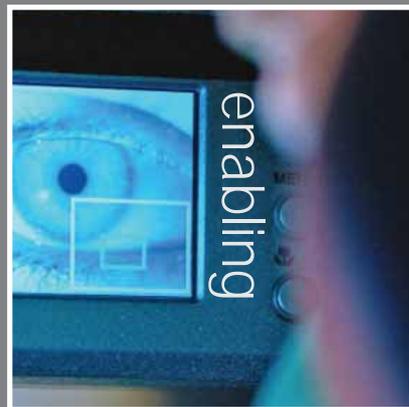


BDS Annual Report and Accounts 2005-06



Business Development Service

Annual Report and Accounts
for the year ended 31 March 2006

*Laid before the Houses of Parliament
by the Department of Finance and Personnel
in accordance with Paragraph 12(2) and (4) of the Schedule to the
Northern Ireland Act 2000 and Paragraph 36 of the Schedule to the
Northern Ireland Act 2000 (Prescribed Documents) Order 2004*

13 July 2006

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under section 11(3)(c) of the Government Resources
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by the Department of Finance and Personnel*

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BDS Annual Report and Accounts 2005-06

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Foreword

I am pleased to present the Business Development Service's (BDS) Annual Report and Accounts for 2005-06 in my capacity as Accounting Officer for the Department of Finance and Personnel.

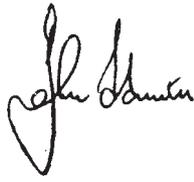
This has been a year of great change within BDS. At the start of the new financial year preparations were made to implement the Review of BDS Products and Services. The review recommendations were presented to the Northern Ireland Civil Service Permanent Secretaries' Group (PSG) in the spring of 2005 and plans were then put in place to deliver the agreed outcomes. However during this time of change, a decision was made in October under Budget 2005 by the Department of Finance and Personnel (DFP) to withdraw funding for one of BDS's branches, the Centre for Learning and Development from 1 April 2006.

As a result of re-organisation within the Department of Finance and Personnel and the Office of the First Minister and Deputy First Minister (OFMDFM), staff from the Public Service Delivery Improvement Unit (PSDI) moved across from OFMDFM to DFP on 1 December 2005. For accounting purposes they were managed by DFP's Corporate Services Group for the period 1 December 2005 – 31 March 2006 but were line managed by BDS.

It was announced in January 2006 that as part of the Review of Public Administration, the Secretary of State would be reviewing Executive Agencies and Non-Departmental Public Bodies (NDPBs) and that as a consequence BDS would be subject to this review. A series of rationalisation workshops was held in January and February 2006 resulting in recommendations for restructuring and the establishment of a new Delivery and Innovation Division which would incorporate BDS, PSDI and the NI eGovernment Unit. This took effect from 1 April 2006 and at that time BDS ceased to have Next Steps Agency status.

I am confident that the professional approach adopted by the Agency staff to their customers will continue and feature strongly in the new arrangements. I would like to take this opportunity to thank all of the BDS customers for their support and to pay tribute to the staff for the contributions they have made over the last 10 years.

So far as I am aware there is no relevant audit information of which the Agency'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 BDS's auditors are aware of that information.



John Hunter
Accounting Officer

26 June 2006

Management Commentary

This is the tenth and final Annual Report of the BDS following its establishment as an Executive Agency within the Department of Finance and Personnel (hereinafter referred to as ‘the Department’ or ‘DFP’) on 1 October 1996. Prior to 1996 these functions were carried out by various business units within the Department.

The formation into an Agency provided a new focus for the provision of business services to the public sector in Northern Ireland and established clear lines of responsibility, performance targets and delegated management with the Chief Executive becoming directly responsible to the Departmental Minister for the operation and performance of the Agency.

The Agency’s headquarters were at Craigantlet Buildings, Stoney Road, Belfast, BT4 3SX. The Northern Ireland Civil Service (NICS) staff suggestion scheme (Ideas) and the Broadband Aggregation project team were located in Londonderry House in Belfast city centre. In addition there were a number of telecommunications centres throughout Northern Ireland.

This report covers the period 1 April 2005 to 31 March 2006.

