

*DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT*

*RESOURCE ACCOUNTS  
for the year ended 31 March 2008*

*Laid before the Northern Ireland Assembly by the  
Department of Finance and Personnel under  
section 10(4) of the Government Resources  
and Accounts Act (Northern Ireland) 2001*

*4 July 2008*

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The Department presents its  
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# Annual Report



## **DIRECTORS' REPORT**

### **Introduction**

1. The Department presents its annual report and accounts for the financial year to 31 March 2008. The accounts demonstrate the resources that have been consumed in delivering the Department's objectives.
2. This Annual Report has been prepared in accordance with the guidance set out in the Government Financial Reporting Manual and guidance issued by the Department of Finance and Personnel.

### **Departmental Accounting Boundary**

3. The Department's accounting boundary excludes Executive Non-Departmental Public Bodies (NDPBs) in line with section 2.4.8.e of the Government Financial Reporting Manual. These consolidated resource accounts present the results for 2007-08 of the entities within the departmental accounting boundary.
4. The core Department is the only entity within the boundary.

### **Public Sector Bodies Outside the Departmental Accounting Boundary**

5. The Department has four Executive NDPBs falling outside the accounting boundary. These are:
  - (i) Invest Northern Ireland (Invest NI);
  - (ii) Northern Ireland Tourist Board (NITB);
  - (iii) Health and Safety Executive for Northern Ireland (HSENI); and
  - (iv) General Consumer Council for Northern Ireland (GCCNI).
6. The Department acts as sponsor Department to two organisations set up under the Belfast Agreement which are also regarded as falling outside the accounting boundary. These are:
  - (i) InterTradeIreland (Trade and Business Development Body); and
  - (ii) Tourism Ireland Limited (jointly owned by the Northern Ireland Tourist Board and the Irish Tourist Board).

In addition, Harland & Wolff Plc, a limited company which is wholly owned by the Department, and the Energy Trust Fund are also regarded as outside the accounting boundary.

7. Further details are contained in notes 1.2, and 33 to 36 of the Notes to the Resource Accounts.

#### **Departmental Reporting Cycle**

8. The Estimates for the year to 31 March 2008 are contained in The Budget Act (Northern Ireland) 2007 (published June 2007) and the Supplementary Estimates are contained in The Budget Act (Northern Ireland) 2008 (published March 2008). Both of these Acts and Department of Finance and Personnel publications containing detailed supporting information are available from The Stationery Office Limited.
9. These annual resource accounts, for the year to 31 March 2008, report against the Estimates and will be laid in the Assembly.

#### **Register of Interests**

10. A Register of Interests is maintained by the Department and no significant interests are currently held by board members which may conflict with their management responsibilities. Public access to the register can be arranged by email request to [information@detini.gov.uk](mailto:information@detini.gov.uk).

#### **Pension Liabilities**

11. The treatment of pension costs and liabilities is disclosed in the Remuneration

Report and note 1.12 to the departmental resource accounts.

### **CORPORATE GOVERNANCE**

#### **Introduction**

12. In September 2005, the Department of Finance and Personnel (DFP) issued the HM Treasury guidance "Corporate governance in central government departments: Code of good practice". DFP subsequently, in December 2006, issued explanatory guidance on Corporate Governance reporting. This Corporate Governance report has been prepared in accordance with this guidance.
13. The Department continues to be committed to high standards in corporate governance. Risk management is explicitly linked to the corporate and operating planning process and, in addition, is linked to the planning process for annual programmes of internal audit work. Quarterly assurance statements are provided to the Departmental Accounting Officer by senior DETI officials and by the Chief Executives of non departmental public bodies (NDPBs). These confirm that systems of internal control are operating satisfactorily in practice or, alternatively, draw the Departmental Accounting Officer's attention to significant internal control issues. The Departmental Accounting Officer has sight of, and comments on, all Internal Audit Service reports for the Department and its two largest NDPBs: Invest NI and NITB.

14. During the year the Department completed an inspection programme of Third Party Organisations. Other governance related work undertaken included the test drilling of economic appraisals and post project evaluations; participation on the NICS Fraud Forum and the finalisation of revised Management Statements and Financial Memorandums for two NDPBs.

#### **Ministerial Delegations**

15. Ministerial approval is required for all proposed expenditure of £1 million and upwards. Ministerial approval is also required for external consultancy expenditure over £50,000 (excluding Value Added Tax).

#### **The Departmental Board**

16. The Departmental Board was reconstituted in December 2006. It currently consists of the DETI Senior Management Team and an Independent Board Member. Members of the board in 2007-08 were:

##### **Stephen Quinn**

Permanent Secretary and Departmental Accounting Officer

##### **Dr Ian McMorris**

Independent Board Member

##### **Wilfie Hamilton**

Deputy Secretary, Head of Policy Group (retired on 8 October 2007)

##### **David Sterling**

Deputy Secretary, Head of Policy Group (appointed on 3 March 2008)

##### **Noel Lavery**

Deputy Secretary, Head of Management Services Group

##### **Philip Angus**

Head of Personnel and Central Support Division

##### **Mike Bohill**

Head of Business Regulation Division

##### **Trevor Cooper**

Head of Finance and European Union Division

##### **Noel Cornick**

Head of Tourism, Agency Liaison and Equality Division

##### **Fiona Hepper**

Head of Strategic Policy and Statistics Division

##### **Jenny Pyper**

Head of Energy Division

##### **Graeme Hutchinson**

Head of Economics Division

17. The board is chaired by Stephen Quinn and meets on a quarterly basis. Dr Ian McMorris was appointed as an independent member of the Departmental Board for a two year period, commencing on 12 February 2007. The appointment was made following an appointment process organised by the Whitehall in Industry Group. Other members of the Departmental Board are appointed *ex officio*.
18. The primary role of the independent board member is to contribute to the good governance of the Department by offering constructive challenge across all the board's business. This is with a view to ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency.

19. The Departmental Board as a whole considers issues which affect the corporate governance of the Department and its NDPBs. These include:
- progress against performance targets for DETI and NDPBs, including those relating to absenteeism;
  - finance issues;
  - issues relating to audit and accountability; and
  - an overview of major policy issues.
20. The board has established two sub committees: the Departmental Audit and Risk Management Committee (Departmental Audit Committee); and the Casework Committee. The work of both committees is described in more detail below.

#### **Departmental Audit Committee**

21. The Departmental Audit Committee meets on a quarterly basis to provide the Departmental Board with advice on risk management, governance and internal control for DETI and its NDPBs.
22. Dr Ian McMorris assumed the chairmanship of the committee with effect from 17 May 2007. Other members of the committee, at 31 March 2008, were:

#### **Stephen Quinn**

Permanent Secretary and Departmental Accounting Officer

#### **Noel Lavery**

Deputy Secretary, Head of Management Services Group and Finance Director

#### **Noel Cornick**

Head of Tourism, Agency Liaison and Equality Division (with responsibility for the two cross border bodies sponsored by DETI).

#### **Rosemary Peters-Gallagher**

Chair of Invest NI audit committee

#### **John McGrillen**

Chair of NITB audit committee

#### **Stephanie Lowry**

Chair of HSENI audit committee

#### **John Collinson**

Chair of Consumer Council audit committee

23. During the financial year 2007/08, the Departmental Audit Committee dealt with a wide range of issues relating to governance, internal control, accountability and risk management for DETI and its NDPBs. These included:

- consideration of assurance provided to the Departmental Accounting Officer in relation to the Statement of Internal Control and the provision of advice on its content;
- consideration of issues arising from quarterly assurance statements;
- consideration of risks reported by way of the quarterly risk management process;
- consideration of internal audit reports and plans;
- consideration of the external audit strategy for the audit of annual accounts;
- consideration of management letters produced following the external audit of accounts;
- monitoring progress made against the action plan produced following the Public Accounts

Committee hearing on Governance Issues Arising in the Department's former Local Enterprise Development Unit;

- consideration of the findings of the review of Third Party Organisations, including sponsorship and oversight arrangements;
- consideration of EU compliance issues; and
- consideration of the future composition of the Committee.

#### **Casework Committee**

24. The Casework Committee meets as required to consider and approve DETI HQ projects involving expenditure above £500,000. All members of the Departmental Board are eligible to participate on the Casework Committee other than where an expenditure proposal originates from within the Division headed by that board member.
25. The Committee is chaired by an officer of at least Deputy Secretary level, and has a minimum quorum of three members.

#### **Relationships with Arms Length Bodies**

26. The Department's relationships with its four NDPBs and its two cross border bodies are set out in Management Statements and Financial Memorandums.
27. During the year, work continued on drafting revised Management Statements and Financial Memorandums for the Department's NDPBs. These have been benchmarked against the best practice model developed by HM Treasury and contained in Government Accounting Northern Ireland. The Department of

Finance and Personnel had previously approved the revised Management Statement and Financial Memorandum for the Northern Ireland Tourist Board on 30 January 2007. During the 2007-08 year the Department of Finance and Personnel approved revised Management Statements and Financial Memorandums for the General Consumer Council for Northern Ireland and for the Health and Safety Executive for Northern Ireland. It is anticipated that a revised Management Statement and Financial Memorandum for Invest NI will receive DFP approval during 2008/09.

28. The Department's stewardship arrangements for its NDPBs are reinforced through quarterly oversight and liaison meetings which take place between Departmental and NDPB representatives. These meetings cover performance against targets; finance issues; policy issues; and corporate governance issues.

#### **Changes in the Composition of the Departmental Board in 2007/08**

29. Wilfie Hamilton retired from the Department on 8 October 2007. The Department would like to acknowledge the valuable contribution that Wilfie Hamilton made to the Departmental Board.

#### **PUBLIC INTEREST AND OTHER**

##### **Disabled Persons**

30. The Department follows the Northern Ireland Civil Service Code of Practice on the Employment of Disabled People and aims to

ensure that disablement is not a bar to recruitment or advancement.

### **Equal Opportunities**

31. The Department is firmly committed to pursuing the Northern Ireland Civil Service Equal Opportunities policy whereby all staff have equality of opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.

### **Employees**

32. The DETI Human Resource (HR) Strategy provides a single framework within which the Department develops HR policies, strategies and plans which directly and tangibly support the Department's business by ensuring the provision of appropriately motivated and skilled staff. DETI is committed to the continuous development of its staff to meet the needs of its business areas and to reflect the variety of skills and competencies required for them to operate effectively both now and in the future. The Department is committed to providing all staff with the development and training necessary for effective performance in their jobs and for the development of their potential in accordance with the business needs of the Department. The Department provides an in house training function which provides a wide range of programmes many of which are externally accredited. The Department also provides an Assistance to Study Scheme which assists staff to achieve a recognised qualification in their own time.

Staff commitment to and involvement in the Department is encouraged through regular communication of operating targets, an internal news report and an intranet site which can be accessed by all staff. The Department conducts a Staff Attitude Survey every two years and produces an Action Plan to address the issues identified. The Department has achieved Investors in People (IIP) recognition and has maintained this standard through annual reassessment. Departmental staff are committed to advancing our service through innovation and continuous improvement and a number of the Department's business areas have committed to a self assessment against European Foundation for Quality Management (EFQM).


### **Payment of Suppliers**

33. The Department, as with all Northern Ireland Departments, is complying with the Northern Ireland Confederation of British Industry prompt payment code. Under the code, the policy of the Department is to pay bills in accordance with contractual conditions or, where no such conditions exist, within thirty days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. In the year to 31 March 2008 the organisations within the departmental boundary paid 99% of undisputed invoices within the credit term.

### **Audit**

34. The Department's accounts are audited by the Comptroller and Auditor General.

35. So far as I am aware, as Accounting Officer, there is no relevant audit information of which the Department's auditors are unaware. I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.
36. The Comptroller and Auditor General did not provide any non audit services during the year.

A handwritten signature in black ink that reads "Stephen Quinn". The signature is written in a cursive, flowing style.

**STEPHEN QUINN**  
**Accounting Officer**  
**24 June 2008**

## **MANAGEMENT COMMENTARY**

### **AIM AND OBJECTIVE OF THE DEPARTMENT**

1. The overall aim of the Department is:

To promote the development of a globally competitive economy in Northern Ireland.

2. The objective of the Department is:

To encourage the development of a high value added, innovative, enterprising and competitive economy leading to greater wealth creation and job opportunities for all.

### **PRINCIPAL FUNCTIONS**

3. The Department has responsibility for a range of functions. These include:

- a. Economic Development Policy including:

- enterprise;
- innovation;
- tourism;
- energy;
- telecoms; and
- social economy;

- b. Economic Advice & Research

- c. Research and Statistics Services

- d. Business Regulation including:

- Company Law/Registry;
- Insolvency Service;
- Consumer Affairs; and
- Trading Standards

- e. Health and Safety at Work

- f. Mineral Development

## **STRUCTURE**

4. DETI sponsors four agencies, established as Non-Departmental Public Bodies (NDPBs), which play a key role in shaping and implementing economic development policy:
  - Invest Northern Ireland (Invest NI);
  - Northern Ireland Tourist Board (NITB);
  - Health and Safety Executive for Northern Ireland (HSENI); and
  - Consumer Council.
5. Geological Survey of Northern Ireland (GSNI) is also an integral part of the Department. In addition, DETI acts as co-sponsor to two organisations set up under the Belfast Agreement:
  - InterTradeIreland (ITI); and
  - Tourism Ireland Limited (TIL).
6. DETI is the primary funder of the Northern Ireland Science Park (NISIP), a Third Party Organisation established to strengthen Northern Ireland's research infrastructure. In addition, DETI, along with the Department for Regional Development (DRD) and the Department of Finance and Personnel (DFP), works with the independent Northern Ireland Authority for Utility Regulation (NIAUR) in the development and regulation of the electricity and gas industry.

## **RELATIONSHIP WITH THE ENTERPRISE, TRADE AND INVESTMENT (ETI) COMMITTEE OF THE ASSEMBLY**

7. In response to the restoration of the Northern Ireland Assembly on 8 May 2007, the Department re-structured and enhanced its Central Management Branch and Private

Office functions to meet the requirements of its new Minister, the Enterprise, Trade and Investment (ETI) Committee and the Executive. The Minister and Department have a close and continuous relationship with the ETI Committee, which is principal stakeholder and partner in relation to the Department's policy and service delivery agendas and is tasked with scrutinising the Department and its NDPBs. DETI has sought to ensure that a continuous flow of information, both oral and written, has contributed to the effectiveness of the Department's assistance to the Committee.

#### **CORPORATE PLAN 2005 – 2008**

8. The Department's Corporate Plan for the period 1 April 2005 to 31 March 2008 was published in June 2005. The Plan, in conjunction with those of its NDPBs, sets out the strategic direction for the Department over those three years and, in particular, how the work of DETI will contribute towards the realisation of the goals of the Economic Vision:
  - To increase investment in R&D and promote innovation / creativity;
  - To promote and encourage enterprise;
  - To ensure our people have the right skills for future employment opportunities; and
  - To ensure we have modern infrastructure in place to support business and consumers.
9. DETI's Corporate Plan 2005 – 2008 targets can be found on its website ([www.detini.gov.uk](http://www.detini.gov.uk)). The new DETI Corporate Plan, covering the period 1 April 2008 to 31

March 2011, was finalised in May 2008 following an eight week public consultation exercise and is also available on the DETI website, along with the corresponding DETI Operating Plan 2008/09.

#### **THE ECONOMIC CONTEXT**

10. In many respects, the local economy has performed well in recent years. Northern Ireland has been one of the fastest growing regions in the UK, and the labour market remains strong. However, despite this positive performance, significant challenges remain. The strengths and challenges for the economy are outlined below.

#### **Strengths**

11. In 2006, Northern Ireland's economic growth rate (5.6%) was the second highest of all the UK regions, behind only London (5.7%) and above the UK average growth rate of 5.1%.
12. This growth has been underpinned by a strong labour market. The economy has created more than 115,000 jobs over the last decade – with 13,000 created during 2007 – and there are currently almost 800,000 in employment. Also, the unemployment rate, at 4.2%, was the third lowest in the UK in December - February 2008 and was significantly below the UK average of 5.2%.
13. As a small open economy, Northern Ireland's performance in terms of exports, research and development (R&D) and Foreign Direct Investment (FDI) are of particular

importance. During 2006/07, local businesses became more outward looking, with manufacturing exports increasing by 10% to stand at £5.1bn. In addition, small and medium sized enterprises (SMEs) have become the main driver of R&D expenditure, increasing their expenditure by 9% in 2006 to account for 53% of total Business Expenditure on Research and Development (BERD). In terms of FDI, in 2007/08 Invest NI attracted 20 new inward investment projects, promoting 1,858 new jobs, which reflected total investment expectations of some £125m.

### **Challenges**

14. Despite strong economic growth, Northern Ireland's economic prosperity level (as measured by Gross Value Added (GVA) per head) was 81% of the UK average in 2006 and has remained around this level for the past decade. Relatively low labour productivity has been identified as the key factor behind the prosperity gap; Northern Ireland's output per filled job stood at 87% of the UK average in 2006 and output per hour worked was just 84%.
15. Another contributory factor to Northern Ireland's low living standards is high levels of economic inactivity. The economic inactivity rate, at 26.9% in Dec-Feb 2008, was the highest of all the UK regions and the employment rate, at 70.0%, was the lowest. Also, while Northern Ireland's job growth has been impressive, many of these jobs have been in lower value-added service

sectors (such as retail) rather than in financial and business services.

16. The economy also has significant challenges ahead to improve the drivers of productivity. Business Expenditure on R&D in Northern Ireland, at 0.5% of GVA in 2006, was the joint lowest of all the UK regions, and the rate of Total Entrepreneurial Activity (TEA) was the lowest in the UK at 3.7%. In relation to skills, around 22% of the working age population in Northern Ireland has no qualifications, compared to 13% for the UK average.
17. The private sector in Northern Ireland is comparatively small, with fewer large firms than other regions, and is under-represented in higher value-added sectors such as financial and business services. Also, full time private sector median wages, at £301.5 per week in 2007, were 82% of the UK average and have experienced annual growth of just 0.5%.

### **PERFORMANCE FOR THE YEAR 2007/08**

#### **OPERATING PLAN/ SERVICE DELIVERY AGREEMENT**

18. An Operating Plan covering the period 1 April 2007 to 31 March 2008 was published in May 2007. The targets therein underpin Corporate Plan targets for the years 2005 - 2008 and provide milestones along the route to achievement of the Corporate Plan. The Department's key achievements for the year 2007/08 are set out below.

