

**Staff Commission for Education and Library Boards  
Annual Report and Accounts  
For the year ended 31<sup>st</sup> March 2007**

*Laid before the Northern Ireland Assembly  
under Article 38(2) of the Education and Libraries (Northern Ireland) Order 2003  
by the Department of Education*

*21<sup>st</sup> December 2007*

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## **SECTION 1**

### **MISSION STATEMENT**

“To maintain the Commission as a key strategic resource within the Education and Library Service ensuring best practice in relation to organisational development and human resources management.”

### **EQUALITY STATEMENT**

The Commission is fully committed to an organisational culture that provides and promotes diversity. It will mainstream equality and diversity into its policies and practices. The Commission will also explore opportunities to promote good relations in the delivery of its services.

### **CORE VALUES**

In delivering services the Commission will:

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

## **CHAIRPERSON'S FOREWORD**

I am pleased to present this Annual Report for the year 2006/07, which includes a brief account by our Chief Executive Patricia Weir of another highly successful programme of work, together with a set of accounts that illustrates once again that the Staff Commission offers the taxpaying public excellent value for money. It is worth noting that the 54 Key Performance Indicators established for the Commission for the year under review were achieved in full. This is a significant achievement and should not be taken for granted.

The Commission has continued to exercise its leadership role in mainstreaming equality in employment throughout the five Education and Library Boards (section 2.2). The feedback from the Equality Commission on the Five Year Review of the Boards' and Commission's Equality Schemes was particularly complimentary. The creation and implementation of these schemes requires a great deal of hard work and creative discussion, and due credit should go to all concerned.

However, the work of the Commission in the year under review has been dominated by preparation for the advent of the Education and Skills Authority and the Library Authority, which are due to come into existence on 1 April 2008 as an outcome of the Review of Public Administration. The Commission has already welcomed the appointment of the new Education and Skills Authority's Chief Executive Designate, Gavin Boyd, and, with the blessing of the Department of Education, has made its expertise available to the ESA Implementation Team. The Commission staff have been working closely with the Department, through the HR Project Board and associated teams, to take forward the many and complex HR issues associated with the sweeping changes in the administration of education. We are now looking forward to collaborating with the ESA Implementation Team in advancing its programme of work, so as to offer maximum protection to staff in the run-up to the change-over and ensure their smooth transfer to the new organisations.

The Staff Commission was reconstituted during the course of the year under review, and I wish to express again my appreciation for the contributions of all the outgoing Commissioners, and especially those of Kevin McCann, who chaired the Commission's Audit Committee in an exemplary manner.

Once again, the Commission has carried out a very wide range of duties with limited staffing and other resources. The Chief Executive and her staff deserve full recognition and gratitude for what they have achieved and will continue to achieve for all the Commission's stakeholders, especially through this period of great change in the Education and Library services. I would like to take this opportunity to thank our many partners for their continuing cooperation, to commend all the Commission staff for another successful year's work, and to record once again my appreciation to my fellow Commissioners for their valued contributions to our efforts.



**Professor Bernard Cullen**  
**Chairman**

## SECTION 2

### CHIEF EXECUTIVE'S REVIEW OF THE YEAR

#### 2.1 REVIEW OF PUBLIC ADMINISTRATION (RPA)

The main focus of the RPA was on the rationalisation and modernisation of the present Local Government, Health Bodies and Education administration structures. The key proposal for education was the formation of a new Education and Skills Authority (ESA) and a new Regional Library Authority. To take forward the work on the creation of the ESA, the Department of Education (DE) established a Programme Management Board and 11 Projects including the Human Resources (HR) Project Board.

##### **HR Project Board**

One of the main objectives of the HR Project Board was *“to identify, develop and implement HR proposals for dealing with the impact of RPA on all Education Sector staff affected by RPA”*. The constitution of the Project Board included representatives of the main trade unions and representatives of each of the education sector employing authorities, including the Commission's Chief Executive. It was chaired by a senior official of DE.

To take forward its work programme, the HR Project Board was assisted by a number of 'teams'. This section of the Report includes only those teams which involved Commission staff.

With the establishment of the ESA Implementation Team (ESAIT), the HR Project Board was stood down in February 2007 as ESAIT has assumed responsibility for the on-going review of the wide range of HR issues relating to the creation of the new structure.

##### **HR Project Team**

During the reporting year Commission staff, as members of the Terms and Conditions Team, played a key role in the development of draft policy documentation on a range of HR issues in the lead up to the establishment of ESA and the new Library Authority. In developing the draft policies the recommendations and guiding principles of the Public Service Commission (PSC) were taken into account and the programme of work of the team was linked to the work of the PSC.

Key issues included:-

- Development and implementation of the Education Sector Policy on the Control of Vacancies, including the provision of training for human resource and equality representatives from each of the education sector employing authorities.
- Consideration of proposed changes to the pension provisions in line with recent changes at national level and the impact on early severance/redundancy schemes.
- Development of an “Approach to Training, Development and Support Needs” of staff affected by the RPA.

- Development of a Resource Planning Database for the education sector to ensure that employing authorities have accurate and readily accessible information databases in place to facilitate the effective management of human resources in the transitional period and following the establishment of the ESA and the Library Authority.
- Development of a central information base for the terms and conditions of employment of staff employed across the education sector employing authorities.

It has been agreed that members of the Terms and Conditions Team will work with the ESA Implementation Team to take forward an agreed programme of work.

### **Equality Project Team**

The terms of reference for the Equality Team are *“To mainstream the statutory equality duties under Section 75 of the Northern Ireland Act 1998 into the processes, policies and practices which are developed and/or adopted by the HR Project Board”*.

It was intended that the Equality Team would comprise the Department of Education’s Equality Officer and the Staff Commission’s Equality Coordinator. This did not prove practical and in July 2006 the Commission agreed to take forward the work planned for this Team.

An Equality Plan was developed and agreed by the Project Board. It gave a commitment to:

- consult in a meaningful manner on all screening decisions of the HR Project;
- conduct, as appropriate, equality impact assessments;
- ensure information is provided to consultees to enable their participation in the process; and
- contribute to the development of a framework for the promotion of equality of opportunity and good relations in ESA.

The model developed was used as the template for other DE RPA workstreams.

In October 2006 information was issued to consultees on the policies and/or procedures being developed by the HR Project Board; the HR implications of RPA; the Equality Plan and the Project Board’s proposals in regard to screening. Twelve written responses were received from community and voluntary sector groups. The trade unions were involved in the process as members of the HR Project Board. The feedback received was reviewed and referred, as appropriate, for consideration by the HR Project Board and other workstreams.

The Policy on the Control of Vacancies was screened in March 2007. The screening decision is currently being considered by the Education and Skills Authority Implementation Team.