Aim, Principal Activities and Targets

Aim

The aim of BDS is to be a centre of excellence for integrated business services that add value to the work to reform and modernise public services.

Principal Activities

During 2005-06 the principal activities of BDS covered the fields of business consultancy, training and development, telecommunications, ICT, information management, printing and design and the generation of new ideas.

Targets

In support of its stated aim, the Agency was given the following three Ministerial Targets for 2005-06:

- (i) 87% of customers to rate the level of service they receive as good;
- (ii) to implement the outcome of the BDS review of current and future services in line with the agreed implementation timetable; and
- (iii) to maintain (on a notional or actual basis) full recovery of the cost of operations within a tolerance level of 10% during the transition to new working arrangements.

Operating Review

Performance Against Targets

The following table shows the Agency's performance against Ministerial Targets.

Ministerial Targets	
Target	Result
87% of customers to rate the level of service they receive as good.	Target achieved. The actual outturn was 91%.
To implement the outcome of the BDS review of current and future services in line with the agreed implementation timetable.	Target achieved. Review recommendations were implemented in line with the implementation timetable and in agreement with the DFP Board's recommendations.
To maintain (on a notional or actual basis) full recovery of the cost of operations within a tolerance level of 10% during the transition to new working arrangements.	Target achieved. The total recovered was 100.7% of the cost of operations.

Business Strategy

The BDS Business Plan for 2005-06 gave a number of commitments as to the way in which the Agency would meet its targets.

Customers

It has been the Agency's aim to continually improve the level of service provided so that it meets its customers' needs. The Agency has therefore been committed to offering excellence in customer service through the delivery of customer focused services which assist customers to meet the challenges they face arising from the Government's Priorities and Plans for 2003-06, Fit For Purpose

and the Department's Public Service and Service Delivery Agreements. The NICS Customer Service Standards have been adopted across BDS.

Organisational Learning and Growth

The Agency has been aware that its people are its most important asset. It has also understood that to provide high quality services it must provide sufficient numbers of staff with the right skills on a timely basis. The Agency's priority has been to create an environment which will allow this to happen, and will in turn allow BDS to strive for quality and excellence in all it delivers. In the year of report £360k was spent on training and developing BDS staff. This training was related to the core business delivery eg core business skills in project management, management training and IT training.

BDS has been an IIP accredited organisation since 1999. The Agency successfully underwent an IIP re-accreditation exercise in November 2005. The assessor commented that "there have been significant resources devoted to training and development" and "staff have a positive perception about the commitment to their development."

During the year organisational development work was undertaken to revisit the Agency's values and behaviours, involving staff from across BDS, resulting in a revised set of values and behaviours being established.

The Agency's commitment to a work-life balance in providing flexible working arrangements and alternative working patterns was reinforced by a series of work-life balance awareness seminars delivered to staff by DFP's Equal Opportunities Unit during the year.

Finance

The Agency is responsible for managing its financial allocation in a way that ensures efficient use of resources and delivery of services in a cost effective manner, providing value for money to its customers. During the year reviews were carried out on the internal control systems within Business Consultancy. In addition, follow-up reviews took place in IS Services and Telecoms. Various information memos were issued for guidance to business areas.

During the year business managers' priorities have included managing within budget allocations and having to re-prioritise services and projects to get best use of available resources.

Processes

The Agency ensures that it delivers services which are supported by systems that are efficient, adequate for its needs and meet both the regulatory and improvement practices of the Department. Managers from a number of business areas undertook risk management training to increase their understanding in this area and improve the risk management process.

The development of the new staff intranet during the year provided a new means of communicating and disseminating information across BDS in a timely and efficient manner.

Research and Development/Future Developments

Planned future developments within the organisation which has been formed out of the former BDS in support of the reform and modernisation agenda will lead to improved services offered to customers. These include:

- a new innovation consultancy service being piloted in two NICS Departments; and
- developing ICT services eg telecommunications services in support of Workplace 2010, GSI secure flexible working service and web accessibility standards.