## **Economic Development Policy**

### **Business Development through Invest NI**

19. Representing the final year of Invest NI's 2005 – 2008 Corporate Plan, 2007/08 saw the agency continue to build on the progress made in the two previous years towards achieving its overall Corporate Plan objectives and targets associated with the three strategic themes of Being Entrepreneurial, Being Innovative and Being International. This resulted in Invest NI making 2,270 offers of assistance totalling £116m which contributed towards projects with planned investment of £692m. Overall, 40% of offers approved and 59% of total assistance offered were to clients located in, or proposing to locate in, areas of economic disadvantage.
20. Within this, Invest NI's work to stimulate an expansion of entrepreneurship and value-added capabilities in existing businesses, saw assistance offered during the year contributing to a total investment figure of £380m. Activities aimed at improving how businesses operate and at developing management and workforce skills continued, leading to over 1,000 interventions.
21. Recognising the importance of promoting attitudinal change to entrepreneurship and supporting business start up, Invest NI delivered a number of enterprise programmes within the local market, including the Social Entrepreneurship programme, which helped 63 social economy enterprises set up. In addition to the Invest NI activity reported above, the Start a Business Programme, delivered in partnership with Enterprise Northern Ireland, supported 3,348 new local start businesses (of which 180 were young people supported by the Prince's Trust). Specific initiatives to encourage female and youth entrepreneurship were particularly successful, with 5,250 individuals participating in the Investing in Women programme against a target of 4,200, and 12,808 registrations to Advantage, supporting youth entrepreneurship. In addition, 70,720 students participated in Entrepreneurship programmes against a target of 60,000. Within this, management of Young Enterprise NI has transferred to the Department of Education as of 1 April 2008, which should enable a greater emphasis to be put on cross-departmental participation in the overall entrepreneurship education agenda.
22. Invest NI continued to emphasise the importance of companies incorporating innovation into all aspects of their business, in addition to its work to strongly encourage and support companies' commitment to R&D and other innovation-related activities. In 2007/08, Invest NI levered private investment of £30m in R&D, against a target of £25m, and secured a further diversification of the R&D base, helping 95 companies to engage in R&D for the first time. The Northern Ireland Tech Growth Fund provided venture capital support for research and early commercialisation to 4 Northern Ireland companies and 29

Knowledge Transfer projects were supported, both programmes exceeding their annual targets.

23. A core component of Invest NI's work to expand Northern Ireland businesses' international dimension is to use its Passport to Export Programme to help companies to look increasingly outwards, to compete in export markets and to strengthen their trade and overseas networks. Further progress was made in encouraging businesses to explore export markets for the first time and the ambitious target of 200 first-time exporters was comfortably exceeded, with a final outturn of 252. The very challenging target of 400 existing exporters to enter new markets was substantially achieved, with an outturn of 382, and 80 companies were assisted to explore overseas business alliances against a target of 75.

24. Despite global competition for foreign direct investment continuing to intensify during 2007/08, Invest NI secured 20 new inward investment projects against the target of 15, and 14 inward expansion projects. Collectively, these projects plan to generate over £94m of salaries each year from the anticipated creation of 2,732 new jobs, many of which will pay salaries which are well above average. In addition, the projects will safeguard a further 1,546 existing jobs. Some 60% of these new inward projects will locate in disadvantaged areas.

25. Invest NI's continued commitment to staff development was evidenced by the achievement of Investors in People status and saw the introduction of a suite of management development programmes accredited by the Institute of Leadership and Management. Improvements in ICT infrastructure and systems included the introduction of the new Client Contact Management System and the further development of the Electronic Records System, both of which are important elements in its drive towards more effective customer service. On the efficiency front, ongoing efforts in the area of attendance management delivered an absence rate of under 3%, which is well below the public sector norm.

#### **Regional Innovation Strategic Action Plan**

26. During 2007/08, DETI, in consultation with all Northern Ireland departments, the Higher and Further Education sectors and business representative organisations, continued to build on the foundations established by the Regional Innovation Strategy 'Think/Create/Innovate', by developing the Regional Innovation Strategic Action Plan (RISAP) 2008- 2011. The RISAP will drive the Northern Ireland innovation agenda forward over the next three years.

27. During the year, consultation took place with Ministers, the ETI Committee and other Assembly Committees. The RISAP was finalised in March 2008 and approved by the Executive Committee in April 2008.

## **MATRIX**

28. Having been established in November 2006, MATRIX (the Northern Ireland Science Industry Panel) has been investigating how Northern Ireland can maximise its economic returns from the commercial exploitation of its R&D, science and technology base.
29. During 2007/08, MATRIX undertook an ambitious analysis of strengths and weaknesses across the full range of science and technology sectors in Northern Ireland. The findings of this "Technology Capabilities & Market Opportunities Study" have been mapped against actual and potential commercialisation opportunities to assist MATRIX and DETI in assessing how well Northern Ireland is performing across the R&D, science and technology spectrum and how it is responding to current market opportunities.
30. This capabilities study has provided a useful baseline for MATRIX' flagship Horizon Programme, under which five panels are exploring key market opportunities within strategic technology areas of most future significance to the Northern Ireland economy, as previously identified under the Regional Innovation Strategy. The reports of the five panels, investigating Advanced Engineering (in the transport sector), Advanced Materials, Agri-food, ICT, and Life and Health Sciences, will form the basis of MATRIX' report to the DETI Minister on future priorities for the knowledge economy in Northern Ireland.

31. MATRIX has also completed a study into the use of public procurement which could stimulate economic return from the commercial exploitation of the local R&D/science and technology base.

## **Tourism**

32. In 2007/2008, DETI commissioned an independent evaluation of the Strategic Framework for Action (SFA). The evaluation endorsed the 10 programmes in the SFA and recommended that the next phase of the SFA should be underpinned by detailed action plans for delivery (to be agreed with all the relevant partners and setting out in detail respective roles, responsibilities and deadlines for delivery). DETI will develop the next phase of the SFA, including SMART objectives, targets, project plans and appropriate management and effective delivery structures to oversee both the development and implementation of the Framework action plan, over the next few years.
33. In 2007/08, the Tourism Strategy Forum met to provide an opportunity for government and the tourism industry to interact to discuss tourism issues. A North-South Ministerial Council tourism sectoral meeting took place in Dublin. At this meeting, Ministers from Northern Ireland and the Republic of Ireland noted the future plans of Tourism Ireland and agreed the targets set for GB and overseas marketing.

### **Tourism Signature Projects**

34. Signature Projects identified in the SFA remain key drivers for their potential to deliver world class excellence, drawing visitors from home and overseas. The scale of these projects requires multi-stakeholder involvement and co-ordinated activity.
35. Following refusal of a private sector planning application for new facilities at the Causeway, National Trust and Moyle District Council sought permission to take forward development of the DETI led proposal for a new visitor centre. Agreement to take the proposal forward, conditional on number of issues, was subsequently provided. In addition, progress continued in the development of tourism along the Causeway Coastal Route (part of the Causeway Masterplan). This included the introduction of signage linking Belfast to Londonderry, the Cushendall Cottage Wood project and the Rathlin Island visitor facility project.
36. Work on the Titanic Signature Project (TSP) progressed in partnership with Titanic Quarter Ltd, Belfast Harbour Commissioners, Belfast City Council and East Belfast Partnership. The Northern Ireland Executive agreed to provide up to £32.5m funding and an application was made to the BIG Lottery Fund for £25m funding. However this bid was unsuccessful and the funding partners have been seeking to identify replacement funding. DETI has commissioned a further economic appraisal to re-examine the rationale for the project, the options available, funding and value for money issues. As part of the wider TSP, the restoration of the Thompson Dock and the Pump House were undertaken in 2007. The restoration will be fully completed in 2008.
37. A Built Heritage Programme is underway as part of the Walled City Signature Project. The Playhouse project has commenced and the First Derry Presbyterian Church and St. Columb's Cathedral projects are being progressed. Implementation of a Cultural and Animation Programme and a Lighting Strategy for key buildings are also underway.
38. Work on a signposted Trail is underway as part of the Saint Patrick/Christian Heritage Signature Project. Liaison is ongoing with attractions, site owners and managers along the Trail to discuss future developments and interpretation.
39. NITB and the Mournes Heritage Trust have produced a Mourne Signature Action Plan 2008-2013, much of which capitalises on the tourism infrastructure, responsible access and place management, natural and cultural heritage, capacity building and quality assurance, and Mourne marketing. Discussions have commenced with relevant agencies to agree delivery.

### **Telecommunications**

40. During 2007/08, DETI continued to work with the public and private sectors to further develop Northern Ireland's world-class telecommunications infrastructure and build upon 100% access to broadband. Broadband take-up continued to increase

and by March 2008, there were an estimated 360,000 broadband accounts, representing an increase of around 60,000 in the year.

41. 2007/08 saw completion of a number of key projects, including the Flagship Broadband Project, the Wireless Walls Project delivered by Derry City Council, University of Ulster at Magee and the North West Institute of Further and Higher Education, which saw further expansion of the user community with the inclusion of library services. In addition, six innovative cross border telecommunications projects, jointly managed with the Department of Communication, Energy and Natural Resources (DCENR) under the INTERREG IIIA Measure (2000-2006), were completed.
42. In January 2008, the six companies funded under the Broadband Content Initiative (of the Science & Skills Fund) showcased their exemplar projects at a media launch event held in the Northern Ireland Science Park. A pilot study into the delivery of high speed broadband services for a new social housing development was completed in January 2008 and a technology trial is currently underway to deliver high speed broadband services in a rural area in Co. Armagh.
43. Building upon the success of its previous intervention, which delivered 100% geographic access to broadband services, DETI began the planning process for the delivery of an access network capable of delivering next generation broadband services, by completing an initial feasibility study. DETI also responded to a consultation paper, prepared by the telecoms regulator OFCOM, examining the regulatory challenges to the delivery of a network capable of supporting next generation broadband, and participated in a high level broadband summit hosted by the Department for Business, Enterprise and Regulatory Reform (BERR) in November 2007.
44. Under the INTERREG IV Operational Programme (2007-2013), DETI, in collaboration with DCENR, has secured EU funding and approval for implementation of a flagship project that will deliver direct international connectivity to telecommunications channels between the North West of the island of Ireland and North America. An initial feasibility study has been completed and consultants have been appointed to develop the technical specification for the new service. A further economic appraisal will be undertaken to inform a decision. Subject to that appraisal, a contract would be awarded at the end of December 2008, with the proposed direct link operational from September 2009.
45. Economic appraisals are also underway for delivery of two broadband stimulation projects funded under the EU ERDF Competitiveness Programme, examining the options for delivery of ICT Demonstration Centres with trained support staff, and the operation of a Broadband Fund to support local SMEs piloting near to market technologies that may be used in delivering

access to next generation broadband services in rural regions.

## Energy

46. As part of the All-Island Energy Market Development Framework programme, DETI continued to work with its counterpart in the Republic of Ireland, the Department of Communications, Energy and Natural Resources (DCENR), on common energy matters. A very significant achievement was the opening, on schedule, of the all-island Single Electricity Market (SEM) on 1 November 2007. This was warmly welcomed by Energy Commissioner Piebalgs on behalf of the European Commission as a key milestone in the move to regional harmonisation and the EU Internal Electricity Market. The SEM is expected to deliver a range of benefits to consumers from greater efficiencies and economies of scale in a larger and more competitive market, as well as improved security and diversity of supply.
47. The Department also worked closely with its counterparts in the devolved administrations in GB and with the Department of Business, Enterprise and Regulatory Reform (BERR) in London to advance energy co-operation within the UK. The Department ensured that Northern Ireland's devolution settlement was respected by taking a legislative consent motion, applying the provisions of the UK Energy Bill, through the Assembly.
48. In line with EU Directives, the Department worked with the Northern Ireland Authority for Utility Regulation (NIAUR), Northern Ireland Electricity (NIE) and other stakeholders to fully open the wholesale and retail electricity markets to competition and choice of supplier from 1 November 2007.
49. The Department continued to play a key role in developing UK wide and Northern Ireland-specific emergency arrangements for oil, gas and electricity. This role was widened by the introduction of the all-island SEM, with emergency planning and Northern Ireland's long term security of supply now being considered in that wider context.
50. The South-North gas pipeline was completed on time at the end of October 2006. Installation of gas distribution networks to supply the urban areas of Armagh, Banbridge, Craigavon, Newry, and Antrim is ongoing by firmus energy.
51. On 31 March 2008, Phoenix Natural Gas completed the sale of its gas transmission business to Northern Ireland Energy Holdings (NIEH), a 'mutual' company. The Department made a Designation Order for the Belfast Transmission Pipeline, and the mutualisation of the asset should result in savings to customers in the form of reduced gas transmission charges.
52. The Department, in co-operation with its counterparts in the Republic of Ireland, has completed an all-island study into gas storage and liquified natural gas (LNG). The study will inform policy on taking forward measures to enhance security and reliability of gas supplies.

53. A joint DETI/ DCENR all-island Electrical Grid Study covering both parts of the island was also completed. This study, which is of European significance, concluded that up to 42% of power generation could be provided from renewable energy sources, mostly wind. The study also noted that significant investment in the electrical grid network will be required to accommodate increased levels of renewable energy.
54. DETI continued to co-ordinate the roll-out of the Environment and Renewable Energy Fund (EREF) during 2007/08 and co-ordinated funding of £41.2m across five other departments. A significant element of this year's funding remained the Reconnect programme – a grant programme to allow private householders to install renewable technologies at the household level. In addition, DETI continued the appraisal process for the Energy from Waste projects. The EREF has also funded a diverse range of activities that support reduced energy usage and promote carbon reduction across the government Estate, industry and commerce, and the domestic sector.
55. The Department also published, in August 2007, "Delivering Northern Ireland's 1% energy efficiency target – an overview". This report outlined the steps that DETI would be taking to measure, collate and standardise data to ensure that all existing energy efficiency activity in Northern Ireland is captured in this overarching target. This is a crucial element of Northern Ireland's contribution to the UK Energy Efficiency Action Plan (EEAP) during the year, which is key in ensuring compliance with the Energy End Use Efficiency and Energy Services Directive going forward.
56. DETI also carried out a review of the Northern Ireland Sustainable Energy market. This review examined all sectors of the sustainable energy market, and integral to that was a review of the current organisations that operate in that market. DETI will take forward the recommendations from this report during 2008/09.
57. The Northern Ireland Renewables Obligation (NIRO) was amended further during the year, to reflect a technical change to ensure its effective operation following the introduction of the Single Electricity Market on 1 November 2007. The amendment ensured that renewable generators would be able to continue to make a declaration that the electricity produced has been supplied to customers in Northern Ireland.
58. During 2007/08, policy development work started on the potential sustainable use of bioenergy to contribute to renewable electricity, heat and transport markets. This will lead to the development of a cross-departmental strategy in 2008/09. The initial scoping work carried out in relation to the potential for marine renewable energy off the Northern Ireland coast, will be taken forward in 2008/09 and will include the undertaking of a Strategic Environmental Assessment.

### **Social Economy**

59. During 2007/08, DETI continued to engage with relevant departments involved in supporting the development of the Social Economy. In July 2007, the Department published the third and final Annual Progress Report for 2006/07 on 'Developing a Successful Social Economy' and the results from DETI's first 'Survey of Social Economy Enterprises (SEEs) in NI'.
60. An independent evaluation of the Social Economy Strategy informed the DETI Minister's decision to retain lead responsibility for Social Economy policy within DETI, with Invest NI in the lead on programme delivery. DETI is leading on the development of a refreshed strategic approach to the development of the sector, working closely with the sector and colleagues in Invest NI, the Department for Social Development and other relevant departments in the newly established Social Economy Policy Group (SEPG).

### **Other Economic Infrastructure**

61. The ongoing development of the Northern Ireland Science Park (NISP) is an integral part of DETI's Regional Innovation Strategy. Currently, the Science Park has over 100,000 sq ft of space in Belfast, with a further 50,000 sq ft under construction. Detailed planning has been granted for a further 100,000 sq ft in Belfast.
62. Funding for the third phase of the Park was approved at a cost of £6.25 million in February 2007, with £4.25 million from DETI

and £2m raised from the private sector. The development on the Queen's Island site is to build 60,000 sq ft in five storeys, providing in excess of 47,000 sq ft of lettable space. It represents the first phase of a building of 210,000 sq ft in three interconnected modules. The first module of the new development, due for completion in August 2008, will allow NISP to meet demand, evidenced by the occupancy of its three buildings to date.

63. In 2007/08, under the Tellus Project, Geological Survey of Northern Ireland (GSNI) licensed data to eight industrial users and 13 university research projects. The release of Tellus data has resulted in a revival of mineral exploration: 70% of Northern Ireland is now under exploration licence, or licence application. Data have also been released to government departments for planning or environmental management purposes. GSNI has continued to promote the use of the data to government, local government, industry and the education sector through the publication of scientific papers, a well-attended national conference and public events. Using Tellus data, GSNI continued collaborative research with groups in UK and abroad in various fields, including mineral exploration, soil mapping, detection of contaminant plumes from landfills and industrial sources, carbon storage, radon and terrestrial radiation, and characterisation of water resources.

## **Economic Advice and Research**

### **Policy Evaluation**

64. Under the direction of the Research and Evaluation Steering Group (RESG), a programme of seven high-level evaluations was undertaken in 2007/08.
65. Significant evaluations were carried out into the Tourism Strategic Framework for Action and the Strategic Energy Framework. In both cases, the evaluations will inform future strategy development to be taken forward during 2008. For the first time, the Department's Corporate Plan was subjected to evaluation scrutiny. The purpose was to review the overall success of the DETI Corporate Plan 2005-2008 in achieving its stated aim and objective, including a consideration of the contribution of DETI's NDPBs, with a view to informing the development of, and improving on, the next plan.
66. Other evaluations completed in 2007/08 were Invest NI's Business Health Check, Young Enterprise NI and Centres of Excellence Programme. The evaluation of the Sustainable Development Programmes will be completed in early May 2008.
67. The Department has also carried out a review of its Evaluation Protocol, which sets out the formal approach to evaluation in DETI. A revised Protocol will be introduced in 2008, which aims to improve the effectiveness and clarity of the process and help ensure that the lessons learned from

evaluations are shared as widely as possible.