### **Education Sector Joint Forum for Human Resource Issues**

The Education Sector Joint Forum was established in November 2006 with a remit to “seek to agree the Human Resource policies and procedures which are developed in the context of the RPA until the establishment of the Education and Skills Authority in April 2008”. The scope of the Forum extends to all non-teaching staff employed by the Northern Ireland Education Sector employing authorities affected by the RPA. Membership consists of seven representatives from Management Side including an independent representative from the Staff Commission and seven representatives from Trade Union Side.

Key issues considered by the Forum included:

- Draft Memorandum of Agreement.
- Public Service Commission Guidelines and Recommendations.
- Education Sector Policy on the Control of Vacancies.
- Approach to Training, Development and Support Needs of Staff affected by RPA.

The Forum continues to meet under the auspices of the ESA Implementation Team.

### **Communication Steering Group**

In May 2006 the Department of Education established an RPA Communication Steering Group. Its purpose was to identify the key communication channels and develop and co-ordinate a communication strategy for all the key RPA projects. The Commission’s Equality Coordinator was appointed to this group.

This work coincided with the publication of the Public Service Commission’s first guiding principle “An Effective Communications Strategy”. The Department of Education fully endorsed this guiding principle.

During the year five issues of the RPA Newsletter ‘Moving Forward’ were published. In October 2006 a Department of Education Stakeholder and Communication Manager was appointed to improve communications on RPA.

## **2.2 EMPLOYMENT EQUALITY ISSUES – PROMOTING BEST PRACTICE**

The Commission continued to assist Boards in mainstreaming equality into the policy making process. Progress was made in the following areas:

### **Five Year Review of Equality Schemes**

Last year it was reported that the Staff Commission had taken the lead in the completion of an inter-Board/Staff Commission Review of the Schemes. The Reports were submitted to the Equality Commission for Northern Ireland during April 2006. The Boards/Staff Commission were commended by the Equality Commission on the Review Reports. Areas of good practice specifically highlighted included:-

- approach to partnership working;
- strategic approach to Section 75;
- development of innovative and effective consultation methods;
- high standard EQIAs;
- equality training;
- identification and monitoring of equality outcomes.

### **Equality Impact Assessments (EQIA)**

The Staff Commission has played a pivotal role in taking forward two impact assessments. They are:

- Registration and Grant Aid Scheme for Youth Groups.
- Implementation of the Boards'/Staff Commission's Job Evaluation Schemes.

Both EQIAs are at final draft stage. Given the timeframe for the establishment of the new Education and Skills Authority, it is unlikely that the Boards/Staff Commission will implement the findings of these EQIAs. It is envisaged that the results of both EQIAs will be published by the Education and Skills Authority.

### **Disability Action Plans**

On 1 January 2007 new legal duties were placed on public authorities to have due regard to the need to:

- promote positive attitudes towards disabled people; and
- encourage participation by disabled persons in public life.

One of the requirements of these duties is to produce a Disability Action Plan within six months of 1 January 2007. The Boards/Staff Commission were each granted an exemption from that requirement due to the impact on them of the RPA, i.e. the establishment of the Education and Skills Authority with effect from 1 April 2008. However, the Boards/Staff Commission, with the agreement of the Equality Commission, have developed an Interim Action Plan to implement a comprehensive programme of work that will facilitate the development of a Disability Action Plan for the new Authority which, it is envisaged, will be operational from 1 April 2008.

The Interim Action Plan complements work already underway in relation to the implementation of the Equality Schemes (under Section 75 of the Northern Ireland Act 1998) and includes the programme of work agreed with the Equality Commission.

### **Consultation**

The Joint Consultative Forum, established by the Boards/Staff Commission in partnership with the Northern Ireland Council for Ethnic Minorities, is an important lynchpin in ensuring effective engagement with the community, voluntary and trade union sectors and, due to the diversity of the group, adds considerable value to engagements and consultations. During the reporting year it concluded that the primary item of business should be the implications of the Review of Public Administration on the education sector. For this reason two major seminars on the Review of Public Administration (RPA) were organised. The first took place on 12

June 2006. It aimed *'to raise awareness on the implementation of the RPA and to explore how equality could be mainstreamed into the policies, practices and procedures of the Education and Skills Authority and the new Regional Library Authority'*. The second, held on 23 January 2007, included a series of workshops on the Department of Education's Policy Proposals in relation to the RPA.

Reports on the seminars were issued to Forum members, the Department of Education, the Department for Culture, Arts and Leisure, the Equality Commission and the Public Service Commission. The reports are available on the Staff Commission's website at [www.staffcom.org.uk](http://www.staffcom.org.uk).

## **2.3 CODE OF PROCEDURES ON RECRUITMENT AND SELECTION**

During the year, Commission Officers provided on-going support and assistance to Boards in the implementation of the Code. Training in relation to Recruitment and Selection skills was provided to a range of Board members and Officers across the Education and Library Boards. The review of the implementation of the Code is on-going in the context of the Education Sector Policy on the Control of Vacancies and the development of HR policies in the lead up to the establishment of the Education and Skills Authority.

## **2.4 NEW INITIATIVES**

### **Sharing Best Practice**

This year the Commission's Equality Coordinator was invited by NI-CO to assist with a project for the National Institute for Conciliation and Arbitration in Bulgaria. The objective of the project was to develop a training and development plan for specialist staff in the Institute as it was anticipated that the Institute's role would be significantly enhanced when Bulgaria joined the European Union in January 2007. A training needs analysis was conducted in consultation with staff during December 2006, a report and recommendations were submitted to NI-CO in February 2007.

## **2.5 FACILITATING INDUSTRIAL RELATIONS**

The Staff Commission is charged with responsibility for ensuring that suitable machinery exists for negotiating the terms and conditions of employment of all officers of the Education and Library Boards. The Staff Commission provides an independent secretariat and research facility to progress the work of the negotiating machinery and to provide impartial advice and assistance to the Employers' Side and Trade Union Side Secretaries. The Joint Negotiating Council (JNC) and the Senior Management Pay Review Panel (SMPRP) are the main mechanisms through which this responsibility is discharged.

### **Joint Negotiating Council**

During the reporting year there were 4 JNC meetings, 2 meetings of the Executive Committee, 6 meetings of the Joint Secretaries and numerous working party meetings for specific initiatives. 19 JNC agreements were promulgated and issued during this period.

Key Items of business related to:-

- **Review of Public Administration**

Extensive discussions have been on-going between Management, Trade Unions, the Department of Education and the Education and Skills Authority Implementation Team (ESAIT) in relation to the major change issues associated with the outworkings of the RPA.

During the reporting year representatives from DE, DCAL and the ESA Implementation Team made a valuable contribution to the JNC meetings by providing information on progress in relation to the implementation process.

- **Classroom Assistants - Job Evaluation**

Negotiations have been on-going between Management and the Trade Unions in relation to the complex issues associated with the pay and grading of Classroom Assistants across the Education and Library Service. The Labour Relations Agency has facilitated a number of meetings with regard to the contents of the generic job descriptions and the questionnaires used in the job evaluation process. It is hoped that this matter will be brought to a satisfactory conclusion in the near future.