Progress in Key Business Areas

BUSINESS CONSULTANCY

The demand for Business Consultancy services continues to increase and the nature of the consultancy interventions has resulted in a partnership approach to projects. Consultants have again delivered an extremely varied and diverse range of work to meet the differing customer needs. Examples of work undertaken include continued assistance in the creation of the Agri-Foods Bioscience Institute (AFBI) on behalf of the Department of Agriculture and Rural Development (DARD); assisting in the unification of the Valuation and Lands Agency (VLA) and the Rates Collection Agency (RCA); customer and staff attitude surveys; a Landscape Review of the Industrial Court, on behalf of the Department of Employment and Learning (DEL); business continuity planning and risk management for a range of Departments; organisational and structural reviews of the Environment and Heritage Service (EHS), the Labour Relations Agency (LRA), DARD's Rural Payments Division, DFP's Office Estates and Buildings Standards Division (OBD) and the RCA/VLA Corporate Services function.

More recently Business Consultancy has commenced a change management programme with Central Procurement Directorate (CPD), has been commissioned to project manage the establishment of the new NI Law Commission, and on behalf of the Executive Information Service (EIS), has undertaken a review of NICS advertising which will be followed by a more fundamental strategic review of the EIS.

The past year has been one of change for Business Consultancy, in terms of staff turnover and an intense programme of rapid upskilling. This training was aimed at enhancing the existing skills base, while at the same time ensuring the consultancy skills were focused on addressing the needs of a modern and reformed NICS. While the training was being delivered, Business Consultancy had to ensure that obligations to customers were maintained. The

portfolio of consultancy interventions included providing strategic and operational consultancy assistance over a range of subject matter within the NICS, yielding significant added value and was primarily Reform driven.

A number of consultants have undertaken a programme of training (including formal examinations) in Programme and Project Management, reflecting the demands in the NICS to have Reform-based projects managed against a modern methodology, as promoted by the Office of Government Commerce (OGC). In addition, a number of consultants became accredited Gateway assessors, and will be expected to take part in Gateway assessments managed by colleagues in the Centre of Excellence, CPD. Again, this training was identified as being necessary to reflect the current best practice of having Reform projects managed in stages.

The Industrial Court

In 2005 Business Consultancy broke new ground through the application of the latest Cabinet Office approach to reviewing organisations. This innovative ‘soft-touch’ approach has been introduced to replace the now obsolete Quinquennial Review process and focuses on improving the delivery of small to medium sized Agencies and Non-Departmental Public Bodies.

The consultancy team employed the new technique to a review of the Industrial Court, a tribunal body with a primary function of adjudication on applications relating to statutory recognition and de-recognition of trade unions in the workplace. The Court is a wholly independent organisation sponsored by DEL (the client) and plays an important role in the dispute resolution process. This was the first time such an innovative approach had been applied in Northern Ireland.

This approach places particular emphasis on testing the synergy between an organisation’s legislative remit and its delivery. This

required the consultancy team to examine the appropriateness and effectiveness of the Court's existing delivery mechanism and to consider changes to improve the performance, corporate governance arrangements and partnerships.

This was a particularly high profile project, requiring a comprehensive consultation exercise with a range of high profile figures and organisations across Northern Ireland. It included collective and individual trade unions, the Confederation of British Industry, private sector businesses and the public sector. The assignment also involved comparison visits to both the Advisory Conciliation and Arbitration Service (ACAS) in London and the Irish Labour Court in Dublin.

Through detailed analysis the consultancy team determined that the most effective delivery method for the Industrial Court was to remain as an independent body, with its Secretariat provision switching from the Department (DEL) to the Labour Relations Agency. The benefits of this change included developing a stronger strategic fit with the dispute resolution process, separating policy and delivery and providing a career structure for staff. This recommendation also provides symmetry with established models in Great Britain and the Republic of Ireland.

The consultancy team also developed a range of recommendations to further enhance the effectiveness of the Court, including improvements to the appointments, communication, knowledge management and performance measurement processes.

The team's recommendations have been fully accepted by the client and Business Consultancy has utilised its extensive project management experience to provide further advice on implementation.