### **Economic Development Forum**

68. DETI is committed to working in partnership with key stakeholders to secure a collaborative approach between government and the major social partners in pursuit of economic growth. The Economic Development Forum (EDF) provides a formal structure through which a wide range of stakeholders can advise Ministers on issues and actions relating to the development and future competitiveness of the local economy. By facilitating timely, effective and meaningful engagement with key social partner organisations, it enables a more coherent approach to growing the Northern Ireland economy.
69. During 2007/08, DETI continued to work in conjunction with the Forum and its four Vision Sub-Groups (Enterprise, Infrastructure, Innovation and Skills) to progress the implementation of the Economic Vision. The NI Executive (in the Programme for Government 2008-2011) has given top priority to growing the economy. In recognition of this, a review of the EDF was initiated in January 2008, with the aim of strengthening the contribution of the Forum to economic development in Northern Ireland.

### **Statistics Research**

70. The Department successfully met its obligation to monitor the performance of the Northern Ireland economy and published 24

labour market reports and 19 economic reports to National Statistics standards.

71. These included the production to National Statistics standards of NI level results for the:-
- Annual Business Inquiry
  - Research and Development survey (annual)
  - The Northern Ireland Innovation survey
  - Exporting NI Services
  - Manufacturing Sales and Exports
  - Quarterly Index of Production
  - Quarterly Index of Services
72. The monthly, quarterly and annual labour market National Statistics were also published to the pre-announced timetable. These included an historical supplement (1984-2006), a women in the NI labour market report, a local area bulletin and special supplements to the Quarterly Reports on the self employed, households, graduates and trade union membership. The fieldwork for the biennial Census of Employment was also successfully undertaken in 2007/08.
73. The Department maintains the Northern Ireland element of the United Kingdom Inter Departmental Business Register, a database of all Northern Ireland businesses. A range of UK level surveys to inform national macro-economic indicators were also conducted to meet National Statistics obligations.
74. The Department seeks to bring its research findings to as wide an audience as possible, to help inform economic debate among

stakeholders. The third edition of the DETI Economic Bulletin was published in June 2007. It will be replaced in 2008 by an expanded version of the Department's Quarterly Economic Review.

#### **Business Regulatory Services**

75. During 2007/08, the Insolvency Service progressed a statutory rule to amend disqualification provisions applying to bankrupts, to take account of the existence of bankruptcy restrictions orders. The rule was made on 6 March 2008 and will go forward to the Assembly for approval in May 2008.
76. Progress was also made to establish a policy framework for, and determine the financial implications of, bringing in a Debt Relief Scheme for Northern Ireland. Business cases are currently being prepared.
77. Rules, to be made by the Northern Ireland Court Service, were drafted in connection with an amendment to primary legislation, due to come into operation on 6 April 2008, to allow liquidators to claim expenses out of company property, subject to a form of security known as a floating charge.
78. During 2007/08, DETI, in conjunction with DSD, continued to fund a free face to face debt advice service across the whole of Northern Ireland. During the year, a successful procurement exercise resulted in a three year contract being awarded, securing the ongoing service until 31 March 2011.

79. The Consumerline telephone helpline service continued to perform very effectively against its customer satisfaction targets, with 89% of callers being satisfied with the service, 84% having a better understanding of their rights and 43% having saved money as a result of contacting the service. In addition, it is estimated that the Consumerline service reduced consumer detriment by over £2m. It also further developed its function as the intelligence hub for the Trading Standards Service (TSS), for processing complaints data and for enabling TSS to target its enforcement programme at those identified areas of serious consumer detriment and trading malpractice. The TSS also engaged in a significant media campaign to raise awareness of mass marketed (mail) scams, particularly amongst vulnerable groups such as the elderly.
80. Company Law Branch has continued to work closely with BERR on secondary legislation implementing the Companies Act 2006. A NI perspective was inputted into approximately 30 GB Statutory Instruments, as well as the progression of 7 Statutory Rules. NI stakeholders have continued to be included in UK consultations concerning changes to legislation.
81. The general public and key stakeholders have also been kept abreast of the effects of new legislation through the Companies Registry website. Full implementation of the 2006 Act is on schedule for completion in October 2009.

### **Health and Safety at Work**

82. During 2007/08, HSENI's front line work was dominated by investigating a number of significant workplace incidents resulting in deaths and serious injuries, and dealing with a continuing high number of complaints about workplace health and safety.
83. In order to ensure a more efficient approach to investigations and prosecutions, HSENI established a dedicated Major Investigation Team to undertake the investigation of the most serious workplace incidents.
84. In a continuing effort to maximise the impact of its enforcement activities, HSENI also, for the first time, published information on its website relating to enforcement notices served and prosecutions taken on its behalf during the year. HSENI intends to continue publishing information about its enforcement activities, as it believes that it is important that those responsible for serious breaches of health and safety at work legislation are seen to be held fully to account.
85. HSENI delivered a range of high profile promotional events during the year, including seminars on construction health and safety, health surveillance and biological agents and delivered its annual conferences for safety practitioners and the quarrying industry. It also broadened the coverage of its innovative Health and Safety Awareness Days outreach programme and delivered specific days targeting quarry and quarry products, care homes and engineering sectors.

86. HSENI's small business advisory service, Health and Safety Works NI (HSWNI), provided further support to start-up and existing small businesses and reached over 5,000 such businesses participating in Invest NI's Start a Business Programme. HSWNI also developed a support package aimed at assisting small businesses understand, and record their approach to, managing health and safety.
87. HSENI continued to focus, where appropriate, on the health and safety needs of vulnerable groups, such as young workers, older persons and migrant workers, during all inspection and investigation activities. It also developed clear and concise guidance for employers on the essential steps they need to take when employing young persons. It also continued with its very successful Be Aware Kids child safety on farms campaign and initiated an awareness campaign, in partnership with the Ulster Farmers Union, to eliminate work-related fatalities involving older farmers.
88. In taking forward the Working for Health strategy, HSENI reconstituted the Working for Health Implementation Group and established revised programmes and initiatives to promote and protect the health and well-being of the working age population. In particular, it supported the implementation of the stress management standards across all NI government departments. Working for Health also played a key part in taking forward the proposals contained in the Government's Green Paper on Welfare Reform, "A New Deal for Welfare: Empowering People to Work".
89. HSENI's Asbestos Advisory Service added to its range of information leaflets by publishing advice on how to deal with situations where the public has come into close contact with asbestos containing materials. HSENI also published an information leaflet, in conjunction with the District Councils and industry partners, providing information to the public on the safe installation, use and maintenance of gas appliances.
90. In support of its drive to recognise excellence, HSENI, in partnership with the Institute of Directors, developed an engagement strategy aimed at instilling the concept of "visible felt leadership" at Board room level. HSENI developed a "Recognising Excellence Programme" based on the US Department of Labor Occupational Safety and Health Administration (OSHA) Voluntary Protection Program. 3M Industrial Tapes and Invista Textiles (UK) Ltd were the first two local companies that successfully achieved recognition under this new programme. HSENI also sponsored, for a third and final year, the Belfast Telegraph Business Award for Excellence in the Management of Health and Safety at Work. The 2007 Award went to FG Wilson, with Cemex NI being highly commended and Schrader Electronics being commended.

## **Other Policy/ Delivery Areas**

### **European Union Support for Economic Development**

91. EU financial support through DETI is provided across three areas - £77.5m for Peace II (2000-2004), £197.5m for Building Sustainable Prosperity (2000-2006), and £10.2m for INTERREG IIIA (2000-2006). The total Peace II support includes an additional £5.5m funding agreed in 2005 for the development of flexible workspace in disadvantaged areas. Around 80% of the EU financial support is disbursed through Invest NI and the NITB and is required to be spent in accordance with strict expenditure profiles, as agreed at the Lisbon Summit of European Union Ministers.
92. From the launch of the Programmes up to March 2008, the Department has secured excellent outcomes. Funding of £72m under the Peace II Programme and £8m under the INTERREG IIIA Programme has been utilised. Expenditure under the Programme for Building Sustainable Prosperity was completed at 31 December 2007. While final claims have still to be submitted to the European Commission, full expenditure of £197.5m over the lifetime of the Programme is anticipated.
93. During 2007/08, activities supported continued to encompass a broad range of economic development activities. These have included business competitiveness and development support, research and development technology, information society

support, local economic development, tourism, telecommunications, energy infrastructure, financial engineering and the economic revitalisation of disadvantaged areas.

94. During the year, DETI continued to play a full role in the planning and implementation process for successor 2007-2013 EU Programmes. The Northern Ireland Sustainable Competitiveness Programme was adopted by the European Commission on 31 October 2007 and DETI has commenced its delivery. Two meetings of the Programme Monitoring Committee have been held to date.
95. DETI takes the lead in co-ordinating the Northern Ireland approach to State Aid issues, other than in respect of agriculture and transport, and in liaising with the Department for Business, Enterprise and Regulatory Reform, which has the UK policy lead.

### **Better Regulation**

96. In 2007/08, DETI, after consultation with the various Northern Ireland Departments, published the first Better Regulation Annual Report covering the period 1 April 2006 to 31 March 2007. The report was endorsed by the DETI Minister and Executive colleagues and illustrates how Northern Ireland departments had applied the Better Regulation Agenda during 2006/07.
97. The report describes the arrangements for ensuring regulatory best practice in

Northern Ireland, sets these in the European Union and United Kingdom context and gives a wide range of examples of regulatory improvements made by departments over the period of the report. It also lists the Regulatory Impact Assessments carried out by departments and shows the Northern Ireland position in relation to the Better Regulation Simplification Plans of Whitehall counterparts. The report can be viewed online in the Economic Development Policy area of the DETI website ([www.detini.gov.uk](http://www.detini.gov.uk)).

community representatives with a view to reaching a shared understanding of both the communities' specific expectations and the extent to which departments can address these. A draft composite Action Plan response was issued to community representatives for final comment on 31 March 2008, with a view to submitting a final document to the Executive for approval in early Autumn 2008.

### **Cross-Departmental Working**

98. The Department's approach to cross-departmental working is to engage positively and constructively with cross-departmental issues and projects where a DETI perspective or resource input can add value or secure resources for the achievement of common objectives. DETI has, therefore, continued throughout 2007/08 to work with other departments to deliver the Executive's Programme for Government/ Government's Priorities and Plans.

99. During 2007/08, DETI continued to co-ordinate the government response to the West Belfast & Greater Shankill (WBGs) Task Forces' Initiative. As part of a study of progress to date on this initiative, local community representatives published an updated report in January 2007 outlining the key outstanding development opportunities for the area. Departments have been giving detailed consideration to the report's recommendations and have held a number of bilateral discussions with

100. Other areas of cross Departmental action have included:

- innovation policy development, through the Inter-Departmental Working Group on Innovation (which consists of representation from all Northern Ireland government departments, Invest NI and the HPSS R&D Office);
- employability/ skills policy development, through input to a number of Department for Employment and Learning (DEL) led groups, including the Sector Skills Project Board; the Skills Strategy Programme Board and Migrant Workers Thematic Sub-Group;
- spatial/ infrastructure development, through close liaison with the Department for Regional Development (DRD) and the Department of the Environment (DOE) in relation to the Regional Development Strategy;
- health related issues, working with the Department of Health, Social Services and Public Safety (DHSSPS) in relation to the

Investing for Health Strategy and representation on the Ministerial Group on Public Health (MGPH);

- ural development in close co-operation with colleagues in the Department of Agriculture and Rural Development (DARD); and
- rating policy, working with the Department of Finance and Personnel (DFP).

### **Corporate/ Support functions**

#### **Efficiency and Modernisation**

101. The Department has continued to contribute to the delivery of the Civil Service Reforms. In particular, DETI has worked closely with the central Account NI Project Team, with a view to introducing the system in the Department in July 2008. DETI Personnel staff have provided a significant input to the development of the e-HR programme and the successful creation of the HR Connect shared service provider. The first stages of HR Connect were implemented in DETI and HSENI in December 2007 and will continue into 2008/09. The Department has also continued to assist in tender development and evaluation for Workplace 2010. In October 2007, DETI was one of the first departments to join the ICT Shared Service Centre (ITAssist).
102. Records and information management continued to be high on the Department's agenda during the year. Freedom of information requests were dealt with in a

timely and comprehensive manner and the Electronic Document and Records Management System (EDRMS) was successfully migrated across to the shared service centre, Records NI.

103. The Department has exceeded the £20.6m efficiency savings committed to for the year 2007/08. Included within the Department's Efficiency Programme are reductions in staffing numbers agreed with the Department of Finance and Personnel. While reductions were made across the Department, they were delivered in the main from non-front line corporate support services areas. A total of 73 posts were suppressed and 20 posts created to deal with additional responsibilities and re-prioritised work, giving a net saving of 53 posts over the three years of the DETI efficiency programme.

#### **e-Business**

104. The Insolvency Service Project was completed and a Post Project Evaluation carried out. A Gateway 5 Review of the project took place in November 2007, with the status assessed as "Green".
105. Work continued on preparing the migration of Companies Registry NI (CRNI) from DETI to Companies House in October 2009. During 2007/08, CRNI continued to provide a high quality service to its customers. A Customer Survey carried out in the online service reported very encouraging feedback, with a 97% customer satisfaction rate. Over 95% of customers were satisfied that the

documents required were available immediately for purchase and that the quality of the documents was of a high standard. During this period, approximately 49,000 of company documents were requested through CRNI's online service.

### **People**

106. During the year, DETI worked with the Centre for Applied Learning (CAL), the generic training provider for the NICS, to ensure that staff received high quality and timely training. DETI also contributed to the cross-departmental Training Commissioner's Group (TCG) work on establishing a Service Level Agreement between CAL and the NICS departments. In preparation for the introduction of hard charging by CAL, DETI worked to improve the effectiveness and efficiency of the training commissioning process and course attendance. In addition, DETI's training unit assisted with the development of policies and procedures to implement the Training and Development module of the HR Connect project. In anticipation of seeking re-accreditation of Investors in People in September 2008, the Department laid the foundation of developmental work to be carried through into 2008/09.

107. The Department concluded the final year of its 3 year HR Strategy which aims "to support the Department to deliver its business objectives and to allow us to deal with new challenges and change". Some notable achievements during the year were:

- The lowest absence rate across the NICS departments (7.3) days absence per staff year – target 8.8) against an NICS average of 12.5 days ;
- Achievement of DETI's Fit for Purpose staffing reductions of 53 posts and the successful redeployment of staff affected;
- Rollout of Fire Safety training for all staff;
- Roll-out of First Aid training to staff who showed an interest post the Fire Safety events;
- Input to the NI Action Plan for the UK Skills Strategy for Central Government (Government Skills); and
- A series of events to support staff wellbeing, in particular to tackle stress related concerns.

### **Restoration of Devolution**

108. Following the restoration of the NI Assembly on the 8 May 2007, the Department has dealt with an increased volume of work compared to the preceding period of Direct Rule. For example, the number of Minister's cases has increased threefold and the volume of Assembly Questions has been nearly four times higher than for Westminster Parliamentary Questions. The Department has performed well in dealing with the increased workload and has exceeded targets for meeting deadlines for Minister's cases. For example, 92% of Minister's cases were answered on time against a target of 85%, while for DETI Assembly Questions, 93% were answered on time compared with the target of 90%. In the period from 8 May 2007 to 31 March 2008, 61 senior officials from the Department and

its NDPBs have appeared at the ETI Committee to give oral evidence and to answer questions from the members on a wide range of policy issues.

#### **Progress against Public Service Agreement Targets**

109. The Department's, 2005-2008 and 2006-2008 Public Service Agreements were published alongside the 2005-2008 and 2006-2008 Programmes for Government. The Public Service Agreements cover all the Department's main programmes and set out how the Department will carry out its responsibilities under the Programme for Government and within the resources allocated by Parliament. Appendices 1 and 2 contain details of DETI's performance against targets contained in its 2005-2008 and 2006-08 Public Service Agreements.

#### **Progress against Corporate Plan and Operating Plan Targets**

110. DETI published a Corporate Plan for the period 2005-2008 in June 2005 and an Operating Plan in May 2007, covering the period 1 April 2007 to 31 March 2008. The Corporate Plan and Operating Plan set out how the Department will deliver the objectives and targets set out in the Programme for Government and DETI's Public Service Agreement and also contains information on how we will raise service standards and reform our services. Details of DETI's performance against targets in its Corporate Plan 2005-2008 and Operating Plan 2007/08 can be found at [www.detini.gov.uk](http://www.detini.gov.uk).

#### **SUSTAINABILITY REPORT**

1. Sustainable development is founded on achieving a balance between the three pillars of environmental, social and economic progress. Whilst DETI is the key department leading on economic development, the Department's policies and strategies recognise that the development of the economy, society and the enhancement and protection of the local and global environment are inextricably linked.
2. DETI and its NDPBs are fully committed to the implementation of Northern Ireland's Sustainable Development Strategy and are providing supporting actions to ten of the key targets in the Strategy. Of these, the targets relating to productivity and greenhouse gas emissions, set out in the "Sustainable Communities" and "Climate Change and Energy" areas, are the priority policy areas for DETI. The Department also contributes supporting actions in the areas of "Sustainable Consumption and Production" and "Natural Resource Protection and Environmental Enhancement."
3. Over the last year, significant progress has been made in taking forward the actions falling to the Department and its agencies, as set out in the Sustainable Development First Implementation Plan. In 2007/08, through its operations DETI and its NDPBs have set in place, and continued to provide funding for, programmes and initiatives aimed at encouraging and supporting

private and social economy businesses to adopt and develop progressive sustainable development practices. In particular, the Department/agencies have worked to enhance resource efficiency through the provision of advice and assistance to businesses and the voluntary sector, particularly in the areas of reducing waste, introducing clean technologies, enhancing energy efficiency and improving environmental performance. This has been delivered through a range of programmes including the National Industrial Symbiosis and Envirowise Programmes, and through the roll-out of the Environment and Renewable Energy Fund (EREF). Furthermore, key departmental strategies such as the Regional Innovation Strategy and Accelerating Entrepreneurship Strategy are directly contributing to targets relating to enhancing Northern Ireland's competitiveness, hence ensuring sustainable economic development.

4. DETI has a long-standing commitment to "green housekeeping" and many aspects of "green housekeeping" are already well embedded within the Department's processes. A number of programmes have been introduced to ensure all staff are aware of the need to reduce energy use and improve resource efficiency.
5. DETI has provided a detailed report to the Office of the First and Deputy First Minister on progress against the key departmental actions outlined within the Sustainable Development Implementation Plan and is

currently updating this information. The Department is on track to meet key actions attributed to it within the Implementation Plan. Whilst specific detail has not been included here, this information can be accessed directly from DETI.