- **Review of Salaries for Officers on Teacher Related Pay Scales**

Following a major review of the salaries of officers paid on teacher related scales agreement was reached on new pay arrangements for a range of Outdoor Education Staff.

- **Review of Terms and Conditions brought about by the Employment Equality (Age Regulations) Northern Ireland 2006**

The new legislation, which came into force on 1 October 2006, necessitated a review and amendments to terms and conditions of employment which were in conflict with the legal framework. A range of amendments have been agreed between Management and the Trade Unions.

- **Working Parties**

Throughout the year Commission staff were involved in a range of Joint Working Parties relating to specific initiatives. Input to the Working Parties included the chairing of meetings, research facilities and preparation of proposals/recommendations for submission to the Joint Secretaries of the Joint Negotiating Council.

## 2.6 ENSURING ORGANISATIONAL EFFECTIVENESS

### **Freedom of Information**

The Commission's Freedom of Information Scheme is being implemented in all areas of operation. The Scheme is published on the Commission's website.

### **Equality**

Section 75 of the Northern Ireland Act 1998 requires public authorities to promote equality of opportunity and good relations. Last year the Staff Commission completed and submitted to the Equality Commission a five year review of the

effectiveness of its Scheme. The Staff Commission was commended for its excellent progress in implementing its Scheme. (Section 2.2 refers)

A separate Annual Report for the period 1 April 2006 - 31 March 2007 has been submitted to the Equality Commission. It is published on the Staff Commission's website at [www.staffcom.org.uk](http://www.staffcom.org.uk).

The Equality Commission has granted an exemption to the Staff Commission from the requirement to produce a disability action plan. (Section 2.2 refers) The Staff Commission has in place a comprehensive programme of work to fulfil the disability duties in relation to its functions. A report on progress has been submitted to the Equality Commission. It is also publicised on the Staff Commission's website at [www.staffcom.org.uk](http://www.staffcom.org.uk).

### **Corporate Strategy**

The Commission's Corporate Plan 2006/2008 details the Commission's specific legislative mandates and key strategic objectives in the lead up to the establishment of the new Education and Skills Authority which will be operational from 1 April 2008. The Business Plan for 2006/07 which was published separately identified 54 Key Performance Indicators (KPIs) for the reporting year and these were achieved.

### **Staff Training and Development**

Individual training and development plans were reviewed to ensure that staff were provided with the necessary training to develop their knowledge and skills to support the implementation of the Staff Commission's objectives and to prepare for the major change issues associated with the establishment of the Education and Skills Authority.

### **Working in Partnership**

The Staff Commission's commitment to working in partnership is evident throughout this report. Partnership working is fundamental to the successful implementation of the Commission's Corporate Strategy. During the reporting year existing partnerships were maintained, some were further developed and, through new initiatives, new partnerships were forged. We are grateful to the community and voluntary sectors and the trade unions for the collaborative approach to the implementation of our comprehensive equality strategy.

The Commission's Statutory remit covers the five Education and Library Boards. However, through its innovative work in the equality field, the Commission has been called upon to advise and assist other public bodies in the implementation of the Section 75 duties.

The positive relationships which exist between the Education and Library Boards, Trade Unions, Department of Education and the Staff Commission greatly facilitated the implementation of our programme of work.

The Staff Commission looks forward to collaborating closely with the ESA Implementation Team in taking forward the HR issues associated with its programme of work for the establishment of the Education and Skills Authority.

## 2.7 FINANCE

### **Financial and other Systems**

The second assignment of a two-year audit plan was carried out by the Southern Internal Audit Services during January 2007. The audit focused upon Financial Management and Risk Management. On the basis of Internal Audit's evaluation of the adequacy of controls or compliance with best practice, the level of assurance given on financial systems was "full", i.e. high level of control and only one low risk issue noted. With regard to risk management Audit reported that "*the procedures developed by the Risk Management Coordinator are sound ... and the action taken is in accordance with Treasury/DFP Guidance*".

### **Statement of Accounts**

Under paragraph 6 of Schedule 2 of the Education and Libraries (NI) Order 2003, the Staff Commission for Education and Library Boards is required to prepare a statement of accounts for each financial year in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury and in the form and on the basis directed by the Department of Education with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must properly present the income and expenditure for the financial year and the balances held at year-end. The statement of accounts is set out at Section 3 of this report.

## SECTION 3

### MANAGEMENT COMMENTARY FOR THE YEAR ENDING 31 MARCH 2007

#### 1. BACKGROUND INFORMATION

The Staff Commission for Education and Library Boards was established in 1972 under the provisions of Article 70 and Schedule 11 of the Education and Libraries (Northern Ireland) Order 1972 (consolidated as Article 82 and Schedule 15 of the Education and Libraries (Northern Ireland) Order 1986 and as amended by Article 40 and Schedule 2 of the Education and Libraries (Northern Ireland) Order 2003).

The terms of reference of the Commission are to exercise general oversight of matters connected with the recruitment, training and terms and conditions of employment of officers of Boards and to make recommendations to Boards on such matters.

Article 114 of the Order provides that the Department of Education may pay to the Commission grants equal to the approved net expenditure incurred in accordance with financial schemes approved by the Department.

These accounts have been prepared in accordance with paragraph 5(a) of Schedule 15 to the Education and Libraries (Northern Ireland) Order 1986 and in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury and accounting and disclosure requirements issued by the Department of Education with the approval of the Department of Finance and Personnel insofar as these are relevant.

#### **Statutory Functions**

The functions of the Staff Commission are set out in Schedule 15 of the Education and Libraries (Northern Ireland) Order 1986 (as amended by Schedule 2 of the Education and Libraries (Northern Ireland) Order 2003) as follows: -

- (a) to make recommendations regarding the training of officers of Boards;
- (b) to recommend appointment and promotion procedures for officers of Boards and to establish a Code of Procedure for securing fair and equal consideration of applications to Boards by persons seeking to be employed as officers of Boards and fair and equal treatment of persons who are so employed;
- (c) to establish advisory panels for the purpose of giving advice to Boards on the suitability of applicants for appointment to such offices as the Commission considers appropriate;
- (d) to ensure that suitable machinery exists for negotiating the terms and conditions of employment of all officers of Boards;
- (e) to perform such other functions as are conferred on it by any statutory provision or as the Department of Education may from time to time assign it.

## 2. BRIEF HISTORY

### Business Review

The Business Plan for 2006/07 demonstrates how the work of the Commission contributes towards the achievement of the Commission's strategic objectives.

The 54 Key Performance Indicators (KPIs) established for the reporting year were achieved.

The key factors underlying the 2006/07 development and performance of the Commission are included in the full review of the Commission's activities as detailed in the Annual Report.

### Pension liabilities

Details of how pension liabilities are treated in the accounts are given in the Remuneration Report which follows and notes 1.7, 4(c) and 17 to the accounts.

### Results for the Year

The financial results for the year of the Commission are set out in detail on Page 22. The net operating cost for the year was £344,367 (2006 as restated: £359,215) after charging notional costs of £(5,620) (2006 as restated: £(190)).