IDEAS

This year saw the implementation of the recommendation in the BDS Review of Products and Services that the Ideas scheme should be discontinued from 31 March 2006. Arrangements were put in place to accept suggestions from NICS staff until the scheme's closure. The Ideas scheme staff processed all suggestions until December and thereafter handled suggestions that were viewed as central or were corporate suggestions. NICS Departments processed all other suggestions between January and the scheme's closure.

In the lead up to the scheme's closure the Ideas team made submissions to IdeasUK in preparation for their yearly event. The IdeasUK judging panel selected one of the submissions, awarding a first place within the Finance and Accounting category, as detailed below.

Success for the NICS at the Annual IdeasUK Conference

Ideas staff attended the IdeasUK event held in Chester on 16 and 17 November 2005 in support of a staff suggestion that resulted in estimated savings of almost £90,000.

Ivan Blair from the Belfast Benefit Centre designed a database for the Incapacity Benefit Appeals Section in order to reduce the potential for the overpayment of benefits to customers by producing accurate, instant and up-to-date statistics. The database can be viewed by all staff in the Appeals Section and by other relevant sections in the Belfast Benefit Centre.



Ivan Blair with his IdeasUK award

CENTRE FOR LEARNING AND DEVELOPMENT (CLD)

During the year there was major change for CLD. The decision to withdraw CLD's funding from 31 March 2006 had a significant impact on the business delivered during the latter part of the year.

The Review of Training and Development Services had already indicated that a Shared Service Centre (SSC) for Training and Development should be established with effect from October 2006. In light of the decision taken to close CLD, the establishment of the SSC was brought forward on the understanding that potential customers must receive continuity of service, regardless of the circumstances prevailing.

Bearing in mind the content of the training review, CLD sought input from the departmental network of Training and Development Units on their essential and high priority training needs for the rest of the year. A 'closing programme' of events was planned and advertised throughout the NICS and training continued, in some cases, to the end of March 2006.

At the same time, CLD was asked to plan a short programme of events on behalf of the SSC and to secure provisional bookings with external training providers. This enabled the SSC to continue to deliver a broad range of training events during the interim set-up period before it becomes fully operational from October 2006.

Launch of New Recruitment Policy and Procedures Manual

Recruitment Service, part of DFP's Central Personnel Group (CPG), wished to launch its new Recruitment Policy and Procedures Manual to coincide with the launch of the new Recruitment Code from the Civil Service Commissioners for Northern Ireland in June 2006.

CLD's Management Development team was asked to assist and, against a very tight timetable, organised two very successful launch events. In consultation with Recruitment Service, CLD

designed the content of the launch and organised the speakers – the Chief Commissioner of the Equality Commission, the Secretary to the Civil Service Commissioners, two representatives from Recruitment Service and one from CLD.

Departmental personnel and training branch staff were briefed on the content of the launch and such was the response that two events had to be held to cope with the numbers. A total of 130 people attended the two events. CLD staff managed the events from organising the venue and the catering to the speakers and their presentations. Each event was evaluated using a feedback questionnaire. The comments were very positive.

One of the Recruitment Service representatives wrote, “I want to thank you and your staff for excellent work in organising the seminars within a very tight timescale. I must admit that I thought the turn-around time was very ambitious and it is to your credit that the events worked well and that a large number of HR operational staff were able to attend. It was a great venue! I am sure that we achieved our objective and I have no doubt that what has happened so far will provide a good foundation for the training to take place.”

Writing for the Web

The ‘Content Manager for Authors/Approvers’ course delivered by CLD allows trainees to put content on the web. However, it was established that the need existed for a course on what content should look like, how it should be written and what styles should be adopted when writing content for website publication.

It was for this reason that the Office Skills team were asked to design a course on writing for the web to complement the ‘Content Manager for Authors/Approvers’ course currently provided.

The Office Skills team consulted with representatives from EIS, who were keen to ensure that all elements of the NICS Style and Tone Guide were incorporated in the training. The Office Skills

team involved representatives from IS Services' Web and Design team who quality assured any content to be included as they have responsibility for monitoring and auditing departmental websites.

The team designed the 'Writing for the Web' course which is currently in much demand by Departments and has been very favourably received.

CENTRAL PRINT UNIT (CPU)

This year the CPU continued to provide a range of services to clients in Departments and Agencies. These services included advice on layout and design, colour and black and white photocopying, digital and offset lithographic printing, and a range of finishing services eg binding.