6. Looking forward, Corporate Plans for DETI and its NDPBs, covering the period 2008-2011, are currently being finalised. The guiding principles on sustainable development, detailed in the NI Sustainable Development Strategy, have been used to inform the development of these new Corporate Plans and DETI and its agencies will continue to ensure that sustainable economic development is enshrined in key strategies and programmes.

#### **FINANCIAL PERFORMANCE IN THE PERIOD**

1. Details of financial performance for the year to 31 March 2008 are contained in the resource accounts and the supporting notes.
2. The Statement of Parliamentary Supply shows a saving in total net resources of over £14m against Estimate. The Estimate is based on the figures contained in the Budget Act (Northern Ireland) 2007 (containing the Main Estimates) and the Budget Act (Northern Ireland) 2008 (containing the Supplementary Estimates).
3. The Department of Finance and Personnel, in the February 2008 monitoring exercise, had approved further movements in

resources. These included reductions of £5.5m in respect of Request for Resources A. In addition, End Year Flexibility of £4.4m was sought in respect of Request for Resources A.

4. The analysis of resource outturn by function is contained in note 2 to the resource accounts.

#### **Basis of Going Concern**

5. A feature of the Department's balance sheet is that there is negative taxpayers' equity, i.e. liabilities exceed assets by £97m. This results from the nature of accounting in government. Parliament provides funding to departments on an annual basis to meet the Net Cash Requirement, but liabilities which will fall due in future years, are taken into account in the balance sheet. An example of this is the provision for Harland & Wolff Plc's potential future liability to claims from former employees who have suffered from the effects of asbestosis and related diseases. This provision is an estimate of liabilities which may arise over a significant number of years. In common with other government departments the future financing of DETI's liabilities will be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

#### **Provisions**

6. Attention is drawn to Note 19 to the resource accounts where provisions for liabilities and charges are explained. Provisions are set up to cover liabilities where the timing or amount is uncertain. While it is prudent to make such provisions the eventual outturn of these matters cannot be certain. The major provision is in respect of the retained liabilities of Harland & Wolff plc. The Harland & Wolff plc provision for other retained liabilities of £91m (£100m at 31 March 2007) is mainly necessary to meet the company's anticipated costs of employer's liability and public liability claims, both in relation to known claims and to unreported claims expected to crystallise over a significant number of years.

#### **Net Cash Requirement**

7. Statement of Parliamentary Supply shows a saving of £22m in the Net Cash Requirement. Further detail is contained in note 4.

#### **Important Events Since the Financial Year End**

8. Since the balance sheet date, the former Minister for Finance and Personnel announced measures to address equal pay issues in the Northern Ireland Civil Service. This is likely to involve the payment of back pay in excess of £100m to some 9,000 civil servants across Northern Ireland Civil Service Departments and their agencies. Details of the final settlement will be progressed over the coming months and an exact figure will not be available until this process has concluded.

## RECONCILIATION OF RESOURCE EXPENDITURE BETWEEN ESTIMATES, ACCOUNTS AND BUDGETS

RECONCILIATION OF RESOURCE EXPENDITURE BETWEEN ESTIMATES, ACCOUNTS AND BUDGETS		
	2007/08 £000	2006/07 £000
<b>Net Resource Outturn (Estimates)</b>	<b>193,792</b>	<b>207,952</b>
<i>Adjustments:</i>		
Less Consolidated Fund Extra Receipts (CFERs) in the FOCS	(12,273)	(19,312)
Add Non Supply Expenditure	96	236
Add Non Supply Expenditure (CFER)	-	-
Add Exceptional Items - EU Grant Income	-	-
Prior Period Adjustments	-	1,289
<b>Net Operating Costs (Accounts)</b>	<b>181,615</b>	<b>190,165</b>
<i>Adjustments:</i>		
Add other Consolidated Fund Extra Receipts	12,273	19,312
Less Exceptional Items - EU Grant Income	-	-
Less grants payable to NDPBs to finance capital expenditure	20,379	18,806
Remove voted expenditure that is outside the Resource Budget (NDPB Cash Draw & Notionals)	(139,508)	(141,904)
Add NDPB resource consumption	142,076	142,178
Less capital grants (Department & NDPB's)	(34,919)	(42,472)
<i>Other Adjustments:</i>		
Less non-voted expenditure. In Operating Costs Statement	(96)	(236)
Gain / Loss on Disposal	234	-
Less CFER income written off	-	-
Add EU Funded Assets	-	-
Less Cost of Capital relating to EU Receipts	-	-
Less Change in the rate of discount	-	-
Prior Period Adjustments	-	-
<b>Resource Budget Outturn (Budget)</b>	<b>182,054</b>	<b>185,849</b>
<i>Of which:</i>		
Departmental Expenditure Limit (DEL)	182,054	185,849
Annually Managed Expenditure (AME)	-	-

## DEPARTMENTAL REMUNERATION REPORT

### Remuneration Policy

1. The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).
2. The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of NICS Permanent Secretaries in line with the agreed response to the annual recommendations of the Senior Salaries Review Body.
3. The pay award for staff in the Northern Ireland Senior Civil Service (SCS) is comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. The non-consolidated bonuses are payable to a proportion of SCS staff as part of the annual pay award.

### Service Contracts

4. Civil service appointments are made in accordance with the Civil Service Commissioners for Northern Ireland's Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.
5. Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.
6. Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

### Salary and Pension entitlements

7. The following sections provide details of the remuneration and pension interests of the Ministers and senior Management of the department.

#### REMUNERATION (AUDITED INFORMATION)

Minister	2007-08 Salary £	2006-07 Salary £
Nigel Dodds OBE MP MLA (From 8 May 2007)	33,940	n/a

<b>REMUNERATION (AUDITED INFORMATION)</b>		
<b>Officials</b>	<b>2007-08 Salary £'000</b>	<b>2006-07 Salary £'000</b>
Stephen Quinn Permanent Secretary	120-125	115-120
Wilfie Hamilton Deputy Secretary (To 8 October 2007)	60-65 100-105 (full year equivalent)	95-100
David Sterling Deputy Secretary (From 3 March 2008)	5-10 95-100 (full year equivalent)	n/a
Noel Lavery Deputy Secretary	85-90	80-85
Mike Bohill Assistant Secretary	80-85	5-10 75-80 (full year equivalent)
Trevor Cooper Assistant Secretary	60-65	5-10 55-60 (full year equivalent)
Philip Angus Assistant Secretary	60-65	5-10 55-60 (full year equivalent)
Noel Cornick Assistant Secretary	70-75	5-10 70-75 (full year equivalent)
Fiona Hepper Assistant Secretary	65-70	5-10 60-65 (full year equivalent)
Jenny Pyper Assistant Secretary	65-70	5-10 60-65 (full year equivalent)
Graeme Hutchinson Grade 6	45-50	0-5 40-45 (full year equivalent)
Dr. Ian McMorris Non-Executive Director	0-5	0-5

The departmental board was reconstituted in 2006/07

Salaries disclosure for 2006/07 includes amounts received by each member while a member of the reconstituted board

In his position as Non-Executive Director, Dr. Ian McMorris is remunerated on a per diem basis.

None of the above received benefits in kind.

### Salary

8. 'Salary' includes gross salary; performance pay or bonuses, any allowance, such as London Weighting Allowances, to the extent that it is subject to UK taxation.
9. Between 1 April 2007 and 7 May 2007 the Department of Enterprise, Trade and Investment was under the direction and control of Maria Eagle MP. Her salary and allowances were paid by NIO or the Cabinet Office rather than the NI Assembly. These costs have not been included as notional costs in the Operating Cost Schedule in the same way as Devolved Minister's salaries. Details of Maria Eagle's salary and allowances will be provided in the NIO resource accounts.
10. From 8 May 2007 the Department of Enterprise, Trade and Investment was under the control of Nigel Dodds OBE MP MLA. His Ministerial salary and allowances were paid by the Northern Ireland Assembly and have therefore been treated as a notional cost in these resource accounts. Details of his Ministerial salary, allowances and other benefits are given above. These amounts do not include costs relating to the Ministers role as MP/MLA which are disclosed elsewhere.

### Benefits in kind

11. The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

<b>PENSION BENEFITS</b>					
<b>Minister</b>	<b>Accrued pension at age 65 as at 31-3-08</b>	<b>Real increase in pension and at age 65</b>	<b>CETV at 31-3-08</b>	<b>CETV at 31-3-07</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Nigel Dodds OBE MP MLA (From 8 May 2007)	0.5	0.2.5	22	13	6

12. Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2000 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.
13. Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Retail Prices Index. Ministers pay contributions of 6% of their Ministerial salary. There is also an employer contribution paid by the Consolidated Fund representing the balance of cost. This is currently 22.6% of the Ministerial salary.
14. The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65 or immediately on ceasing to be an active member of the scheme if they are already 65.

#### **The Cash Equivalent Transfer Value (CETV)**

15. This 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. It 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 pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

#### **The real increase in the value of the CETV**

16. This is the increase in accrued pension due to the Departments contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using common market valuation factors for the start and end of the period.

<b>CIVIL SERVICE PENSIONS (AUDITED INFORMATION)</b>						
<b>Officials</b>	<b>Accrued pension at age 60 as at 31-3-08 and related lump sum</b>	<b>Real increase in pension and related lump sum at age 60</b>	<b>CETV at 31-3-08</b>	<b>CETV at 31-3-07</b>	<b>Real increase in CETV</b>	<b>Employer contribution to partnership pension account</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>Nearest £100</b>
Stephen Quinn Permanent Secretary	45-50 plus lump sum of 140-145	0-2.5 plus lump sum of 5-7.5	1,127	995	42	-
Wilfie Hamilton Deputy Secretary (To 8 October 2007)	45-50 plus lump sum of 140-145	0-2.5 plus lump sum of 0-2.5	1,189	1,100	8	-
David Sterling Deputy Secretary (From 3 March 2008)	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 0-2.5	648	627	0	-
Noel Lavery Deputy Secretary	10-15 plus lump sum of 15-20	0-2.5 plus lump sum of 0-2.5	216	172	0	-
Mike Bohill Assistant Secretary	35-40 plus lump sum of 105-110	0-2.5 plus lump sum of 0-2.5	838	815	39	-
Trevor Cooper Assistant Secretary plus lump sum of	5-10 plus lump sum of 25-30	0-2.5 plus lump sum of 0-2.5	128	115	0	-
Philip Angus Assistant Secretary	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	566	521	8	-
Noel Cornick Assistant Secretary	5-10 plus lump sum of 20-25	0-2.5 plus lump sum of 0-2.5	186	148	18	-
Fiona Hepper Assistant Secretary	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of 0-2.5	285	240	10	-
Jenny Pyper Assistant Secretary	15-20 plus lump sum of 50-55	0-2.5 plus lump sum of 2.5-5	164	234	8	-
Graeme Hutchinson Grade 6	5-10 plus lump sum of 15-20	0-2.5 plus lump sum of 0-2.5	64	63	13	-

Due to certain factors being incorrect in the 2006/07 CETV calculator there may be a slight difference between CETV figures as at 31/3/07 stated above and the figures at 31/3/07 used in the calculation of the CETV at 31/3/08

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

17. Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase.
18. Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.
19. The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).
20. The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of nuvos.


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

#### **Cash Equivalent Transfer Values**

22. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

#### **Real increase in CETV**

23. 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.



**STEPHEN QUINN**  
**Accounting Officer**  
**24 June 2008**

## **Annex 1**

Public Service Agreement  
2004-2007

## **Annex 2**

Public Service Agreement  
2005-2008

## **Annex 3**

Public Service Agreement  
2006-2008

## APPENDIX 1 PUBLIC SERVICE AGREEMENT 2005-08: PROGRESS AGAINST TARGETS

<b>PUBLIC SERVICE AGREEMENT 2005-08: PROGRESS AGAINST TARGETS</b>			
<b>TARGET</b>	<b>LEAD RESPONSIBILITY</b>	<b>POSITION AT 31 MARCH 2008</b>	<b>COMMENTS/EXPLANATIONS</b>
<p>1. During the period 2005-08, reduce the productivity gap measured by GVA per hour worked) with the UK. (Also see PSA 3 Target 3 &amp; PSA 4 Target 4)</p>	N Lavery [Management Services Group]	Action unlikely to be achieved	<p>At this time, there is no available information on GVA per hour worked covering the period 2005-08. Forecasts indicate that the productivity gap will not reduce over this period.</p> <p>The Programme for Government has identified a new, long term goal to aim to halve the private sector productivity gap with the UK (excl GSE) by 2015.</p>
<p>2. During the period 2005-08, increase the percentage of the Northern Ireland working age population who are economically active and increase the NI employment rate (taking account of the economic cycle).</p>	N Lavery [Management Services Group]	Transferred to DEL with DETI to support.	Transferred to DEL with DETI to support.
<p>3. During the period April 2005 to March 2008, prepare and deliver a rolling Economic Research Agenda which fully supports the policy development and evaluation process and underpins the Departmental Corporate Plan.</p>	G Hutchinson [Economics Division]  F Hepper [Strategic Policy Division]	<p>Action substantially achieved.</p> <p>Action achieved</p>	<p>Research projects commissioned during 07/08 are progressing well and will reach a conclusion during 2008.</p> <p>2007-2010 Evaluation Programme agreed at May 07 Departmental Board. All evaluations are proceeding as scheduled.</p>

**PUBLIC SERVICE AGREEMENT 2005-08: PROGRESS AGAINST TARGETS**

<b>TARGET</b>	<b>LEAD RESPONSIBILITY</b>	<b>POSITION AT 31 MARCH 2008</b>	<b>COMMENTS/EXPLANATIONS</b>
4. By July 2007, open the electricity market to all consumers.	J Pyper [Energy Division]	Action achieved	Due to the substantial interaction between changes to systems, licenses, contracts and processes required to implement Full Electricity Market Opening(FEMO) and those required to implement the Single Electricity Market (SEM) FEMO was aligned with SEM go-live of 1 November 2007. The regulations required to effect these changes were made on 3 July 2007 and full electricity retail market opening became effective from 1 Nov 2007.
5. By December 2006, complete the South/North gas pipeline project.	J Pyper [Energy Division]	Action achieved	The South-North gas pipeline was completed at the end of October 2006
6. During the period April 2005 to March 2008, promote the use of broadband services and by December 2005, make available 100 per cent equitable broadband services to every household and business in Northern Ireland.	F Hepper [Strategic Policy Division]	Action achieved	In October 2007 (latest figures available) there were some 350,000 broadband accounts in Northern Ireland – up from 60,000 in March 2004. 59% of businesses and 49% of households now have a broadband connection. 100% broadband availability achieved at 9 December 2005

**PUBLIC SERVICE AGREEMENT 2005-08: PROGRESS AGAINST TARGETS**

TARGET	LEAD RESPONSIBILITY	POSITION AT 31 MARCH 2008	COMMENTS/EXPLANATIONS
<p>7. During the period 2005-2008, NI business expenditure on R&amp;D by Invest NI client companies to increase at a rate faster than that of comparable UK regions, so as to reduce the current gap in business intramural R&amp;D expenditure as a percentage of GVA. (Also see PSA 4 Target 11)</p>	<p>Invest NI</p>	<p>Action on track for achievement</p>	<p>Business R &amp; D expenditure as a percentage of GVA in 2006 was as follows:                      NI = 0.55%                      UK = 1.27%</p> <p>Final 2007&amp;2008 figures are not yet available (due December 2008) so it is not possible to conclude if target has been achieved at this time. Current projections suggest that, relative to the UK, there has been a marginal decrease in R&amp;D as % of GVA despite growth in R&amp;D expenditure over the past year. This anticipated decrease would be a result of stronger growth in R&amp;D as % of GVA in the UK as a whole.</p>
<p>8. During the period 2005-2008, support the establishment of 10,000 new businesses, of which 40% will be in New TSN areas. (Also see PSA 3 Target 4 &amp; PSA 4 Target 12)</p>	<p>Invest NI</p>	<p>Action substantially achieved</p>	<p>Over the period 1st April 2005 to 31st March 2008, 9,991 new businesses were offered assistance, 32% were in NTSN areas. Original target is based on TSN including special status areas. These special status areas no longer exist. (This figure is provisional and is subject to further locational validation).</p>
<p>9. By March 2008, increase the level of exports as a percentage of total sales by Invest NI client companies (excluding the top 25 exporting clients in 2003) to 30%. (Also see PSA 3 Target 1 &amp; PSA 4 Target 5)</p>	<p>Invest NI</p>	<p>Not yet known</p>	<p>Exports as % Total Sales by Invest NI client companies (excluding the top 25 exporting clients in 2002/03) = 30.5 % in 2005/06). 2006/07 &amp; 2007/08 figures are not yet available (due June 2008) so it is not possible to conclude if target will be achieved at this time.</p>

**PUBLIC SERVICE AGREEMENT 2005-08: PROGRESS AGAINST TARGETS**

TARGET	LEAD RESPONSIBILITY	POSITION AT 31 MARCH 2008	COMMENTS/EXPLANATIONS
<p>10. By March 2008, maintain at a rate of at least 75% of total inward investment projects the proportion of first time inward investment projects in New TSN areas. (Also see target 8 above)</p>	Invest NI	Action substantially achieved.	<p>69% of new inward investment projects approved between 1st April 2005 and 31st March 2008 were in New TSN Areas. (This figure is provisional and is subject to further locational validation).</p>
<p>11. Between 2005-2008, increase the amount of visitor spend year-on-year by 6%. (Also see PSA 3 Target 8 &amp; PSA 4 Target 8)</p>	NITB	Action unlikely to be achieved	<p>Visitor spend reached £371 million in 2006, representing a 4% increase on 2005. Preliminary forecasts indicate that visitor spend reached £366m in 2007; a 1% decline on 2006. The decline in spend can be attributed to the GB market. Visitor numbers from GB declined by 1% during 2007 compared with 2006. A reduction in the average length of stay of a GB visitor during this period also contributed to the subsequent reduction in spend from this market.</p> <p>In conjunction with Tourism Ireland targeted marketing will take place within the GB market to address this downturn in performance.</p>
<p>12. During the period 2005-2008, progress development of the Tourism Signature Projects identified in the Strategic Framework for Action 2004-2007.</p>	NITB	Action substantially achieved	<p>1. Causeway Signature Project <b>Causeway Masterplan</b></p> <ul style="list-style-type: none"> <li>• Causeway Coastal Route 100% complete.</li> <li>• Cottage Wood project complete.</li> <li>• Rathlin Island visitor facility project complete.</li> </ul> <p><b>Causeway Coastal Route Interpretation Programme</b></p> <ul style="list-style-type: none"> <li>• Technical Study underway which will audit key flagship sites along the Causeway Coastal Route. This will inform both interpretation and visitor infrastructure requirements.</li> </ul>