### Fixed Assets

Details of the movement of fixed assets are set out in note 9 to the accounts.

The estimated 2006/07 income and expenditure per the Commission's Resource Allocation Plan, compared with the actual income and expenditure incurred in 2006/07 stated prior to the unanticipated incorporation of pension scheme costs and liability, can be summarised as follows:

	<b>Estimated £K</b>	<b>Actual £K</b>	<b>Variance £K</b>
Revenue Grant income from the Department of Education	340	340	-
Contribution from Youth Council for Northern Ireland towards shared costs	5	5	-
	<hr/>	<hr/>	<hr/>
Total revenue income (excluding release of deferred capital grant)	345	345	-
	=====	=====	=====
Staff costs (including pension cost paid, and not the current service cost as calculated by the actuary)	257	257	-
Other operating expenses	88	89	-
	<hr/>	<hr/>	<hr/>
Total revenue expenditure allowing for accruals and prepayments (excluding depreciation, notional costs/credit and actuarial pension cost)	345	346	-1
	=====	=====	=====
Capital grant income	1	1	-
	=====	=====	=====
Capital expenditure	1	1	-
	=====	=====	=====

In summary, it can be seen that, whilst actual cash spent in 2006/07 was fully in line with plan, expenditure for the year, including accruals and prepayments, was £1k in excess of actual income.

### 3. FUTURE DEVELOPMENTS

The Commission will continue to develop its role in promoting good employment practice, particularly in the lead up to the establishment of the new Education and Skills Authority (ESA) and the new Library Authority.

Future key developments include: -

- Providing support and assistance to the ESA Implementation Team in taking forward the HR issues associated with its programme of work for the establishment of the Education and Skills Authority.
- Providing support to the Public Service Commission to ensure that "*the interests of staff are safeguarded and there is a smooth transfer to new organisations established as a consequence of government decision on the RPA*".

### 4. IMPORTANT EVENTS OCCURRING AFTER THE YEAR END

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

### 5. CHARITABLE DONATIONS

During the year the Commission made no donations for charitable or political purposes.

### 6. COMMISSION MEMBERS

Commission Members are appointed by the Minister and consist of: -

- (a) a Chairman;
- (b) 5 Members of Boards,  
2 Chief Executives,  
1 Chief Librarian, and  
2 Staff Association Representatives;
- (c) 2 other persons.

The following persons were appointed to serve as Members of the Commission during the financial year 2006/2007: -

- (a) Prof. B Cullen (re-appointed January 2006)
- (b) Mrs H Sloan (appointed July 2006)  
Rev S Graham (appointed July 2006)  
Mr W Ward (appointed July 2006)  
Mr P Brannigan (appointed July 2006)  
Mrs F Brunt (appointed July 2006)  
Mr D Cargo (appointed July 2006)  
Mr B Mulholland (appointed July 2006)  
Mrs B Porter (appointed July 2006)  
Mr B Graham (appointed July 2006)

- |     |                |                             |
|-----|----------------|-----------------------------|
|     | Mrs L Kerr     | (appointed July 2006)       |
| (c) | Mrs A Connolly | (re-appointed January 2006) |
|     | Mrs U O’Kane   | (appointed July 2006)       |

**7. PEOPLE WITH DISABILITIES**

The Commission actively encourages applications for employment from disabled persons where the requirements of the job may be adequately performed by a disabled person.

Where existing employees become disabled it is the Commission’s policy wherever possible to provide continuous employment under normal terms and conditions and to provide training and career development and promotion where appropriate.

As a member of the Employers’ Forum on Disability the Commission aims to adopt a positive and coherent equal opportunity strategy which influences its wider community involvement having particular regard to people with disabilities.

**8. PAYMENT TO SUPPLIERS**

***Public Sector Payment Policy – Measure of Compliance***

The Government requires that the Commission pays its trade creditors in accordance with the Better Payment Practice Code and Government Accounting Rules.

The Commission’s payment policy is consistent with the Better Payment Practice Code and Government Accounting Rules and unless otherwise stated in the contract, payment is due within 30 days of the receipt of goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During the year ending 31 March 2007 100% (2006:100%) of bills were paid within this standard.

**9. EMPLOYEE INVOLVEMENT**

Meetings of the Commission staff are held on a regular basis and include briefings on Commission business and future developments.

**10. COMPANY DIRECTORSHIPS AND OTHER SIGNIFICANT INTERESTS**

A register of members’ interests is available and can be inspected on application to the Chief Executive’s office.

**11. AUDITORS DETAILS**

The Principal Auditor is the Northern Ireland Audit Office, 106 University Street, Belfast, BT7 1EU.

	<b>2007</b>	<b>2006</b>
<b>COST OF EXTERNAL AUDIT</b>	<b>£</b>	<b>£</b>
Audit Services (notional cost)	2,790	3,000

The services provided relate to the statutory audit of the financial statements. There were no non-audit services provided by the Principal Auditor.

The Chief Executive, as Accounting Officer, has taken steps to make herself aware of all relevant audit information and to establish that the Commission’s auditors are aware of that information.

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

**12. HEALTH AND SAFETY**

The Commission is committed to adhering to all existing legislation on Health and Safety at work to ensure that staff and visitors enjoy the benefits of a safe environment.



**Prof. B Cullen**  
**Chairman**



**Mrs P Weir**  
**Chief Executive/  
Commission Secretary**

**29 June 2007**  
**Date**

## REMUNERATION REPORT FOR THE YEAR ENDING 31 MARCH 2007

The Commission does not have a Remuneration Committee and, other than the Chairman, the Commission members do not receive emoluments.

The Chairman of the Commission is paid by the Commission for his duties as Chairman at a rate and on such conditions as determined by the Department of Education with the approval of the Department of Finance and Personnel. Commission members also receive travelling and subsistence allowances for expenditure incurred, at such rates and on such conditions as determined by the Commission, subject to the approval of the Department of Education.

The remuneration of the Chief Executive is in accordance with salary scales agreed by the Joint Negotiating Council for Education and Library Boards. While the remuneration is not based on a performance related pay scheme, performance is assessed through Commission meetings and reporting meetings with the Commission Chairman.

### Service Contracts

Officer appointments are in accordance with the Joint Negotiating Council for the Education and Library Boards (JNC) terms and conditions and, in particular, are in accordance with the Staff Commission for Education and Library Boards' Code of Procedures on Recruitment and Selection.

Unless otherwise stated below, the officers covered by this report hold appointments which are open ended until they reach normal retiring age of 65. The normal period of notice is 3 months. Policy on termination payments in relation to premature retirement are in accordance with the Local Government Regulations and the Statutory Redundancy provisions.

Commission members, including the Chairman, are appointed by the Minister, normally for a four-year period, co-terminous with the Education and Library Boards.

