash equivalent balances	123,872	1,209	125,081	184,986
Balance at 31 March 2022	712,002	10,786	722,788	597,707
The following balances at 31 March 2022 were held at:				
Commercial banks and cash in hand	712,002	10,786	722,788	597,707
Balance at 31 March 2023	712,002	10,786	722,788	597,707

10. Trade and other payables and other current liabilities

	2022-23 £	2021-22 £
Amounts falling due within one year:		
Trade payables	89,985	7,469
Accruals	348,884	496,983
Deferred Income	102,127	-
Total	540,996	504,452
Amounts falling due greater than one year:		
Deferred Income	374,468	-
Total	374,468	-

11. Capital commitments

There are no capital commitments at the year-end 31 March 2023 (year ended 31 March 2022: £nil).

12. Provisions

	2022-23 Dilapidations £	2022-23 Legal fees £	2022-23 Total £	2021-22 £
Provision – not later than one year:				
Opening balance	148,870	45,000	193,870	148,870
Provided in the year	7,940	45,000	52,940	45,000
Provision released during the year	–	(45,000)	(45,000)	–
Closing balance	156,810	45,000	201,810	193,870

At 31 March 2023, the Agency has an obligation associated with relocation to new Head Office accommodation, which is included in the balance above.

There is naturally an element of estimation uncertainty regarding future costs. The Agency has considered the obligation with the help of professional external advice. The estimation is based on: prior experience of other such obligations; the specific characteristics of the property in question; and the detailed obligation it must adhere to. The Agency believes that the estimation uncertainty has been reduced to an acceptable level in making provision for such future costs.

There is also an obligation associated with the legal costs of an employment tribunal case in which the Agency is the respondent. The obligation is based on an estimate made by the Agency's legal adviser in respect of the tribunal hearing. A contingent liability exists in respect of the outcome of this hearing (Note 19).

13. Commitments under leases

Low value leases

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

Buildings:	2022-23 £	2021-22 £
Not later than one year	12,000	29,600
Later than one year and not later than five years	2,000	–
Later than five years	–	–
	15,000	29,600

During the year the Agency relocated to James House, which was refurbished for the Department of Finance and others occupation.

The Regional Office relocated into new premises with effect on 10 June 2019. A five-year lease has been signed to 9 June 2024.

Where the interest rate implicit in the lease cannot be readily determined the Agency applies HM Treasury discount rates as their incremental borrowing rate.

Had IFRS 16 Leases been applied for the first time in the year to 31 March 2022 the estimable effects would have discounted operating lease commitments of £386,285. On initial application no liability was recognised in the statement of financial position as all applicable leases were either ending within 12 months of the date of initial application or the underlying asset was of low value.

14. Other Financial Commitments

The Labour Relations Agency has no other financial commitments and has not entered into any non-cancellable contracts.

15. Related Party Transactions

The Labour Relations Agency is a Non-Departmental Public Body sponsored by DfE. DfE is regarded as a related party. During the year, the only transactions which the Agency has had with DfE is the receipt of £5,013,940 (2022: £4,850,000) grant, as disclosed in the statement of cash flows.

None of the Board members, members of the Senior Leadership Team, or other related parties has undertaken any material transactions with the Agency during the year, other than the reimbursement of expenses necessarily incurred in the course of their employment.

16. Financial instruments

As the cash requirements of the Agency and the Certification Officer are met through grant-in-aid provided by DfE, 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 Agency's expected purchase and usage requirements, and the Agency is therefore exposed to little credit, liquidity or market risk.

17. Impairments

The total impairment charge for the year is £nil (2022: £nil).

18. Events after the reporting date

There are no events after the reporting period which need to be disclosed.

19. Contingent liability under IAS 37

The Agency has two contingent liabilities at 31 March 2023 (31 March 2022: one). These are in relation to the outcome of employment tribunal cases in which the Agency is the respondent.

One of these claims is in respect of an individual litigant. The Agency is defending this case and does not believe it has acted unlawfully, as alleged by the claimant. Should this matter proceed to hearing, which is expected to be in 2024, and the Employment Judge finds

is that this outcome is highly unlikely and therefore no provision for this has been made in these Financial Statements. However, in the event of such an outcome, the amount that the claimant might be awarded is estimated as circa £30k.

The other claim is in respect of 'injury to feelings' lodged by NIPSA on behalf all of its members against those employers that, like the Agency, are part of the NI Civil Service Pension Scheme.⁴³ The Agency's involvement as a respondent is due to a legal technicality. In the event that the case proceeds to a hearing and the claimants are awarded compensation, it is anticipated that any financial liability will fall to NI Civil Service Pension Scheme.

Date of authorisation for issue

The Accounting Officer authorised these financial statements on 28 June 2023.

⁴³ Further information about this matter is available at: <https://nipsa.org.uk/campaigns/pensions/994-your-public-sector-pension-injury-to-feelings-case>

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