PUBLIC SERVICE AGREEMENT 2005-08: PROGRESS AGAINST TARGETS			
TARGET	LEAD RESPONSIBILITY	POSITION AT 31 MARCH 2008	COMMENTS/EXPLANATIONS
		<p>Action likely to be achieved but with some delay</p> <p>Action substantially achieved</p>	<p>2. Titanic Signature Project</p> <ul style="list-style-type: none"> <li>The Titanic Signature Project (TSP) failed to secure a grant from the Big Lottery Fund. This leaves a substantial gap of funding £25 million; Government is looking at the options and possible funding source.</li> <li>Titanic's Dock and Pumphouse project opened in 2007 – full completion of project in 2008 including additional work to Pumphouse Clock Tower...</li> </ul> <p>3. Walled City Signature Project</p> <ul style="list-style-type: none"> <li>Phase I Completed.</li> </ul> <p><b><u>Built Heritage Programme underway.</u></b></p> <ul style="list-style-type: none"> <li>The Playhouse has had a Letter of Offer issued. The project is approximately one third completed and is being implemented according to its plans. The project is due to be completed by 31 December 2008.</li> <li>First Derry Presbyterian Church: The Business Case is now finalised, the appraisal process is underway and the issue of the Letter of Offer is expected by the end of April/Early May 2008.</li> <li>St Columb's Cathedral: The Business Case is now finalised, the appraisal process is underway and the issue of the Letter of Offer is expected by the end of April/Early May 2008.</li> </ul> <ul style="list-style-type: none"> <li><b><u>Business Cultural &amp; Animation Programme</u></b> is approximately three quarters completed, having been implemented according to its plans. The project is expected to be fully implemented by 30 June 2008...</li> </ul>



## APPENDIX 2 PUBLIC SERVICE AGREEMENT 2006-08

PUBLIC SERVICE AGREEMENT 2006-08: PROGRESS AGAINST TARGETS			
TARGET	LEAD RESPONSIBILITY	POSITION AT 31 MARCH 2008	COMMENTS/EXPLANATIONS
1. By March 2008, reduce the productivity gap (measured by GVA per hour worked) with the UK. (Also see PSA 3 Target 3 & PSA 4 Target 4, PSA 5 Target 1)	N Lavery [Management Services Group]	Action unlikely to be achieved	At this time, there is no available information on GVA per hour worked covering the period 2005/08. Forecasts indicate that the productivity gap will not reduce over this period.  The Programme for Government has identified a new, long term goal to aim to halve the private sector productivity gap with the UK (excl GSE) by 2015.
2. By March 2008, business expenditure on R&D to have increased at a rate faster than that of comparable UK regions so as to reduce the current gap in business intramural R&D expenditure as a percentage of GVA. (Also see PSA 4 Target 11, PSA 5 Target 7)	Invest NI	Not yet known	Business R & D expenditure as a percentage of GVA in 2005 was as follows: NI = 0.55% UK = 1.27%  Final 2007&2008 figures are not yet available (due December 2008) so it is not possible to conclude if target has been achieved at this time. Current projections suggest that, relative to the UK, there has been a marginal decrease in R&D as % of GVA despite growth in R&D expenditure over the past year. This anticipated decrease would be a result of stronger growth in R&D as % of GVA in the UK as a whole...
3. By March 2008, 70 Invest NI client companies to have participated in R&D for the first time.	Invest NI	Action achieved.	189 new companies have engaged in R&D for the first time. Excellent progress against target
4. During the period 2006-2008, support the establishment of 7,000 new businesses, of which 40% will be in New TSN areas. (Also see PSA 3 Target 4, PSA 4 Target 12 & PSA 5 Target 8)	Invest NI	Action substantially achieved	6,519 new businesses have been offered assistance from 1st April 06 to 31st March 08 (34% in NTSN areas). Original target is based on TSN including Special Status areas. These special status areas no longer exist. (This figure is provisional and is subject to further locational validation).

**PUBLIC SERVICE AGREEMENT 2006-08: PROGRESS AGAINST TARGETS**

TARGET	LEAD RESPONSIBILITY	POSITION AT 31 MARCH 2008	COMMENTS/EXPLANATIONS
<p>5. By March 2008, increase the level of exports as a percentage of total sales by Invest NI client companies (excluding the top 25 exporting clients in 2003) to 30%. (Also see PSA 3 Target 1, PSA 4 Target 5 &amp; PSA 5 Target 9)</p>	Invest NI	Not yet known	Final 2007 & 2008 figures are not yet available (due June 2008) so it is not possible to conclude if target will be achieved at this time.
<p>6. By March 2008, secure 25 new inward investment projects of which 75% will be in New TSN areas.</p>	Invest NI	Action substantially achieved.	37 new Inward Investment projects completed during this period 68% in NTSN areas (This figure is provisional and is subject to further locational validation))
<p>7. By March 2008, increase annual visitor spend to £518 million. (Also see PSA 3 Target 8, PSA 4 Target 8 &amp; PSA 5 Target 11.)</p>	NITB	Action on track for achievement	<p>Visitor and domestic spend reached £510m in 2006, of which £371m came from staying visitors to NI and £139m came from domestic spend. Preliminary forecasts indicate that visitor and domestic spend reached £525m during the period January to December 2007; representing a 3% increase on 2006. Domestic spend increased by 14% while visitor spend declined by 1%.</p> <p>*Changes in methodologies occurred in 2003 and 2005.</p>
<p>8. By March 2008, undertake 1,000 people, process and innovation improvement interventions in companies, of which at least 300 will be skills related.</p>	Invest NI	Action achieved.	2,066 interventions in companies; 1,374 were major skills-related projects. Excellent progress against target.

**PUBLIC SERVICE AGREEMENT 2006-08: PROGRESS AGAINST TARGETS**

TARGET	LEAD RESPONSIBILITY	POSITION AT 31 MARCH 2008	COMMENTS/EXPLANATIONS
9. By December 2006, complete the North/South Gas pipeline project. (Also see PSA 5 Target 5)	J Pyper [Energy Division]	Action achieved	The South-North gas pipeline was completed at the end of October 2006.
10. By June 2007, ensure the delivery of a proposal to significantly reduce electricity costs.	J Pyper [Energy Division]	Action withdrawn	Formal State Aid Notification of the Ballylumford CBO proposal was withdrawn in September 2006 because of the projected limited impact of the proposal on electricity costs in the business sector. Alternative options for reducing business costs were put forward as part of the NI Comprehensive Spending Review. These included the use of £5.6m to defray the cost of the 2007/08 Energy Efficiency Levy to effect a c. 1% electricity tariff reduction for all customers in the period 1 November 2007 to 30 September 2008.
11. By July 2007, bring forward legislation which will enable the introduction of a Single Electricity Market on an all-island basis.	J Pyper [Energy Division]	Action achieved	Electricity (Single Wholesale Market) (NI) Order 2007 made on 21 March 2007 and parallel Irish Bill enacted on 5 March 2007. Commencement Orders and related regulations and administrative arrangements were put in place by 31 October for “go-live” on 1 November 2007.

**PUBLIC SERVICE AGREEMENT 2006-08: PROGRESS AGAINST TARGETS**

TARGET	LEAD RESPONSIBILITY	POSITION AT 31 MARCH 2008	COMMENTS/EXPLANATIONS
<p>12. By March 2008, develop and deliver an enhanced programme of sustainable energy activity through the Environment and Renewable Energy Fund (EREF).</p>	<p>J Pyper [Energy Division]</p>	<p>Action likely to be achieved but with some delay</p>	<p>All Departments have been working towards completion of EREF projects by end March 2008. DSD have completed installation of energy efficiency measures and solar hot water panels on time. DARD, DFP and DOE have indicated that if their projects run beyond March 2008 that they will secure budget cover or apply for EYF to allow them to complete in due course DFP is proceeding with a small biomass CHP installation on the Stormont estate, DARD is proceeding with the anaerobic digester at Hillsborough; and DOE's ecological footprint project is progressing well. OFMDFM begin rolling out Sustainable Development training NICS wide from April. DETI is increasing its budgetary provision for Reconnect from £1.5m to £4m in 08/09 through reprioritisation of the Department's capital budget. This will allow installations to complete beyond the end of t March 2008 and around 1690 further estimated Reconnect claims to be paid. DETI have secured £17m in the CSR period to allow letters of offer issued under the EREF call for Energy from Waste projects to complete and drawdown funding beyond the end of March 2008.</p>
<p>13. By March 2008, achieve substantial physical development progress with the five tourism signature projects. (Also see PSA 5 Target 12)</p>	<p>NITB</p>	<p>Action substantially achieved</p>	<p>6. Causeway Signature Project <b>Causeway Masterplan</b></p> <ul style="list-style-type: none"> <li>• Causeway Coastal Route 100% complete.</li> <li>• Cottage Wood project complete.</li> <li>• Rathlin Island visitor facility project complete.</li> </ul> <p><b>Causeway Coastal Route Interpretation Programme</b></p> <ul style="list-style-type: none"> <li>• Technical Study underway which will audit key flagship sites along the Causeway Coastal Route. This will inform both interpretation and visitor infrastructure requirements.</li> </ul>







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# Statements and Certificates

# Statement and Certificates

## 2

### **STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES YEAR TO 31 MARCH 2008**

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance and Personnel has directed the Department to prepare for each financial year resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses 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 of Finance and Personnel, including 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 accounts; and
- prepare the accounts on a going concern basis.

The Department of Finance and Personnel has appointed the Permanent Head of the Department as Accounting Officer of the Department. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in Government Accounting Northern Ireland.



**STEPHEN QUINN**  
**Accounting Officer**  
**24 June 2008**

**STATEMENT ON INTERNAL CONTROL -  
STATEMENT FOR YEAR TO 31 MARCH 2008**

**1. Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department of Enterprise, Trade and Investment's policies, aims and objectives, 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.

The Department sponsors four non departmental public bodies (NDPBs): Invest Northern Ireland; Northern Ireland Tourist Board; Health and Safety Executive for Northern Ireland and the General Consumer Council for Northern Ireland. I have designated the Chief Executives of those NDPBs as Accounting Officers for their organisations. Their responsibilities are set out in the NDPB Accounting Officer Memorandum, which they receive when taking up appointment.

The Department and the Department of Enterprise, Trade and Employment in the Republic of Ireland jointly sponsor InterTradelreland and the Department jointly sponsors Tourism Ireland Limited alongside the Department of Arts, Sport and Tourism in the Republic of Ireland. I have designated the Chief Executives of InterTradelreland and Tourism Ireland Limited as the Accountable Persons for these organisations.

**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 eliminate all risk of failure to achieve policies, aims

and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental 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 Department for the year ended 31 March 2008 and up to the date of approval of the accounts, and accords with Department of Finance and Personnel guidance.

**3. Capacity to Handle Risk**

Under the leadership of the Departmental Board and the Departmental Audit Committee, we are carrying out appropriate procedures to ensure that we identify the Department's objectives and risks and devise a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Department has set out its attitude to risk in relation to the achievement of the Department's objectives. More specifically the Department has:

- developed a Risk Management policy document which was issued on 30 October 2002;
- delivered risk management training for relevant staff;
- produced risk registers at strategic (corporate) and operational (divisional) levels;
- maintained a system of quarterly risk reporting via stewardship statements by heads of division for the year ended 31 March 2008; and

- maintained a formal system of risk reporting to the Departmental Board and the Departmental Audit Committee for the year ended 31 March 2008.

#### **4. The Risk and Control Framework**

The Departmental Board has ensured that procedures are in place for verifying that risk management and internal control are regularly reviewed and reported on. As well as regular reports to the Departmental Board, risk management and internal control are regularly reviewed by the Departmental Audit Committee. Risk management is continually being incorporated into the corporate planning and decision-making processes of the Department.

During the year, assurance statements were submitted, on a quarterly basis, to the Departmental Accounting Officer by the Heads of Management Services Group and Policy Group. Quarterly assurance statements were also submitted by the Chief Executives of the Department's four NDPBs. These provided an account of internal control matters arising in each of the reporting periods.

The Departmental Board and the Departmental Audit Committee receive periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and to monitor progress on key projects.

The Department's key objectives and risks are regularly assessed to ensure consistency of treatment.

#### **5. Review of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letters and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Departmental Board and the Departmental Audit Committee and plans to address weaknesses and ensure continuous improvement of the system are in place.

The Departmental Board and the Departmental Audit Committee meet quarterly and receive regular reports on risk management and internal control issues. Representatives from the Northern Ireland Audit Office attend the Departmental Audit Committee.

Reflecting the emphasis which the Department gives to an effective corporate governance framework, key procedures are regularly reviewed and revised in order to strengthen and improve controls. Appropriate guidance and delegated limits are established to promote control and consistency in decision making across the Department's activities.

The Department has an Internal Audit Service, which operates to standards defined in the Government Internal Audit Manual. Internal Audit Service constructs its annual audit programme in light of the Department's and NDPBs' Risk

Registers. Internal Audit Service submit regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement. Internal Audit Service has provided an overall satisfactory opinion with regard to the adequacy of the Department's risk management, control and governance processes for the 2007-08 year.

## **6. Significant Internal Control Problems**

### **Public Accounts Committee Issues**

In March 2008 the Department provided a progress report to the Assembly Public Accounts Committee on investigations into three public bodies which had been established between 1990 and 1998 with the assistance of public funds. Two of the investigations are continuing. In the third case appropriate disciplinary action has been taken and aspects of the investigation have been referred to the PSNI. Further reports will be provided to the Committee by the Department at the conclusion of the investigations.

The Northern Ireland Tourist Board and the Department provided evidence to the Assembly's Public Accounts Committee on 1 May 2008 on an NIAO report "Northern Ireland Tourist Board - Contract to Manage the Trading Activities of Rural Cottage Holidays Ltd". The Department's response to the Public Accounts Committee's report will be contained in a Memorandum of Reply, which will be presented to the Assembly by the Department of Finance and Personnel.

### **Other Issues**

During the year remedial work was undertaken by Invest NI and NITB in relation to a number of compliance issues associated with European funding. Weaknesses that were identified have either been addressed or are being addressed. In relation to Invest NI, although an Internal Audit Service report covering EU compliance acknowledged that improvements have been made, the IAS report retained a limited opinion pending further work on the remedial work programme.



**Stephen Quinn**  
**Accounting Officer**  
**24 June 2008**

**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 Department of Enterprise Trade & Investment for the year ended 31 March 2008 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

**RESPECTIVE RESPONSIBILITIES OF THE  
ACCOUNTING OFFICER AND AUDITOR**

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer'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 Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I report to you whether, in my opinion, the information which comprises the Directors' Report, Management Commentary, and Financial Performance in Period included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanation's 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 Department'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 to form an opinion on the effectiveness of the Department'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. This other information comprises the Sustainability Report, unaudited part of the Remuneration Report, and Annexes. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **BASIS OF AUDIT OPINIONS**

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the

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

### **OPINIONS**

- **In my opinion:**
- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Department's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cash flows 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 Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- information which comprises the Directors' Report, Management Commentary, and Financial Performance in Period, included within the Annual Report, is consistent with the financial statements.

### **OPINION ON REGULARITY**

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

**EMPHASIS OF MATTER – MATERIAL  
UNCERTAINTY ON PROVISIONS**

Without qualifying my opinion, I draw attention to Note 19 of the financial statements which indicates the existence of significant uncertainty over the adequacy or excessiveness of the provisions at 31 March 2008 of £98 million of which £91 million is for anticipated asbestosis claims. The ultimate outcome of the matter cannot presently be accurately determined.

**REPORT**

I have no observations to make on these financial statements.

A handwritten signature in black ink, appearing to read 'JM Dowdall CB', written in a cursive style.