The terms of office for each Commission member who served during the year are as follows:-

	<b>Date of Contract</b>	<b>Unexpired Term</b>	<b>Notice Period</b>
<b>Commission Members</b>			
Prof B Cullen	Re-appointed January 2006	3 years	None
Mr P Brannigan	Appointed July 2006	4 years	None
Mrs F Brunt	Appointed July 2006	4 years	None
Rev S Graham	Appointed July 2006	4 years	None
Mrs H Sloan	Appointed July 2006	4 years	None
Mr W Ward	Appointed July 2006	4 years	None
Mr B Mulholland	Appointed July 2006	4 years	None
Mr D Cargo	Appointed July 2006	4 years	None
Mrs B Porter	Appointed July 2006	4 years	None
Mr B Graham	Appointed July 2006	4 years	None
Mrs L Kerr	Appointed July 2006	4 years	None
Mrs U O'Kane	Appointed July 2006	4 years	None
Mrs A Connolly	Re-appointed January 2006	3 years	None

**Chief Executive**

Mrs P Weir

Open-ended contract

3 months

**Emoluments of Senior Postholders and Commission Members (Audited)**

Name	Pensionable Earnings £	Accrued Pension £	Real Increase £	Accrued Lump Sum £	Real Increase £	CETV @ 31/03/06 £	CETV @ 31/03/07 £	Real Increase £
Mrs P Weir	53,676	21,833	538	65,498	1,613	325,353	356,007	21,534
Mr P Robinson	41,577	17,250	414	51,751	1,242	267,930	288,316	17,246
Ms D Vaugh*	24,946	8,891	258	26,672	773	125,615	138,167	9,023
* Ms D Vaugh works part-time, 21 hours per week								

**Notes:**

- a** No benefits-in-kind were received.
- b** For the above members of the NILGOSC Pension Scheme, a lump sum equal to three times the accrued pension at 31 March 2007 is also payable on retirement.

No awards were made, or other compensation was payable, during the year to past senior managers.

**Commission Members (Audited)**

The total emoluments excluding social security cost (incl. Honoraria) of the Chairman were £6,200 (2006: £6,123). The remaining 11 Commission members do not receive emoluments.

There were no payments for compensation for loss of office or benefits-in-kind paid to Commission members or senior management during the year ended 31 March 2007 (2006: £nil).

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

No amounts were payable to third parties for services of Commission members or the Chief Executive during the year.



**Mrs P Weir**  
**Chief Executive/Accounting Officer**

29 June 2007  
**Date**

## **STATEMENT OF STAFF COMMISSION'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES**

Under Paragraph 6(2) of Schedule 2 of the Education and Libraries (NI) Order 2003, the Staff Commission for Education and Library Boards is required to prepare a statement of accounts in respect of each financial year in such form and containing such information as the Department, with the approval of the Department of Finance and Personnel, may direct.

The accounts are prepared on an accruals basis and must give a true and fair view of the Commission's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Commission is required to:

- observe the Accounts Direction issued by the Departments 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 have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Commission will continue in operation.

As the senior full time official of the Staff Commission for Education and Library Boards for N.I., the Chief Executive carries the responsibilities of an Accounting Officer for the Commission. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Department of Finance and Personnel.

## **STATEMENT OF INTERNAL CONTROL**

### **1. Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Commission policies, aims and objectives, set by the Commission, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Commission policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Commission for the year

ended 31 March 2007 and up to the date of approval of the annual report and accounts and accords with DFP guidance.

**3. Capacity to Handle Risk**

The Deputy Secretary is the Risk Management Co-ordinator for the Commission and works with all staff in the implementation and review of the strategy.

Risk Management is a key agenda item at staff meetings where all staff are encouraged to contribute to the risk management process.

**4. The Risk and Control Framework**

We have carried out appropriate procedures to ensure that we have identified the Commission's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Commission has set out its attitude to risk to the achievement of the Commission's objectives.

The Commission has ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. A risk register has been developed and arrangements have been made for this to be regularly reviewed and updated. Risk management has been incorporated more fully into the corporate planning and decision making processes of the Commission.

The Internal Audit final report for 2006/2007 confirmed that, in relation to Risk Management, *'the procedures developed by the Risk Management Co-ordinator are sound... and the action taken is in accordance with Treasury/DFP Guidance'*.

Audit noted that the Risk Register had been reviewed and further developed during the 2006/07 year.

The Commission, through its Audit Committee, receives periodic reports concerning internal control. The appropriate steps have been taken to manage risks in significant areas of responsibility and monitor progress on key projects.

**5. Review of Effectiveness**

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Deputy Secretary, who has responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the systems of internal control by the Commission and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.



**Mrs P Weir**  
**Chief Executive/Commission Secretary**

29 June 2007

**Date**

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of the Staff Commission for Education and Library Boards for the year ended 31 March 2007 under the Education and Libraries (Northern Ireland) Order 2003. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

### **Respective responsibilities of the Staff Commission, Chief Executive/Accounting Officer and auditor**

The Staff Commission and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Education and Libraries (Northern Ireland) Order 2003 and Department of Education directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Staff Commission's and Chief Executive's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Education and Libraries (Northern Ireland) Order 2003 and Department of Education directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Chief Executive's Review of the Year, the Management Commentary and the Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Staff Commission and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the reflects the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Audit Opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Education and Libraries (Northern Ireland) Order 2003 and directions made thereunder by Department of Education, of the state of the Staff Commission's affairs as at 31 March 2007 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Education and Libraries (Northern Ireland) Order 2003 and Department of Education directions made thereunder; and
- information given within the Annual Report, which comprises the Chief Executive's Review of the Year, the Management Commentary and the Remuneration Report, is consistent with the financial statements.

### **Audit Opinion on Regularity**

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

### **Report**

I have no observations to make on these financial statements.



*JM Dowdall CB  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
4 July 2007*

**FINANCIAL STATEMENTS FOR YEAR ENDING 31 MARCH 2007****OPERATING COST STATEMENT FOR YEAR ENDING 31 MARCH 2007**

		<b>2007</b>	<b>2006</b> <b>(as restated)</b>
<b>Income</b>	<b>Notes</b>	<b>£</b>	<b>£</b>
Release of capital grant reserve to match depreciation	13	3,276	8,633
Other operating income	3	4,963	4,683
<b>Total Income</b>		<u>8,239</u>	<u>13,316</u>
<b>Expenditure</b>			
Staff costs	4	271,568	263,834
Depreciation	9	3,276	8,633
Other operating expenses	5	89,382	94,254
Finance (income) cost re pension scheme	17	(6,000)	6,000
		<u>358,226</u>	<u>372,721</u>
Notional credit	6	(5,620)	(190)
<b>Total Expenditure</b>		<u>352,606</u>	<u>372,531</u>
<b>Net Operating Cost</b>		344,367	359,215
Debit in respect of notional credit	6	5,620	190
Amount deducted from Income and Expenditure Reserve	12	<u>349,987</u>	<u>359,405</u>

All amounts above relate to continuing activities.