**JM Dowdall CB**

Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU

26 June 2008

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# Accounting Schedules for the Financial Year to 31 March 2008

# Accounting Schedules

# 3

## STATEMENT OF PARLIAMENTARY SUPPLY

SUMMARY OF RESOURCE OUTTURN 2007-08									
	2007-08 £000 Estimate				2007-08 £000 Outturn			2006-07 £000 Outturn	
Note	Request for Resources	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total Outturn compared with Estimate saving/ (excess)	Net Total
2	A: To encourage the development of a high value added, innovative enterprising and competitive economy leading to greater wealth creation and job opportunities for all	217,306	(9,476)	207,830	202,852	(9,060)	193,792	14,038	207,952
	<b>Total resources</b>	<b>217,306</b>	<b>(9,476)</b>	<b>207,830</b>	<b>202,852</b>	<b>(9,060)</b>	<b>193,792</b>	<b>14,038</b>	<b>207,952</b>
22c	Non-operating cost Accruing Resources			(244)			(243)	1	987

<b>NET CASH REQUIREMENT 2007-08</b>					
		<b>2007-08 £000</b>			<b>2006-07 £000</b>
	<b>Note</b>	<b>Estimate</b>	<b>Outturn</b>	<b>Net total outturn compared with estimate: saving/(excess)</b>	<b>Outturn</b>
Net cash requirement	4	225,548	203,435	22,113	228,362

### **SUMMARY OF INCOME PAYABLE TO THE CONSOLIDATED FUND**

(In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)

<b>SUMMARY OF INCOME PAYABLE TO THE CONSOLIDATED FUND</b>					
		<b>Forecast 2007-08 £000</b>		<b>Outturn 2007-08 £000</b>	
	<b>Note</b>	<b>Income</b>	<b>Receipts</b>	<b>Income</b>	<b>Receipts</b>
Total	5	5,000	<i>11,000</i>	12,273	<i>15,369</i>

Explanations of variances between Estimate and outturn are given in Note 2 and in the Management Commentary

Notes 1 to 37 form part of these accounts

<b>OPERATING COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2008</b>					
		<b>2007-08 £000</b>			<b>2006-07 £000</b>
	<b>Note</b>	<b>Staff Costs</b>	<b>Other Costs</b>	<b>Income</b>	<b>Income</b>
<b>Administration Costs:</b>					
Staff Costs	9	19,759	-	-	19,705
Other administration costs	10	-	6,919	-	7,065
Operating income	12	-	-	(12)	(18)
<b>Programme Costs</b>					
Staff costs	9	525	-	-	448
Programme costs	11	-	175,649	-	201,807
Income	12	-	-	(21,321)	(39,078)
Energy Trust Fund	36	-	96	-	236
<b>Totals</b>		<b>20,284</b>	<b>182,664</b>	<b>(21,333)</b>	<b>190,165</b>
<b>Net Operating Cost</b>	3, 13			<b>181,615</b>	<b>190,165</b>

Notes 1 to 37 form part of these accounts

<b>STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2008</b>		
	<b>2007-08 £000</b>	<b>2006-07 £000</b>
Net gain/(loss) on revaluation of tangible fixed assets	5	395
Net gain/(loss) on revaluation of intangible fixed assets	-	-
Net gain/(loss) on revaluation of investments	-	-
Receipt of donated assets	-	-
<b>Recognised gains and losses for the financial year</b>	<b>5</b>	<b>395</b>

Notes 1 to 37 form part of these accounts

<b>BALANCE SHEET AS AT 31 MARCH 2008</b>					
	<b>Note</b>	<b>2008 £000</b>		<b>2007 £000</b>	
<b>Fixed assets:</b>					
Tangible assets	14	3,030		3,449	
Investments	15	-	3,030	-	3,449
Debtors falling due after more than one year	-	-	-	-	-
<b>Current assets:</b>					
Debtors	16	17,306			22,255
Cash at bank and in hand	17	660	17,966	1,297	23,552
Creditors (amounts falling due within one year)	18		(19,996)		(26,759)
<b>Net current liabilities</b>			<b>(2,030)</b>		<b>(3,207)</b>
<b>Total assets less current liabilities</b>			<b>1,000</b>		<b>242</b>
Creditors (amounts falling due after more than one year)			-		-
Provisions for liabilities and charges	19		(97,977)		(106,642)
			<b>(96,977)</b>		<b>(106,400)</b>
<b>Taxpayers' equity:</b>					
General fund	20		(99,455)		(109,411)
Revaluation reserve	21		2,040		2,072
Government Grant Reserve	21		438		939
			<b>(96,977)</b>		<b>(106,400)</b>



**STEPHEN QUINN**  
Accounting Officer  
24 June 2008

Notes 1 to 37 form part of these accounts

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008</b>			
	<b>Note</b>	<b>2007-08 £000</b>	<b>2006-07 £000</b>
Net cash outflow from operating activities	22a	(187,551)	(197,959)
Capital expenditure and financial investment	22b, 22c	(517)	(558)
Payments of amounts due to the Consolidated Fund		(15,592)	(30,243)
Financing	22d	202,956	228,491
<b>Increase/(decrease) in cash in the period</b>	22e	<b>(704)</b>	<b>(269)</b>

Notes 1 to 37 form part of these accounts

<b>STATEMENT OF OPERATING COSTS BY DEPARTMENTAL AIM AND OBJECTIVES</b>						
	<b>2007-08 £000</b>			<b>2006-07 £000</b>		
<b>Aim</b>	<b>Gross</b>	<b>Income</b>	<b>Net</b>	<b>Gross</b>	<b>Income</b>	<b>Net</b>
RfRA: To encourage the development of a high value added, innovative enterprising and competitive economy leading to greater wealth creation and job opportunities for all	202,852	(21,333)	181,519	229,025	(39,096)	189,929
Energy Trust Fund	96	-	96	236	-	236
<b>Net operating costs</b>	<b>202,948</b>	<b>(21,333)</b>	<b>181,615</b>	<b>229,261</b>	<b>(39,096)</b>	<b>190,165</b>

Notes 1 to 37 form part of these accounts

# Notes to the Departmental Resource Accounts



# Notes to the Departmental Resource Accounts

# 4

## **NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS**

### **1 STATEMENT OF ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the 2007-08 *Government Financial Reporting Manual* (FReM) issued by Her Majesty's Treasury. The accounting policies contained in the FReM follow United Kingdom generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under UK GAAP, the FReM also requires the Department to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Statement of Operating Cost by Departmental Aim and Objectives* and supporting notes analyses the Department's income and expenditure by the objectives agreed with Ministers.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### **1.1 ACCOUNTING CONVENTIONS**

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the business by reference to their current cost.

The accounts of the Department are prepared on a going concern basis. By the nature of Government Accounting departments are funded on an annual basis through funds voted by the Assembly/Parliament to meet the Net Cash Requirement. In line with generally accepted accounting practice, liabilities and commitments are accounted for even where the liability or commitment will mature after the year which has been funded by the Assembly/Parliament.

## 1.2 BASIS OF CONSOLIDATION

These accounts comprise the activities of the core department.

The accounts of Harland and Wolff Plc, which is sponsored by the Department, are not included by way of consolidation as they are outside the departmental boundary. Harland and Wolff Plc is included in the consolidated resource accounts by way of accounting for funds paid and payable as grant.

Four Executive Non-Departmental Public Bodies, General Consumer Council for Northern Ireland, Health and Safety Executive for Northern Ireland, Invest Northern Ireland, Northern Ireland Tourist Board, and two Cross-Border Bodies – InterTradelreland and Tourism Ireland Limited – are not included in the consolidated resource accounts by way of consolidation, but are included by way of accounting for funds paid as grant or expenses.

The Energy Trust Fund (see Note 36) is also regarded as outside the departmental boundary.

The public sector bodies, which have not been consolidated in these accounts, publish their own annual reports and accounts, detailing their financial activity during the year.

## 1.3 TANGIBLE FIXED ASSETS

Legal title to the land and buildings shown in the accounts is held as follows:

- i) land and buildings occupied by the Trading Standards Service – title vests in the Department of Enterprise, Trade and Investment;

- ii) land at Omagh occupied by the Ulster American Folk Park – title vests in the Department of Enterprise, Trade and Investment

Land (freehold, fee farm grant and long leasehold) and buildings owned by the Department are restated at current cost on the basis of professional valuations at intervals no longer than five years and are adjusted in intervening years using indices provided by the Valuation and Lands Agency.

Other non-property tangible assets are stated at current cost using appropriate indices to account for the effects of inflation.

The minimum level of capitalisation of a tangible fixed asset is £1,000.

## 1.4 DEPRECIATION

Freehold land is not depreciated.

Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other tangible assets in equal instalments over their estimated useful lives. Average useful lives are normally in the following ranges:

Freehold buildings	50 years
Plant and Machinery	10 years
Fixtures and Fittings	10 years
Office Equipment	5 years
Computer equipment	4-7 years
Motor vehicles	4-10 years

## 1.5 INVESTMENTS

The Department holds shares in one company. This is listed in Note 34. Where market value cannot be readily ascertained the investments are shown at

the lower of historical cost and net realisable value. Loans made are valued at net realisable value.

#### **1.6 OPERATING INCOME (INCLUDING INCOME RECEIVABLE FROM THE EUROPEAN UNION)**

Operating income is income which relates directly to the operating activities of the Department. It comprises, principally, fees and charges for services provided, on a full cost basis, to external customers and public repayment work and other recoveries, which have been deemed to relate to administration expenditure. All other income is treated as programme. Income includes both that which is accruing resources and income collected by the Department on behalf of HM Treasury on an agency basis and payable to the Consolidated Fund. This income is known as Consolidated Fund Extra Receipts (CFERs).

EU income is received in arrears, expenditure having been initially funded by the Department.

#### **1.7 ADMINISTRATION AND PROGRAMME EXPENDITURE AND INCOME**

The Operating Cost Statement is analysed between administration and programme income and expenditure. Administration costs reflect the costs of running the Department, as defined under the administration cost control regime, together with the associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administrative costs, including payments of grants and other disbursements by the Department.

#### **1.8 NOTIONAL CHARGES**

Some of the costs directly related to the running of the Department are borne by other Departments or organisations and are outside the Department's Vote. These costs have been included on the basis of the estimated cost incurred by the providing organisation.

#### **1.9 CAPITAL CHARGE**

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

- cash balances with the Consolidated Fund (including balances in Departmental bank accounts within the centralised NICS pool of accounts currently held at the Northern Bank) where the charge is nil.
- liabilities for EU amounts to be surrendered to the Consolidated Fund, where the credit will be at a nil rate.

#### **1.10 TAXATION (INCLUDING VALUE ADDED TAX)**

The Department is exempt from income and corporation tax by way of its Crown exemption. Value Added Tax (VAT) is accounted for in accordance with Statement of Standard Accounting Practice 5 in that amounts are shown net of VAT except where irrecoverable VAT is charged to the Operating Cost Statement and included under the heading relevant to the type of expenditure. Input VAT exceeds output VAT and the recoveries are periodically made from Customs and Excise via the Department of Finance and Personnel.

### **1.11 FOREIGN EXCHANGE**

Revenue and expenditure incurred in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Balances held in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The Department does not have the authority to undertake exchange risk management (hedging) and as a consequence, all gains or losses on exchange differences are charged direct to the Operating Cost Statement in the period in which they occur.

### **1.12 PENSIONS**

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)), which is a defined benefit scheme and is unfunded and non contributory. The Department 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 PCSPS(NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(NI).

### **1.13 EARLY DEPARTURE COSTS**

The Department is required to meet the additional cost of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and is binding on the Department.

### **1.14 PROVISIONS**

The Department makes provisions for liabilities and charges where, at balance sheet date, a legal or constructive liability exists (i.e. a present obligation

from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made. Where the time value of money is material, the Department discounts the provision to its present value using a discount rate of 2.2%, the Government's standard rate. Each year the financing charges in the Operating Cost Statement include the adjustments to amortise one year's discount.

### **1.15 CONTINGENT LIABILITIES**

In addition to contingent liabilities disclosed in accordance with Financial Reporting Standard 12, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Government Accounting Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12 are stated at discounted amounts and the amount reported to parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to Parliament.

### **1.16 THIRD PARTY ASSETS**

The Department's Insolvency Account holds money received in respect of company liquidations, bankruptcies and estates of deceased insolvents, pending authorised appropriation. These are not Departmental assets and are not included in the accounts, since neither the Department nor Government more generally has a direct beneficial interest in them.

### **1.17 SUSPENSION OF THE NORTHERN IRELAND ASSEMBLY**

- a. The Secretary of State for Northern Ireland signed an order on 14 October 2002 effectively suspending devolved government in Northern Ireland from midnight that night. Under suspension:
  - the Assembly and its committees ceased to meet or conduct business;
  - the First Minister, Deputy First Minister, Departmental Ministers, Junior Ministers, Chairmen and Deputy Chairmen of Statutory Committees all ceased to hold office;
  - direct rule was reinstated; the Northern Ireland Departments discharged their functions subject to the direction and control of the Secretary of State; the functions of First Minister and Deputy First Minister were discharged by the Secretary of State;
  - legislation on devolved matters were made by Order in Council at Westminster.
- b. The provisions allowing members of the Executive Committee to participate in the North/ South Ministerial Council and the British Irish Council were also suspended.
- c. The Secretary of State could at any time make an Order, subject to Parliamentary approval, to restore devolved government.
- d. Following suspension the Department was subject to the control and direction of the Northern Ireland Office Ministerial team.
- e. Devolved government was reinstated on 8 May 2007.

## 2. ANALYSIS OF NET RESOURCE OUTTURN BY SECTION

STATEMENT OF OPERATING COSTS BY DEPARTMENTAL AIM AND OBJECTIVES									
	2007-08 £000							2006-07 £000	
	Outturn						Estimate		
	Admin	Other current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Total	Net Total outturn compared with Estimate	Prior-year outturn
RfR A: To encourage the development of a high value added innovative, enterprising and competitive economy leading to greater wealth creation and job opportunities for all.									
<b>Departmental Expenditure in DEL</b>									
1. Economic Development, Policy and Research	12,250	(720)	0	11,530	(375)	11,155	13,215	2,060	15,016
2. Energy and Minerals	1,160	1,707	0	2,867	(31)	2,836	3,584	748	3,854
3. Economic Infrastructure /Telecoms	236	85	18,018	18,339	(561)	17,778	18,907	1,129	16,485
4. Invest Northern Ireland	74	0	0	74	0	74	85	11	85
5. Development of Tourism	332	49	0	381	0	381	432	51	357
6. Tourism Ireland Ltd	164	0	14,538	14,702	0	14,702	14,746	44	13,211
7. InterTradeIreland	74	0	3,436	3,509	0	3,509	3,522	13	3,538
8. ERDF Support for Economic Development	0	110	3,257	3,367	(3,258)	110	120	10	159
9. EU Community Initiatives	0	0	111	111	(111)	0	-	0	499
10. EU Programme for Peace and Reconciliation	0	0	3,360	3,360	(911)	2,448	2,467	19	5,685
11. Business Regulatory Services	5,362	1,034	0	6,396	(3,814)	2,582	3,479	897	3,096
12. Health and Safety	3,325	0	0	3,325	0	3,325	3,386	61	3,343

**STATEMENT OF OPERATING COSTS BY DEPARTMENTAL AIM AND OBJECTIVES**

	2007-08 £000							2006-07 £000	
	Outturn						Estimate		
	Admin	Other current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Total	Net Total outturn compared with Estimate	Prior-year outturn
13. Aircraft and Shipbuilding	0	(4,653)	0	(4,653)	0	(4,653)	(4,604)	49	1,939
14. Integrated Development Fund	0	35	0	35	0	35	50	15	32
<i>Exec. Programme Funds</i>	-	-	-	-	-	-	-	-	38
<b>Non Budget</b>									
15. Residual Expenses of Electricity Privatisation	0	0	0	0	0	0	8	8	-
16. Invest NI - Grant	0	0	119,299	119,299	0	119,299	124,776	5,477	124,265
17. Invest NI - EPF	0	0	3,921	3,921	0	3,921	3,921	0	996
18. NI Tourist Board - Grant	0	0	7,882	7,882	0	7,882	10,760	2,878	10,031
19. NI Tourist Board ERDF	0	0	2,341	2,341	0	2,341	2,341	0	79
20. NI Tourist Board - IDF	0	0	443	443	0	443	443	0	589
21. Consumer Council for N Ireland - Grant	0	0	1,396	1,396	0	1,396	1,392	(4)	1,792
22. Health and Safety	0	0	525	525	0	525	544	19	524
23 Notional Charges	3,701	0	0	3,701	0	3,701	4,256	555	3,628
<i>Prior Period Adjustment</i>	-	-	-	-	-	-	-	-	(1,289)
<b>Total</b>	<b>26,678</b>	<b>(2,353)</b>	<b>178,527</b>	<b>202,852</b>	<b>(9,060)</b>	<b>193,792</b>	<b>207,830</b>	<b>14,038</b>	<b>207,952</b>

**EXPLANATION OF THE VARIATION BETWEEN ESTIMATE AND OUTTURN (NET TOTAL RESOURCES)**

**i Economic Development, Policy and Research**

The saving of £2.1m is primarily due to reduced non-cash charges and savings on unfilled posts.

**ii Energy and Minerals**

The major element of the saving of £0.7m relates to unrequired additions the mines provision.

**iii Economic Infrastructure/Telecoms**

The majority of the underspend of £1.1m relates to the grant paid to the Environmental and Renewable Energy Fund.

**iv Business Regulatory Services**

Saving of £0.9m as a result of Insolvency Service and Corporate Regulation receipts being greater than expected.

**v Invest NI – Grant**

The majority of the savings of £5.5m relates to underspends on Capital.

**vi Northern Ireland Tourist Board - Grant**

Majority of £2.8m savings relates to a reduced requirement with regard to the Tourism Development Scheme.

**vii Notional Charges**

The saving of £0.6m results from reduced charges in the areas of accommodation and IT related costs.

**3. RECONCILIATION OF OUTTURN TO NET OPERATING COST AND AGAINST ADMINISTRATION BUDGET**  
**3(a) RECONCILIATION OF NET RESOURCE OUTTURN TO NET OPERATING COST**

<b>RECONCILIATION OF NET RESOURCE OUTTURN TO NET OPERATING COST</b>					
		<b>2007-08 £000</b>			<b>2006-07 £000</b>
	<b>Note</b>	<b>Outturn</b>	<b>Supply Estimate</b>	<b>Outturn compared with Estimate</b>	<b>Outturn</b>
Net Resource Outturn	2	193,792	207,830	14,038	207,952
Prior Period Adjustments	2	-	-	-	1,289
Non-supply income (CFERs)	5	(12,273)	(5,000)	7,273	(19,312)
Non-supply expenditure (CFERs)		-	-	-	-
Non-supply expenditure		96	-	(96)	236
<b>Net operating cost</b>		<b>181,615</b>	<b>202,830</b>	<b>21,215</b>	<b>190,165</b>

**3(b) OUTTURN AGAINST FINAL ADMINISTRATION BUDGET**

<b>OUTTURN AGAINST FINAL ADMINISTRATION BUDGET</b>			
	<b>2007-08 £000</b>		<b>2006-07 £000</b>
	<b>Budget</b>	<b>Outturn</b>	<b>Outturn</b>
Gross Administration Budget	23,809	22,977	23,142
Income allowable against the Administration Budget	-	-	-
<b>Net outturn against final Administration Budget</b>	<b>23,809</b>	<b>22,977</b>	<b>23,142</b>

#### 4. RECONCILIATION OF RESOURCES TO CASH REQUIREMENT

RECONCILIATION OF RESOURCES TO CASH REQUIREMENT				
	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/(excess) £000
Resource Outturn	2	207,830	193,792	14,038
<b>Capital</b>				
Acquisition of fixed assets	22(b)	289	92	197
Investments	15	668	668	-
<b>Non operating AR</b>				
Proceeds of fixed asset disposals	22(b)	(244)	(243)	(1)
<b>Accruals adjustments</b>				
Non-cash items	9, 10, 11	505	3,201	(2,696)
Changes in working capital other than cash		500	1,433	(933)
Changes in creditors falling due after more than one year	18	-	-	-
Use of provision	19	16,000	4,492	11,508
Excess cash receipts surrenderable to the Consolidated Fund	5	-	-	-
<b>Net cash requirement</b>		<b>225,548</b>	<b>203,435</b>	<b>22,113</b>

#### EXPLANATION OF THE VARIATION BETWEEN ESTIMATE AND OUTTURN (NET CASH REQUIREMENT)

##### i Acquisition of fixed assets

The variance reflects lower capital expenditure than anticipated.