**The notes on pages 26 to 37 form part of these accounts**

**FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2007**

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

	Note	2007 £	2006 £ (as restated)
Actuarial (loss) gain recognised in respect of pension scheme	17 (vi)	(278,000)	25,000 =====
Prior year adjustment in respect of pension scheme	1.2 (b)	(100,000)	
<b>Total losses recognised since last annual report</b>		<hr/> (378,000) =====	

**The notes on pages 26 to 37 form part of these accounts**

**FINANCIAL STATEMENTS FOR YEAR ENDING 31 MARCH 2007****BALANCE SHEET AS AT 31 MARCH 2007**

	Note	2007 £	2006 (as restated) £
<b>Fixed Assets</b>			
Tangible assets	9	1,590	3,866
<b>Current Assets</b>			
Debtors	10	4,355	4,161
Cash at bank and in hand	14(ii)	147	176
		4,502	4,337
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	11	4,478	3,391
		24	946
<b>Net Current Assets</b>			
<b>Total Assets less Current Liabilities</b>			
Pension liability	17(vi)	(387,000)	(100,000)
<b>Net liabilities</b>		(385,386)	(95,188)
<b>Financed by:</b>			
<b>Tax Payers' Deficiency</b>			
Income and expenditure reserve	12	(386,976)	(99,054)
Capital grant reserve	13	1,590	3,866
		(385,386)	(95,188)

The financial statements on pages 22 -37 were approved and authorised for issue by the Commission at its meeting held on 29 June 2007 and were signed on its behalf by:



**Prof. B Cullen**  
Chairman



**Mrs P Weir**  
Chief Executive/  
Commission Secretary

29 June 2007

**Date**

**The notes on pages 26 to 37 form part of these accounts**

**FINANCIAL STATEMENTS FOR YEAR ENDING 31 MARCH 2007****CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2007**

	<b>Notes</b>	<b>2007</b> <b>£</b>	<b>2006</b> <b>(as restated)</b> <b>£</b>
Net cash outflow from operating activities	14(i)	(340,094)	(333,998)
Financing – grant drawn down from Department of Education for Northern Ireland	2	340,065	334,136
Capital expenditure	9	1,000	812
Capital grant received	13	(1,000)	(812)
(Decrease) / Increase in net cash	14(ii)	<u>(29)</u>	<u>138</u>

**The notes on pages 26 to 37 form part of these accounts**

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDING 31 MARCH 2007

### 1. STATEMENT OF ACCOUNTING POLICIES

#### 1.1 Accounting Convention

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

#### 1.2 Changes in Accounting Policies

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

The FReM introduced changes in the accounting treatment for Grant applied towards revenue expenditure.

This grant is now credited directly to the Income & Expenditure Reserve, rather than taken through the Operating Cost Statement (formerly Income and Expenditure Account).

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

- the Operating Cost Statement;
- the Statement of Total Recognised Gains and Losses;
- the Cash Flow Statement;
- notes 12 and 14.

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

##### 1.2 (b) Change in the application of Financial Reporting Standard 17 (FRS 17) – “Retirement Benefits” from a multi – employer contribution scheme to that of a defined benefit scheme

Now that NILGOSC are able to split the fund’s assets/liabilities between Employing Authorities, under the FReM the Commission now has to meet the full reporting requirements under FRS 17 for a defined benefit scheme and account for their share of assets and liabilities in the scheme.

This represents a change in the application of the accounting policy being applied by the Commission and, in order to give a true and fair view, the prior year figures have accordingly been restated in:-

- the Operating Cost Statement;
- the Statement of Total Recognised Gains and Losses;
- the Balance Sheet;
- Notes 4b, 6, 12 and 17.

The prior period adjustment in respect of the pension liability increases the deficiency of the Commission by £100,000 at 31 March 2006.

### **1.3 Recognition of Income**

The final approved resource allocations (recurrent) from the Department of Education are now credited direct to the income and expenditure reserve on a cash draw-down basis.

The annual recurrent allocations from the Department of Education are intended to meet recurrent costs.

Income from other grants received for a specific purpose, that is restricted income, is included in the operating cost statement to the extent of matching the relevant expenditure incurred in the period. Restricted income received but not matched to relevant expenditure during the period is shown as deferred income on the balance sheet.

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

### **1.4 Taxation**

The Commission is exempt from corporation tax on income it receives. Items in the operating cost statement are inclusive of V.A.T. where relevant.

### **1.5 Fixed Assets**

All spending on a fixed asset which yields a benefit for a period of more than one year is treated as capital expenditure in the accounts. This excludes expenditure on repairs and maintenance of fixed assets, which only maintains the value of asset.

#### **1.5.1 Assets other than Land and Buildings**

Assets other than land and buildings costing less than £150 per individual item are written off to the operating cost statement in the period of acquisition.

#### **1.5.2 Depreciation**

Depreciation is provided for all fixed assets with a finite useful life, by allocating the cost (or re-valued amount) less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed regularly and revised where appropriate.

All assets are depreciated on a straight line basis over their expected useful lives. A full month's depreciation is charged in the period of acquisition/commissioning and no depreciation is charged in the month of disposal.

Capitalised assets are depreciated over their useful economic lives as follows: -

<b>Asset Class</b>	<b>Asset Sub-Class</b>	<b>Asset Life</b>
Computers	Hardware and Software	3 years
Fixtures and Fittings	Office Furniture and Fixtures	5 years

Where these assets are acquired with the aid of specific grants the asset is capitalised and depreciated in accordance with the above policy, with the related

grant being credited to a government grant reserve and released to the income and expenditure reserve over the useful economic life of the related asset.

### 1.6 **Stocks**

There are no material stocks held by the Commission.

### 1.7 **Pension Scheme**

The Commission's employees belong to the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme.

The NILGOSC Scheme is of the defined benefits type; the assets of the schemes being held in separate trustee-administered funds.

The Commission's contribution to the Northern Ireland Local Government Pension Fund is determined by the fund's actuary based on a triennial Valuation.

The scheme is administered by NILGOSC, Hollywood Road, Belfast.

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

### 1.8 **Reserves**

The Income and Expenditure Reserve balance (as restated) represents the deficit of revenue expenditure over income together with any Pension Scheme actuarial gains or losses and grant-in-aid from the Department of Education which is credited directly to the Income and Expenditure Reserve.

The Capital Grant Reserve represents the capital grant received re capital expenditure less release to Operating Cost Statement to match depreciation and any disposals.

## 2. **GRANT FROM DEPARTMENT**

### DEPARTMENT OF EDUCATION FOR NORTHERN IRELAND

	<b>2007</b>	<b>2006</b> (as restated)
	<b>£</b>	<b>£</b>
<b>Recurrent Grant</b>		
RfR A grant-in-aid	340,000	334,000
Grant used for minor capital items	65	136
Total credited to income and expenditure	<u>340,065</u>	<u>334,136</u>

The total amount of grant drawn down and accounted for by the Commission is in accordance with the budget agreed with the Department of Education.