##### ii Non cash items

£1.6m of a variance results from the notional charges and the cost of capital charge being lower than anticipated. Remainder of variance relates to additions to provisions that were not required.

##### iii Changes in working capital other than cash

The variance of £0.8m results from creditors and accruals being lower than anticipated.

##### iv Use of provisions

The variance of £11.5m results from spend from the Harland & Wolff and other provisions being slower than anticipated.

## 5. ANALYSIS OF INCOME PAYABLE TO THE CONSOLIDATED FUND

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)

ANALYSIS OF INCOME PAYABLE TO THE CONSOLIDATED FUND					
	Note	Forecast 2007-08 £000		Outturn 2007-08	
		Income	Receipts	Income	Receipts
Operating income and receipts – excess A in A	-	-	-	-	-
Other operating income and receipts not classified as A in A		5,000	<i>11,000</i>	12,273	<i>15,369</i>
		5,000	<i>11,000</i>	12,273	<i>15,369</i>
Non-operating income and receipts – excess A in A	7	-	-	-	-
Other non-operating income and receipts not classified as A in A	8	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	4	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>5,000</b>	<b><i>11,000</i></b>	<b>12,273</b>	<b><i>15,369</i></b>

**6. RECONCILIATION OF INCOME RECORDED WITHIN THE OPERATING COST STATEMENT TO OPERATING INCOME PAYABLE TO THE CONSOLIDATED FUND**

<b>RECONCILIATION OF INCOME RECORDED WITHIN THE OPERATING COST STATEMENT TO OPERATING INCOME PAYABLE TO THE CONSOLIDATED FUND</b>			
	<b>Note</b>	<b>2007-08 £000</b>	<b>2006-07 £000</b>
Operating income		21,333	39,096
Adjustments for transactions between RfRs		-	-
<b>Gross income</b>	12	<b>21,333</b>	<b>39,096</b>
Income authorised as Accruing Resources		9,060	19,784
<b>Operating income payable to the Consolidated Fund</b>	5	<b>12,273</b>	<b>19,312</b>

**7. NON-OPERATING INCOME – EXCESS ACCRUING RESOURCES**

<b>NON-OPERATING INCOME - EXCESS ACCRUING RESOURCES</b>		
	<b>2007-08 £000</b>	<b>2006-07 £000</b>
Principal repayments of voted loans	-	-
Proceeds on disposal of fixed assets	-	-
Other (analysed as appropriate)	-	-
<b>Non-operating income – excess Accruing Resources</b>	-	-

**8. NON-OPERATING INCOME NOT CLASSIFIED AS ACCRUING RESOURCES**

<b>NON-OPERATING INCOME NOT CLASSIFIED AS ACCRUING RESOURCES</b>		
	<b>2007-08 £000</b>	<b>2006-07 £000</b>
Receivable in the year	-	-
Recognised in the year	-	-
<b>Carried forward</b>	-	-

## 9. STAFF NUMBERS AND RELATED COSTS

Staff costs comprise:

STAFF NUMBERS AND RELATED COSTS				
	2007-08 £000			2006-07 £000
	Total	Permanently employed staff*	Minister (non-cash item)	Total
Wages and salaries	16,001	15,967	34	16,061
Social security costs	1,139	1,135	4	1,119
Other pension costs	2,762	2,754	8	2,809
Staff Seconded from NISRA (Gross)	646	646	-	669
Sub Total	20,548	20,502	46	20,658
Less recoveries in respect of outward secondments	(264)	(264)	-	(505)
<b>Total net costs</b>	<b>20,284</b>	<b>20,238</b>	<b>46</b>	<b>20,153</b>
Analysed as:				
Administration	19,759	19,713	46	19,705
Programme	525	525	-	448
	<b>20,284</b>	<b>20,238</b>	<b>46</b>	<b>20,153</b>

\* Permanently employed staff includes the cost of the Department's special advisor, who is paid in the pay band £56,100-£78,540.

Staff costs treated as programme expenditure represent costs reimbursed by the International Fund for Ireland or by bodies where staff are seconded.

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] is an unfunded multi-employer defined benefit scheme which produces its own resource account, but the Department is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2007-08, employers' contributions of £2.8m were payable to the PCSPS (NI) (2006-07 £2.8m) at one of four rates in the range 16.5% to 23.5% per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2009). The contribution rates are set to meet the cost of the benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employees exercised this option during 2007-08.

One person (2006-07: 2) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £956 (2006-07: £7,435).

<b>AVERAGE NUMBER OF FULL-TIME EQUIVALENT PEOPLE EMPLOYED DURING THE YEAR:</b>				
	<b>2007-08</b>			<b>2006-07</b>
<b>Objective</b>	<b>Total (Number)</b>	<b>Permanent staff (Number)</b>	<b>Minister (Number)</b>	
To encourage the development of a high value added, innovative, enterprising and competitive economy leading to greater wealth creation and job opportunities for all.	638	637	1	662
Staff Seconded from NISRA	19	19	-	20
Less staff seconded to Invest Northern Ireland	(9)	(9)	-	(18)
<b>Total</b>	<b>648</b>	<b>647</b>	<b>1</b>	<b>664</b>

## 10. OTHER ADMINISTRATION COSTS

<b>OTHER ADMINISTRATION COSTS</b>				
	<b>2007-08 £000</b>		<b>2006-07 £000</b>	
General administration expenditure		3,264		3,437
Non-cash items				
Auditors' remuneration and expenses	64		66	
Notional accommodation costs	2,727		2,699	
Other notional costs	864	3,655	863	3,628
<b>Total</b>		<b>6,919</b>		<b>7,065</b>

## 11. PROGRAMME COSTS

PROGRAMME COSTS					
	Note	2007-08 £000		2006-07 £000	
Current grants and other current expenditure			182,530		205,454
Programme other admin costs			21		5
<b>Non-cash items</b>					
Depreciation	14	253		406	
Tangible fixed assets written down	14	37		25	
Loss on disposal of fixed assets	14	-		27	
Cost of Capital Charges	20	(3,329)		(3,387)	
Additions to provisions	19	458		3,947	
Provisions written back	19	(6,448)		(6,665)	
Investment write off provision	15	668		334	
Release from Government Grant Reserve	21(b)	(501)		(251)	
Unwinding of discount on provisions	19	1,817		1,794	
Bad debts - programme		143	(6,902)	118	(3,652)
<b>Total</b>			<b>175,649</b>		<b>201,807</b>

## 12. INCOME

INCOME		
	2007-08 £000	2006-07 £000
Administrative Income	12	18
Fees and charges to external bodies	3,857	3,518
Rents	2	1
Energy Trust Fund interest receivable	2	(5)
Gas Pipeline Receipts	-	8,502
NFFO Certificates	-	496
Other	1,593	7,651
EU Income	8,568	14,196
Invest NI income	7,299	4,719
<b>Total Income</b>	<b>21,333</b>	<b>39,096</b>

### 13. ANALYSIS OF NET OPERATING COST BY SPENDING BODY

<b>ANALYSIS OF NET OPERATING COST BY SPENDING BODY</b>			
	<b>2007-08 £000 Estimate</b>	<b>Outturn</b>	<b>2006-07 £000 Outturn</b>
<b>Spending body:</b>			
Core Department	40,385	27,216	35,140
InterTrade Ireland	3,522	3,509	3,538
Tourism Ireland	14,746	15,083	13,211
General Consumer Council for NI	1,392	1,396	1,792
Health and Safety Executive NI	544	525	524
Invest Northern Ireland	128,697	123,220	125,261
NI Tourist Board	13,544	10,666	10,699
<b>Net Operating Cost</b>	<b>202,830</b>	<b>181,615</b>	<b>190,165</b>

## 14. TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS						
	Land & Buildings excluding Dwellings £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings & Office Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation						
At 1 April 2007	2,968	308	1,448	105	239	5,068
Additions	(2)	26	43	2	41	110
Disposals	-	(20)	(1,164)	(31)	(17)	(1,232)
Reclassification	-	8	(6)	2	(4)	-
Revaluations	-	5	-	2	2	9
Diminutions to OCS	-	-	(93)	-	-	(93)
<b>At 31 March 2008</b>	<b>2,966</b>	<b>327</b>	<b>228</b>	<b>80</b>	<b>261</b>	<b>3,862</b>
Depreciation						
At 1 April 2007	252	138	979	90	160	1,619
Charged in year	48	21	158	5	21	253
Disposals	-	(20)	(921)	(31)	(17)	(989)
Reclassification	-	5	(6)	2	(1)	-
Revaluations	-	2	-	2	1	5
Diminutions to OCS	-	-	(56)	-	-	(56)
<b>At 31 March 2008</b>	<b>300</b>	<b>146</b>	<b>154</b>	<b>68</b>	<b>164</b>	<b>832</b>
Net book value at 1 April 2007	2,716	170	469	15	79	3,449
<b>Net book value at 31 March 2008</b>	<b>2,666</b>	<b>181</b>	<b>74</b>	<b>12</b>	<b>97</b>	<b>3,030</b>

Land and buildings have been professionally revalued by the Valuation and Lands Agency, on the basis of existing use on the following dates:

Trading Standards Service 31 March 2006  
Ulster American Folk Park 31 March 2005

In intervening years, Land and Buildings were revalued using indices provided by the Valuation and Lands Agency.

Other tangible assets were revalued at 31 March 2008 using the latest available indices published in "Price Index Numbers for Current Cost Accounting" prepared by the Office for National Statistics.

Included in the above are fully depreciated assets with an original cost of £258,110 which are still in use.

## 15. INVESTMENTS

<b>INVESTMENTS</b>			
	<b>Share Capital £000</b>	<b>Loans £000</b>	<b>Total £000</b>
Balance at 1 April 2007	4,600	9,088	13,688
Additions	-	668	668
Disposals	-	-	-
Write offs	-	(7,000)	(7,000)
<b>Balance at 31 March 2008</b>	<b>4,600</b>	<b>2,756</b>	<b>7,356</b>
Opening provision at 1 April 2007	(4,600)	(9,088)	(13,688)
Movement in provision	-	(668)	(668)
Provision utilised in year	-	7,000	7,000
<b>Closing provision at 31 March 2008</b>	<b>(4,600)</b>	<b>(2,756)</b>	<b>(7,356)</b>
<b>Net Balance at 31 March 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 16. DEBTORS

### 16(a) ANALYSIS BY TYPE

<b>DEBTORS - ANALYSIS BY TYPE</b>				
	<b>2007-08 £000</b>		<b>2006-07 £000</b>	
<b>Amounts falling due within one year:</b>				
Trade debtors	429		313	
Deposits and advances	9		1	
Other debtors	151		755	
Prepayments and accrued income	6,789		8,070	
Energy Trust Fund Prepayment	13	7,391	109	9,248
CFER EU accrued income	4,577		7,410	
CFER Other accrued income	5,338	9,915	5,597	13,007
<b>Total Debtors</b>		<b>17,306</b>		<b>22,255</b>

Included within trade debtors is £13,324 (2006-07: £18,540) that will be due to the Consolidated Fund once the debts are collected.

## 16(b) INTRA-GOVERNMENT BALANCES

INTRA-GOVERNMENT BALANCES				
	Amounts falling due within one year £000		Amounts falling due after more than one year £000	
	2007-08	2006-07	2007-08	2006-07
Balances with other central government bodies	5,082	5,580	-	-
Balances with bodies external to government	12,224	16,676	-	-
<b>Total debtors at 31 March</b>	<b>17,306</b>	<b>22,256</b>	<b>-</b>	<b>-</b>

## 17. CASH AT BANK AND IN HAND

CASH AT BANK AND IN HAND		
	2007-08 £000	2006-07 £000
Cash and Bank Balances at 1 April 2007	1,110	1,379
Net Change in Cash Balances	(704)	(269)
<b>Balance at 31 March</b>	<b>406</b>	<b>1,110</b>
<b>The following balances at 31 March were held at:</b>		
Centralised NICS Pool of accounts	405	-
Commercial banks and cash in hand	1	1,110
	<b>406</b>	<b>1,110</b>
<b>Broken down as follows:</b>		
Cash at bank and in hand	660	1,297
Bank overdraft	(254)	(187)
	<b>406</b>	<b>1,110</b>

**18(A) CREDITORS  
ANALYSIS BY TYPE**

<b>ANALYSIS BY TYPE</b>				
	<b>2007-08 £000</b>		<b>2006-07 £000</b>	
<b>Amounts falling due within one year</b>				
Trade creditors	-		2,002	
Other creditors	132		52	
Accruals and deferred income	9,275	9,407	10,385	12,439
Amounts issued from the Consolidated Fund for supply but not spent at year end		404		883
<b>Consolidated Fund extra receipts due to be paid to the Consolidated Fund</b>				
Received	1		226	
Receivable - EU income payable to Consolidated Fund	4,577		7,410	
Receivable - Other	5,353	9,931	5,614	13,250
<b>Total creditors before bank overdraft</b>		<b>19,742</b>		<b>26,572</b>
Bank overdraft		254		187
<b>Total Creditors</b>		<b>19,996</b>		<b>26,759</b>

**18(b) INTRA-GOVERNMENT BALANCES**

<b>INTRA-GOVERNMENT BALANCES</b>				
	<b>Amounts falling due within one year £000</b>		<b>Amounts falling due after more than one year £000</b>	
	<b>2007-08</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2006-07</b>
Balances with other central government bodies	10,335	14,138	-	-
Balances with bodies external to government	9,407	12,434	-	-
<b>Total creditors at 31 March</b>	<b>19,742</b>	<b>26,572</b>	<b>-</b>	<b>-</b>

## 19. PROVISIONS FOR LIABILITIES AND CHARGES

PROVISIONS FOR LIABILITIES AND CHARGES						
	Early departure costs £000	Other £000	Mines £000	LEDU Pensions £000	H&W £000	Total £000
Balance at 1 April 2007	248	171	5,215	1,000	100,008	106,642
Provided in the year	150	308	-	-	-	458
Provisions not required written back	-	-	-	-	(6,448)	(6,448)
Provisions utilised in the year	(229)	(158)	(100)	(5)	(4,000)	(4,492)
Unwinding of discount	-	-	64	-	1,753	1,817
<b>Balance at 31 March 2008</b>	<b>169</b>	<b>321</b>	<b>5,179</b>	<b>995</b>	<b>91,313</b>	<b>97,977</b>

### 19.1 Early departure

The Department provides in full for the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme (Northern Ireland) in respect of employees who retire early. The provision is reduced as the pensions are actually paid.

### 19.2 Other

This provision includes an estimate of the amount the Department may be required to pay in respect of a range of claims against it

### 19.3 LEDU pensions

This provision relates to the potential shortfall in the former LEDU employees pension scheme, as a result of the transfer of LEDU employees to Invest NI on 1 April 2002.

### 19.4 Mines

Provision is made for the anticipated costs of ensuring that inactive mines in Northern Ireland are secure.

### 19.5 Harland and Wolff PLC

The provision in respect of Harland and Wolff plc activities is based on assumptions as to future liabilities and revenues. The outcome of these matters cannot be certain. The provision reflects the approximate amount that the Department may be required to contribute to enable Harland and Wolff plc to fulfil its obligations as they fall due.

The provision reflects the Department's potential liability to meet claims against Harland and Wolff Plc in respect of employer's and public liability arising from the collapse of the group's insurer,

Chester Street Insurance Holdings Ltd, which went into liquidation on 10 January 2001. This provision is based on actuarial advice and includes known claims, largely in relation to asbestosis related illnesses of former employees of Harland and Wolff plc, together with estimated amounts in relation to unreported claims which may be expected to crystallise over a significant number of years. The amount, £91.3m (£100.0m 2006-07), represents the total estimated liability discounted back to today's prices. The accuracy of the provision is subject to a considerable number of uncertainties including future mortality rates, emergence of new diseases, improvements in medical treatments,

and the outcome of future legal cases. The overall undiscounted liability in relation to the employer's and public liability claims referred to above, based on actuarial advice, amounts to £108.3m (£114.8m 2006-07). A revised actuarial report was issued in 2007-08; this included revised projected cash flows as at 31 March 2008.

## 20. General Fund

The General Fund represents the total assets less liabilities of the Department, to the extent that the total is not represented by other reserves and financing items.

<b>GENERAL FUND</b>				
	<b>2007-08 £000</b>		<b>2006-07 £000</b>	
Balance at 1 April	(109,411)		(128,572)	
Transfer to Government Grant Reserve	-		-	
Adjusted Opening Balance		(109,411)		(128,572)
Net Parliamentary Funding Drawn Down	202,956		228,491	
Deemed	883	203,839	681	229,172
Supply (creditor)/debtor – current year		(404)		(883)
Net Transfer from Operating Activities:				
Net Operating Cost		(181,615)		(190,165)
CFERs repayable to the Consolidated Fund		(12,273)		(19,312)
Non cash charges:				-
Cost of capital		(3,329)		(3,387)
Auditors remuneration		64		66
Other notional costs		3,637		3,562
Transfer from the revaluation reserve		37		33
Adjustment re repayment of SIP Loan		-		75
<b>Balance at 31 March</b>		<b>(99,455)</b>		<b>(109,411)</b>

## 21. RESERVES

### 21(a) REVALUATION RESERVE

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

REVALUATION RESERVE		
	2007-08 £000	2006-07 £000
Balance at 1 April	2,072	1,710
Arising on revaluation during the year (net)	5	395
Transferred to general fund in respect of realised element of revaluation reserve	(37)	(33)
<b>Balance at 31 March</b>	<b>2,040</b>	<b>2,072</b>

### 21(b) GOVERNMENT GRANT RESERVE

The government grant reserve represents the value of assets funded by grants.

GOVERNMENT GRANT RESERVE		
	2007-08 £000	2006-07 £000
Balance at 1 April	939	1,190
Transfer from Government Grant Reserve	-	-
Release to the Operating Cost Statement	(501)	(251)
<b>Balance at 31 March</b>	<b>438</b>	<b>939</b>

## 22 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

### 22(a) RECONCILIATION OF OPERATING COST TO OPERATING CASH FLOWS

RECONCILIATION OF OPERATING COST TO OPERATING CASH FLOWS			
	Note	2007-08 £000	2006-07 £000
Net operating cost	13	(181,615)	(190,165)
Adjustments for non-cash transactions	9, 10, 11	(3,201)	(24)
Adjustment for non cash bad debt provision		(142)	(118)
(Increase)/ Decrease in Debtors	16	4,949	3,890
<i>Less movements in debtors relating to items not passing through the OCS</i>			
Increase/ (Decrease) in Creditors	18	(6,830)	(11,956)
Movements in CFER creditors	18	3,319	10,361
<i>Less movements in creditors relating to items not passing through the OCS</i>			
- Movements in Supply creditors	18	479	(128)
- Movements relating to capital accruals	22(c)	(18)	44
Use of provisions	19	(4,492)	(10,434)
Adjustment for offset of CFER related debtors and creditors		-	571
<b>Net cash outflow from operating activities</b>		<b>(187,551)</b>	<b>(197,959)</b>

### 22(b) ANALYSIS OF CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

ANALYSIS OF CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
	Note	2007-08 £000	2006-07 £000
Tangible fixed asset additions		(92)	(224)
Proceeds of disposal of fixed assets		243	-
Loans to other bodies	15	(668)	(334)
<b>Net cash outflow from investing activities</b>		<b>(517)</b>	<b>(558)</b>

**22(c) ANALYSIS OF CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT BY REQUEST FOR RESOURCES**

<b>ANALYSIS OF CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT BY REQUEST FOR RESOURCES</b>				
	<b>Capital expenditure £000</b>	<b>Loans etc £000</b>	<b>ARs / Excess ARs £000</b>	<b>Net total £000</b>
Request for resources A	92	668	(243)	517
Net movement in debtors/creditors	(74)	-	-	(74)
<b>Total 2007-08</b>	<b>18</b>	<b>668</b>	<b>(243)</b>	<b>443</b>
<b>Total 2006-07</b>	<b>1,167</b>	<b>334</b>	<b>(987)</b>	<b>514</b>

**22(d) ANALYSIS OF FINANCING**

<b>ANALYSIS OF FINANCING</b>			
	<b>Note</b>	<b>2007-08 £000</b>	<b>2006-07 £000</b>
From the Consolidated Fund (Supply) – current year	20	202,956	228,491
From the Consolidated Fund (Supply) – prior year		-	-
From the Consolidated Fund (non-Supply)		-	-
<b>Net financing</b>		<b>202,956</b>	<b>228,491</b>

## 22(e) RECONCILIATION OF NET CASH REQUIREMENT TO INCREASE/(DECREASE) IN CASH

<b>RECONCILIATION OF NET CASH REQUIREMENT TO INCREASE/(DECREASE) IN CASH</b>			
	<b>Note</b>	<b>2007-08 £000</b>	<b>2006-07 £000</b>
<b>Net cash requirement</b>		(203,435)	(228,362)
From the Consolidated Fund (Supply) – current year	22(d)	202,956	228,491
From the Consolidated Fund Supply – prior year	22(d)	-	-
Amounts due to the Consolidated Fund – received in a prior year and paid over	18(a)	(226)	(624)
Amounts due to the Consolidated Fund received and not paid over	18(a)	1	227
<b>Increase/ (decrease) in cash</b>		<b>704</b>	<b>(269)</b>

## 23. NOTES TO THE CONSOLIDATED STATEMENT OF OPERATING COSTS BY DEPARTMENTAL AIM AND OBJECTIVES

Programme grants and other current expenditures have been allocated as follows:

<b>NOTES TO THE CONSOLIDATED STATEMENT OF OPERATING COSTS BY DEPARTMENTAL AIM AND OBJECTIVES</b>		
	<b>2007-08 £000</b>	<b>2006-07 £000</b>
RfRA To encourage the development of a high value added innovative, enterprising and competitive economy leading to greater wealth creation and job opportunities for all.	176,174	202,255
<b>Total</b>	<b>176,174</b>	<b>202,255</b>

## 24. CAPITAL COMMITMENTS

Capital commitments for which no provision has been made in the accounts, were as follows:

<b>CAPITAL COMMITMENTS</b>		
	<b>2007-08 £000</b>	<b>2006-07 £000</b>
Contracted capital commitments at 31 March 2008 for which no provision has been made	585	1,253

## 25. OPERATING COMMITMENTS

The estimated programme costs of fulfilling the terms of the letters of offer existing at 31 March 2008 and the costs of supporting the training or funding of the individuals who were enrolled on various programmes at this date is:

<b>OPERATING COMMITMENTS</b>		
	<b>2007-08 £000</b>	<b>2006-07 £000</b>
Business Regulation Division	1,200	900
Economics	-	9
Energy Division	4,322	4,290
Finance & EU	6,160	9,497
Personnel, Information Management and Services Division	-	152
Strategic Policy Division	34	2,879
Telecomms Policy	770	-
Tourism, Agency Liaison and Equality	-	1,096
	<b>12,486</b>	<b>18,823</b>

## **26. FINANCIAL INSTRUMENTS**

Financial Reporting Standard 13 (FRS 13) – ‘Derivatives and Other Financial Instruments: Disclosures’ – requires disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way Government departments are financed, the Department is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Department has very limited 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 Department in undertaking its activities.

The Department’s financial instruments consist of cash, loans, investments, provisions, trade debtors and trade creditors. The Department also has a financial liability consisting of a book bank overdraft which is not subject to interest. A real bank overdraft, which would be very rare, would be subject to interest at commercial rates. Details of these can be found in the relevant notes.

### **LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK**

The Department’s net revenue resource requirements are financed by resources voted annually by the Assembly or Parliament, as largely is its capital expenditure. It is not therefore, exposed to significant liquidity risks. The Department does not access funds from

commercial sources and so is not exposed to significant interest rate risk. The Department’s exposure to foreign currency risk is not significant.

## **27. CONTINGENT LIABILITIES DISCLOSED UNDER FRS 12**

The Department has a potential liability to meet claims in respect of employer’s and public liability arising from the collapse of the Harland and Wolff insurer.

The Department has provided indemnities and undertakings as part of the privatisation of the Northern Ireland electricity industry.

The Department has provided a guarantee to the members of the LEDU Retirement & Death Benefits Plan that no member of the Plan will suffer loss as a result of the transfer of members to the Principal Civil Service Pensions Scheme (Northern Ireland) as part of the transfer of the activities of the Local Enterprise Development Unit to Invest Northern Ireland. As the deficit will be met by the Department it is unlikely that there will be any call on this guarantee.

It is not possible to quantify these contingent liabilities.

The Department has a potential liability to the NI Consolidated Fund of £17.5m if the CFER Contingent Asset referred to in Note 28 (below) is realised.

## **28. CONTINGENT ASSETS DISCLOSED UNDER FRS 12**

The Department has a potential asset with regard to £17.5m of EU CFER receipts that currently reside

in the Pay Master General (PMG) account; administered by DFP. The Department's right to some or all of these receipts is uncertain and will be ruled on by the EU at a future date.

**29. CONTINGENT LIABILITIES NOT REQUIRED TO BE DISCLOSED UNDER FRS 12 BUT INCLUDED FOR PARLIAMETARY REPORTING AND ACCOUNTABILITY PURPOSES**

Such contingent liabilities, whether quantifiable or unquantifiable, arise through specific guarantees, indemnities or by the giving of letters of comfort. None of these are contingent liabilities within the meaning of FRS12 since the likelihood of transfer of economic benefits in settlement is too remote. The Department has no such contingent liabilities.

**30. LOSSES AND SPECIAL PAYMENTS**

**30(a) LOSSES STATEMENT**

<b>LOSSES STATEMENT</b>		
	<b>2007-08 £000</b>	<b>2006-07 £000</b>
<b>Claims Abandoned</b> Total [ 767 cases (2006-07 - 767)]	490	334
<b>Investment Write-Offs</b> Crescent Venture Capital Fund (Note 15)	7,000	-

The Crescent Venture Capital Fund was established in 1995. Full provision had already been made against this investment in prior years accounts.

**30(b) LOANS MADE**

Under European Community Regulations an amount of £668,000 was paid to the Viridian Growth Fund Limited Partnership.

**31. RELATED-PARTY TRANSACTIONS**

The Department of Enterprise, Trade and Investment sponsors Harland and Wolff Plc and the Non-Departmental Public Bodies listed in Note 1.2.

These bodies are regarded as related parties with which the Department of Enterprise, Trade and Investment has had various material transactions during the year.

In addition, the Department of Enterprise, Trade and Investment has had a number of transactions with other Government Departments and other Central Government bodies. Most of these have been with the Department of Finance and Personnel and also the Department for Employment and Learning.

None of the Ministers, Departmental Board Members, key managerial staff or other related parties have undertaken any material transactions with the Department of Enterprise, Trade and Investment during the year.

While none of the members of the Departmental Audit Committee had any personal transactions with the Department the Department had material transactions with the following organisations connected to members of the Departmental Audit Committee:

## Down District Council

(John McGrillen)

£78,354 local economic development assistance provided under the European Union Building Sustainable Prosperity programme

### 32. THIRD-PARTY ASSETS

Under Article 358 (1) of the Insolvency (Northern Ireland) Order 1989 trustees in bankruptcy and liquidators of companies must pay the money received in respect of Company Liquidations, Bankruptcies and Estates of Deceased Insolvents, including Arrangements under the control of the Court up to 30 September 1991, into the Insolvency Account pending authorised appropriation.

THIRD-PARTY ASSETS				
	31 March 2007 £000	Gross inflows £000	Gross outflows £000	31 March 2008 £000
Insolvency Account	10,002	9,791	8,446	11,347

These are not Departmental assets and are not included in the accounts. The assets held at the balance sheet date comprised monetary assets, such as bank balances and monies on deposit.

Further information is contained in the published Insolvency Account.

### 33. ENTITIES WITHIN THE DEPARTMENTAL BOUNDARY

The core Department is the only entity within the boundary during 2007–08.

### 34. INVESTMENTS HELD

The Department holds the following investments which are shown by the number of shares held and the actual cost of the investments.

	2007-08			2006-07		
	No.	Cost £000	Current Value £000	No.	Cost £000	Current Value £000
Harland & Wolff plc	10,996,082	4,600	-	10,996,082	4,600	-

### 35. HARLAND & WOLFF PLC

Harland and Wolff Plc is a group of companies, wholly owned by the Department, overseeing the completion of certain activities remaining following the privatisation of the former companies Harland and Wolff Plc and Short Brothers Plc. Details of the group's trading are contained in its accounts.

Key figures extracted from these accounts are:

<b>CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH</b>				
		<b>2007-08 £000</b>		<b>2006-07 £000</b>
Leasing Income		16		1,167
Other operating expenses (net)		(148)		(1,311)
Operating Loss		(132)		(144)
Interest Receivable (net)		132		144
Profit/Loss before taxation		-		-
Taxation		-		-
<b>Profit/Loss for year</b>		<b>-</b>		<b>-</b>

<b>BALANCE SHEET AS AT 31 MARCH</b>				
		<b>2008 £000</b>		<b>2007 £000</b>
Tangible Fixed Assets		-		-
Government Grants receivable		86,914		97,176
Current Assets	4,314		3,483	
Creditors	(28)		(517)	
<b>Net Current Assets</b>		<b>4,286</b>		<b>2,966</b>
<b>Total assets less current liabilities</b>		<b>91,200</b>		<b>100,142</b>
Provisions for liabilities and charges		(91,200)		(100,142)
<b>Net Assets</b>		<b>-</b>		<b>-</b>
<b>Capital and Reserves</b>				
Called-Up Share capital		10,996		10,996
Profit and loss account		(10,996)		(10,996)
<b>Equity Shareholders' funds</b>		<b>-</b>		<b>-</b>

### **36. ENERGY TRUST FUND**

The Energy Trust Fund was established in March 1998, for the purpose of reducing the costs of electricity production in Northern Ireland for the benefit of consumers. £45m was provided and accounted for through the Department's 1998-99 Appropriation Account. The Fund is administered by Northern Ireland Electricity plc but payments from it are subject to DETI approval. The Fund is not considered to be within the departmental resource accounting boundary. Accordingly, the balance of the Fund, which was £13,368 at 31 March 2008 (£108,577 at 31 March 2007), is treated as an asset in the balance sheet (Note 16(a)). The Department of Finance and Personnel has directed that the movement in the fund during the year is treated as non-Supply expenditure. Details of the Fund's activities are shown in its own accounts. It is envisaged that the balance of the Fund will be utilised/exhausted by 31 March 2009.

### **37. POST BALANCE SHEET EVENTS**

Since the balance sheet date, the former Minister for Finance and Personnel announced measures to address equal pay issues in the Northern Ireland Civil Service. This is likely to involve the payment of back pay in excess of £100m to some 9,000 civil servants across Northern Ireland Civil Service Departments and their agencies. Details of the final settlement will be progressed over the coming months and an exact figure will not be available until this process has concluded.

# Abbreviations

ABBREVIATIONS	
ABI	Annual Business Inquiry
ADSL	Asymmetric Digital Subscriber Line
AinA	Appropriations in Aid
APS	Anti-Poverty Strategy
AR	Accruing Resources
BCP	Business Continuity Plan
BERD	Business Expenditure on Research and Development
BMAP	Belfast Metropolitan Area Plan
BSP	Building Sustainable Prosperity
BT	British Telecommunications Plc
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipt
CLRB	Company Law Reform Bill
COMREG	The Commission for Communications Regulation (ROI)
CRNI	Companies Registry Northern Ireland
CS	Civil Service
CSP	Civil Service Pension
DAALG	DETI's Departmental Audit and Accountancy Liaison Group
DAC	DETI's Departmental Audit Committee
DARD	Department of Agriculture and Rural Development
DCAL	Department of Culture, Arts and Leisure
DCC	Derry City Council
DCMNR	Department of Communications, Marine and National Resources (ROI)
DE	Department for Education
DEL	Departmental Expenditure Limit
DEL	Department for Employment and Learning
DETI	Department of Enterprise, Trade and Investment
DFP	Department of Finance and Personnel
DHSSPS	Department of Health, Social Services and Public Safety
DOE	Department of the Environment
DP	Deputy Principal
DRD	Department for Regional Development
DSD	Department for Social Development
DSO	Departmental Solicitors' Office
DTI	Department of Trade and Industry (GB)
DWP	Department for Work and Pensions (GB)

<b>ABBREVIATIONS</b>	
e	Electronic
EC	European Community
EDF	Economic Development Forum
EDRMS	Electronic Document and Records Management System
EFQM	European Foundation for Quality Management
ELCI	Employer's Liability Compulsory Insurance
EPF	Executive Programme Funds
ERDF	European Regional Development Fund
ERINI	Economic Research Institute of Northern Ireland
ETI	Enterprise, Trade and Investment
EU	European Union
FDI	Foreign Direct Investment
FE	Further Education
FOI	Freedom of Information
FReM	Government Financial Reporting Manual
FRS	Financial Reporting Standard
FTE	Full-time equivalent
GB	Great Britain
GCCNI	General Consumer Council for Northern Ireland
GEM	Global Entrepreneurship Monitor
GPA	Government Purchasing Agency (NI)
GSNI	Geological Survey of Northern Ireland
GVA	Gross Value Added
HCA	Historic Cost Accounting
HE	Higher Education
HR	Human Resource
HSENI	Health and Safety Executive for Northern Ireland
I&P	Industrial and Provident
ICT	Information and Communication Technologies
IDCG	Inter-Departmental Coordination Group
IDF	Integrated Development Fund
IDG	Inter-Departmental Working Group
IDSG	Inter-Departmental Steering Group
IFRS	International Financial Reporting Standards
IIP/ IiP	Investors in People
IOP	Index of Production

ABBREVIATIONS	
ISO	International Organisation for Standardisation
ITI	InterTradeIreland
JWG	Joint Working Group
LEDU	Local Enterprise Development Unit
MEP	Member of the European Parliament
MGPH	Ministerial Group on Public Health
MHCA	Modified Historic Cost Accounting
MLA	Member of the Legislative Assembly
MP	Member of Parliament (UK)
MTSP	Medium-Term Strategic Priorities
NDPB	Non-Departmental Public Body
NFFO	Non-Fossil Fuel Obligations
NI	Northern Ireland
NIAER	Northern Ireland Authority for Energy Regulation
NIAO	Northern Ireland Audit Office
NICCE	Northern Ireland Consumer Committee for Electricity
NICS	Northern Ireland Civil Service
NIE	Northern Ireland Electricity Plc
NIO	Northern Ireland Office
NIRO	Northern Ireland Renewals Obligation
NISRA	Northern Ireland Statistics and Research Agency
NITB	Northern Ireland Tourist Board
NTSN	New Targeting Social Need
OBE	Order of the British Empire
OCS	Operating Cost Statement
OFCOM	Office of Communications (UK)
OFMDFM	Office of the First Minister and Deputy First Minister
OFREG	Office for the Regulation of Electricity and Gas (Northern Ireland)
OFTEL	Office of Telecommunications
ONS	Office for National Statistics
OSHA	Occupational Safety and Health Administration (USA)
PAC	Committee of Public Accounts
PCPF	Parliamentary Contributory Pension Fund
PCSPS (NI)	Principal Civil Service Pension Scheme (Northern Ireland)
PE	Public Expenditure
PfG	Programme for Government

ABBREVIATIONS	
Plc	Public Limited Company
PPP	Public Private Partnership
PR	Public Relations
PRONI	Public Records Office Northern Ireland
PSA	Public Service Agreement
PSEC	Public Sector Energy Committee
QES	Quarterly Employment Survey
R&D	Research and Development
RESG	Research and Evaluation Steering Group
RfR	Request for Resource
RIS	Regional Innovation Strategy
ROI	Republic of Ireland
RRI	Reinvestment and Reform Initiative
SDA	Service Delivery Agreement
SEL	Strategic Employment Location
SEUPB	Special European Union Programmes Body
SI	Statutory Instrument
SIB	Strategic Investment Board
SME	Small and Medium-sized Enterprises
SMT	DETI's Senior Management Team
SNIFE	Scottish Northern Ireland Pipeline Emergency
SSC	Shared Service Centre
TFLG	Task Force Liaison Group
TIL	Tourism Ireland Limited
TPO	Third Party Organisation
TSN	Targeting social need
UK	United Kingdom of Great Britain and Northern Ireland
UKGAAP	United Kingdom Generally Accepted Accounting Practice
UKREP	United Kingdom Permanent Representation to the European Union.
USA	United States of America
UU	University of Ulster
VAT	Value Added Tax
WBGSTF	West Belfast and Greater Shankill Task Forces
WHSIG	Workplace Health Strategy Implementation Group
Wi-Fi	Wireless Fidelity

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