## 3. **OPERATING INCOME**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
N.I. Youth Council	4,963	4,683
	<u>4,963</u>	<u>4,683</u>

#### 4. STAFF COSTS

- (a) Other than the Chairman whose details are given in the Remuneration Report on page 16, the average number of persons employed by the Commission during the year and staff costs are as follows:-

	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>
Professional/Administrative	6	6
Manual – Domestic	1	1
Total	<u>7</u>	<u>7</u>

- (b) The staff costs incurred in respect of the above staff and the Chairman were:-

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>(as restated) £</b>
<i>Professional/Administrative</i>		
Wages & salaries	207,062	202,590
Social security costs	17,295	16,442
	<u>224,357</u>	<u>219,032</u>
<i>Manual - Domestic</i>		
Wages & salaries	8,568	8,355
Social security costs	416	302
	<u>8,984</u>	<u>8,657</u>
	233,341	227,689
Pension costs – current service cost as calculated by the scheme actuary	38,227	36,145
Total	<u><u>271,568</u></u>	<u><u>263,834</u></u>

#### (c) Pension costs

The Commission provides retirement benefits to its employees through participation in the Northern Ireland Local Government Officers' Pension Fund. This is a defined benefit scheme which produces its own resource accounts.

The most up to date actuarial valuation of the Scheme was carried out as at 31 March 2004, details of which are available in the Northern Ireland Local Government Officers' Pension Fund Resource Accounts.

For 2006/2007, employers' contributions of £23,227 (2005/2006: £17,145) were payable to the Scheme at 11% of pensionable salary. From 1<sup>st</sup> April 2007 this rate has increased as a result of the latest actuarial valuation to 13%.

Further details of pension scheme costs and commitments as now accounted for under FRS 17 are given in note 17 below.

**5. OTHER OPERATING EXPENSES (Including VAT, where relevant)**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Travelling & Subsistence - Officers	4,921	4,692
Members	336	197
Rent, Rates and Insurance	35,530	34,845
Hospitality	2,519	2,798
Conferences, Courses and Training	6,215	5,553
Service Charge, Electricity, Cleaning, Eye Tests/Advert	9,817	9,745
Maintenance and Repairs	512	1,869
Minor Capital Items	65	133
Maintenance Contract	1,684	1,410
Printing, Stationery and Office Requisites	9,694	11,434
Telephone and Postage	5,544	7,524
Miscellaneous	4,830	3,001
Internal Audit Services	2,961	2,820
Accountancy Services (2006: including £329 re prior year)	2,908	2,180
Consultancy and Research	1,846	6,053
	<u>89,382</u>	<u>94,254</u>

Other operating expenses above include:-

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating leases - hire of machinery	1,839	1,839
Operating leases - property	22,250	22,250
	<u>24,089</u>	<u>24,089</u>

**6. NOTIONAL COSTS (CREDITS)**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
External auditor's remuneration	2,790	3,000
Use of capital	(8,410)	(3,190)
	<u>(5,620)</u>	<u>(190)</u>

The Commission bases the cost of capital calculation on the total assets less total liabilities. The cost of capital percentage for the year ended 31 March 2007 is 3.5% (2006: 3.5%). The prior year figure has been restated to reflect the restated pension liability.

**7. INTRA GOVERNMENT BALANCES**

As a minor body, the Commission is exempt from the requirements of the Whole of Government accounts.

**8. INTEREST PAYABLE**

The Commission did not pay any interest during the year.

**9. TANGIBLE FIXED ASSETS**

	<b>Computers</b>	<b>Fixtures &amp; Fittings</b>	<b>TOTAL</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2006	23,958	6,004	29,962
Additions	1,000	-	1,000
Disposals	(380)	-	(380)
<b>At 31 March 2007</b>	<u>24,578</u>	<u>6,004</u>	<u>30,582</u>
<b>Depreciation</b>			
At 1 April 2006	21,227	4,869	26,096
Charge for period	2,542	734	3,276
Disposals	(380)	-	(380)
<b>At 31 March 2007</b>	<u>23,389</u>	<u>5,603</u>	<u>28,992</u>
<b>Net Book Value at 31 March 2007</b>	<u>1,189</u>	<u>401</u>	<u>1,590</u>
<b>Net Book Value at 31 March 2006</b>	<u>2,731</u>	<u>1,135</u>	<u>3,866</u>

The Commission owns all the above assets. Should fixed assets be sold, proceeds from the sale can only be retained with the approval of the Departments and otherwise must be surrendered to the Department of Education.

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Prepayments and accrued Income	4,355	4,161
	<u>4,355</u>	<u>4,161</u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	4,478	3,391
	<u>4,478</u>	<u>3,391</u>

**12. INCOME AND EXPENDITURE RESERVE**

		<b>2007</b>	<b>2006</b> (as restated)
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>At start of year – as originally stated</b>		946	1,215
Prior year adjustment	1.2 (b)	(100,000)	(100,000)
<b>At start of year – as restated</b>		<u>(99,054)</u>	<u>(98,785)</u>
Recurring grant from Department of Education credited		340,065	334,136
Amount transferred from Operating Cost Statement		(349,987)	(359,405)
Actuarial (loss) gain		(278,000)	25,000
<b>At end of year</b>		<u>(386,976)</u>	<u>(99,054)</u>
<b>Analysed as relating to:</b>			
Pension liability		(387,000)	(100,000)
Other		24	946
<b>Total</b>		<u>(386,976)</u>	<u>(99,054)</u>

**13. CAPITAL GRANT RESERVE**

	<b>2007</b>	<b>2006</b>
	<b>Total £</b>	<b>Total £</b>
At 1 April 2006	3,866	11,687
Capital grant received re additions to tangible fixed assets	1,000	812
Release to income and expenditure of capital grants to match depreciation	(3,276)	(8,633)
At 31 March 2007	<u>1,590</u>	<u>3,866</u>

**14. NOTES TO THE CASH FLOW STATEMENT****(i) Reconciliation of operating cost to cashflow from operating activities**

	<b>2007</b>	<b>2006</b> (as restated) £
	<b>£</b>	
Net operating cost for the year	(344,367)	(359,215)
<i>Adjust for:</i>		
Depreciation (note 9)	3,276	8,633
Capital grant release – depreciation	(3,276)	(8,633)
Notional costs (note 6)	(5,620)	(190)
(Increase) / Decrease in prepayments & accrued income	(194)	110
Increase in accruals and deferred income	1,087	297
Increase in pension liability	287,000	-
Actuarial gain in respect of the pension scheme recognised through the Statement of Recognised Gains and Losses	(278,000)	25,000
<b>Net cash outflow from operating activities</b>	<u>(340,094)</u>	<u>(333,998)</u>

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

	<b>2007</b>	<b>2006</b>
	£	£
Cash at bank and in hand at start of year	176	38
Net cash (outflow) / inflow	(29)	138
Cash at bank and in hand at end of year	<u>147</u>	<u>176</u>

**15. RELATED PARTY TRANSACTIONS**

The Staff Commission for Education and Library Boards is a Non-Departmental Public Body sponsored by the Department of Education (DE). DE is regarded as a related party. During the year, the Commission has had various material transactions with DE and with other entities for which the Department of Education is regarded as the parent Department. These include:

- the Belfast Education and Library Board,
- the North Eastern Education and Library Board,
- the South Eastern Education and Library Board,
- the Southern Education and Library Board,
- the Western Education and Library Board.

During the year, none of the Commission members or members of the senior management team have undertaken any material transactions with the Commission. The information contained in the accounts of the Staff Commission relevant to the Department of Education is included in the Resource Accounts of the Department of Education, which are published separately.

**16. FINANCIAL COMMITMENTS**

	<b>2007</b>	<b>2006</b>
The Commission had the following annual rental financial commitments:		
In respect of a property lease expiring on 31 March 2010*, with a break option at April 2007, which was not exercised	<u>22,250</u>	<u>22,250</u>
In respect of office equipment leases:		
- lease expiring within 0-1 years (see below)	-	141
1-2 years	1,275	-
2-5 years	-	1,275
	<u>1,275</u>	<u>1,416</u>

\* In April 2005 the property lease, which expired on 31 March 2005, was renegotiated for a five year period to 31 March 2010 at an annual rental of £22,250 with a break option at April 2007, which was not exercised.

The office equipment lease which expired during 2006/07 was not formally renewed, however, the equipment is still being used and rent of £141 per quarter is being paid.

## 17. PENSION COSTS AND COMMITMENTS

As indicated in note 4 above, the Commission provides retirement benefits to its employees through participation in the Northern Ireland Local Government Officers Pension Fund. A full actuarial valuation by a qualified actuary was carried out at 31 March 2004 with review update to 31<sup>st</sup> March 2007.

### (i) The major assumptions used by the actuary were:-

	31.03.07	31.03.06	31.03.05
	% pa	% pa	% pa
Price increases	3.2%	3.1%	2.9%
Salary increases	4.7%	4.6%	4.4%
Pension increases	3.2%	3.1%	2.9%
Discount rate	5.4%	6.0%	6.5%

### (ii) The assets in the scheme and the expected rate of return were:-

	Long term rate of return at 31.03.07	Value at 31.03.07	Long term rate of return at 31.03.06	Value at 31.03.06	Long term rate of return at 31.03.05	Value at 31.03.05
	% pa	£	% pa	£	% pa	£
Equities	7.8%	1,051,000	7.4%	1,000,000	7.7%	800,000
Bonds	4.9%	197,000	4.6%	200,000	4.8%	100,000
Property	5.8%	144,000	5.5%	100,000	5.7%	100,000
Cash	4.9%	16,000	4.6%	-	4.8%	-
	<u>7.2%</u>		<u>6.9%</u>		<u>7.1%</u>	
Estimated employer assets		1,408,000		1,300,000		1,000,000
Present value of scheme liabilities		(1,795,000)		(1,400,000)		(1,100,000)
<b>Net Pension Liability</b>		<u>(387,000)</u>		<u>(100,000)</u>		<u>(100,000)</u>
		=====		=====		=====

**(iii) Amount charged to operating expenditure-staff costs**

	<b>31.03.07</b>	<b>% of</b>	<b>31.03.06</b>	<b>% of payroll</b>
	<b>£</b>	<b>Payroll</b>	<b>(as restated)</b>	
			<b>£</b>	
Current service cost	38,227	17.9%	36,145	17.9%
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total operating charge	38,227	17.9%	36,145	17.9%
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

**(iv) Amount charged to finance cost re pension scheme**

Expected return on employer assets	91,000	44.3%	70,000	34.7%
Interest on pension scheme liabilities	(85,000)	(41.3%)	(76,000)	(37.7%)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net (return)/cost	(6,000)	3.0%	6,000	3.0%
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net charge per Operating Cost Statement</b>	<b>32,227</b>	<b>14.9%</b>	<b>42,145</b>	<b>20.9%</b>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

**(v) Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)**

	<b>31.03.07</b>	<b>31.03.06</b>
	<b>£</b>	<b>£</b>
Actual return less expected return on pension scheme assets	(16,000)	187,000
Experience gains and (losses) arising on the scheme liabilities	(1,000)	27,000
Changes in financial assumptions underlying the present value of the scheme liabilities	(261,000)	(189,000)
	<u>          </u>	<u>          </u>
<b>Actuarial (loss)/gain recognised in STRGL</b>	<b>(278,000)</b>	<b>25,000</b>
	<u>=====</u>	<u>=====</u>

**(vi) Movement in surplus/deficit during the year**

	<b>31.03.07</b>	<b>31.03.06</b>
	<b>£</b>	<b>£</b>
Deficit at start of year	(100,000)	(100,000)
Current service cost	(38,227)	(36,145)
Employer contributions	23,227	17,145
Net return on scheme assets	6,000	(6,000)
Actuarial (losses) gains	(278,000)	25,000
Deficit at end of year	<u>(387,000)</u>	<u>(100,000)</u>
	=====	=====

**(vii) History of experience gains and losses**

	<b>31.03.07</b>	<b>31.03.06</b>
	<b>£</b>	<b>£</b>
Difference between the expected and actual return on scheme assets	(16,000)	187,000
Value of assets	1,408,000	1,300,000
<b>Percentage of assets</b>	<b>(1.1%)</b>	<b>14.3%</b>
Experience (losses)/gains on liabilities	(1,000)	27,000
Total present value of liabilities	1,795,000	1,400,000
<b>Percentage of the total present value of liabilities</b>	<b>(0.1%)</b>	<b>1.9%</b>
Actuarial (losses)/gains recognised in STRGL	(278,000)	25,000
Total present value of liabilities	1,795,000	1,400,000
<b>Percentage of the total present value of liabilities</b>	<b>(15.5%)</b>	<b>1.8%</b>

**18. FINANCIAL INSTRUMENTS**

Because of the largely non-trading nature of its activities and the way in which it is financed, the Commission is not exposed to the degree of financial risk faced by business entities. The Commission has no powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Commission in undertaking its activities.

**Liquidity Risk**

The Commission's net revenue resource and capital expenditure requirements are largely financed by grants from its sponsoring department. The Commission is not, therefore, exposed to significant liquidity risks.

**Interest Rate Risk**

The Commission's financial assets and liabilities do not carry interest. The Commission is not, therefore, exposed to significant interest rate risk.

**Foreign Currency Risk**

The Commission's exposure to foreign currency risk is not significant. Foreign currency income and expenditure are negligible.

**19. FINANCIAL TARGET**

The Commission's only financial target for 2006-2007 was to contain expenditure within the resource allocation approved by the Department.

After adjusting payments for accruals and prepayments, and allowing for the unanticipated incorporation of FRS 17 pension costs and liability, the resultant expenditure exceeds the Final Resource Allocation by just £922.

Expenditure, excluding accruals and prepayments, was within the level of cash available to the Staff Commission.





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