A key driver for the Unit's work is 'Quality of Service' and all clients can expect a personalised and tailored service to meet business need and demand. The CPU continued to exceed customer satisfaction targets and received positive feedback on the overall quality of service provided. During the year one client indicated his appreciation of 'the high quality services' and in particular how impressed the Deputy Prime Minister had been when he heard of the Unit's turnaround times.

Although a total of 17.4 million A4 prints were produced by the unit during 2005-06, there is an ongoing decline in the demand for print services. Underpinning the above figures is the growing trend within NICS towards using ICT to disseminate and/or collect information. The extent to which this trend continues – or indeed intensifies – will have a major bearing on the nature and scale of services provided by CPU in the future.

In view of this, work was initiated to consider how the Unit's services could meet future NICS printing needs. Although the exercise has yet to be completed there is already recognition that the Unit's existing services will need to be aligned with current and future communication media. This work will continue in 2006-07.

NORTHERN IRELAND CITIZEN INTERACTION CENTRE (NICIC)

When the BDS Review of Products and Services was published in March 2005, the NICIC telephony service was identified as a priority area for future focus and attention. A Deloitte Touche investigation had been highly critical of the way in which the NICS was using the telephone as a business channel to the public and NICIC answer times were quoted as being in the region of 21 seconds, with abandon rates sitting at around 9.3%.

Consequently, the BDS Review recognised that technical difficulties and other issues were preventing significant improvement in this area and, indeed, were reducing the perceived efficiency of the overall NICS telephony service. The Review committed the organisation to work even more diligently with the NICIC suppliers and Departments to develop an action plan aimed at delivering significant improvements in service levels within a six month period. If at this point the required improvements could not be achieved, it was recognised that alternative approaches to develop the NICS telephony service in support of the NI eGovernment Unit's Contact Centre Strategy would have to be considered.

The BDS Board considered that, in order to deliver and sustain improvements to the NICIC service, the following four key areas needed to be addressed:

- Staff vacancies in the internal support organisation, which had been caused through illness and retirement, needed to be urgently filled;
- The system's technical difficulties had to be fully addressed, which would require considerably more commitment and energy from the private sector organisations supporting it. Moreover, there was a need to strengthen the contractual arrangements in place which had made it difficult to allocate responsibilities to the various suppliers involved;

- Additional improvements had to be made to the internal capacity, including the organisational structure, the management processes, the available management information and the staff skills; and
- The roles and obligations of departmental business areas in improving the customer experience needed to be understood, accepted and addressed.

The initial focus was aimed at addressing staff vacancies in the existing organisation, specifically in the first two areas. A trainer was seconded into the team to ensure that staff development needs were met, and an experienced private sector project manager was brought in to lead the service improvement programme. The project manager reported directly to the BDS ICT Director to ensure that the private sector partners were fulfilling their contractual obligations and to secure the full involvement of the BDS Board in the improvement process.

Whilst the service statistics had already begun to show a significant improvement by May 2004, the strengthening of the team and the input of the new team members' ideas helped to obtain additional improvements. Positive changes in service performance were consolidated by improved interfaces with the business, aided by the use of improved system management information to pinpoint the problem areas in passing on calls.

Fresh supplier commitments were delivered to make the technology more robust. Added benefits were achieved through the use of several new tools provided by the technology. Many of these however required the adoption of new ways of working, and the input and the support of Trade Union Side and the staff themselves in this is recognised.

The NICIC service improvement programme resulted in a steady and continuous improvement in performance. By the end of the year, answer times were running at around 7 seconds, with almost

90% of calls being answered within 12 seconds, and the abandon rate consistently below 2%. The service had been taken to a level where it was operating very close to its maximum potential in terms of both quality and efficiency, given that these figures include a 5 second recorded message and the fact that the Service Level Agreement (SLA) requirement had been raised in 2004 to 85% of calls being answered within 12 seconds.

The success of the NICIC improvement programme was recognised by PSG(E) in March 2006. It was agreed that NICIC should continue to play a central role in ensuring that departmental business needs for contact centre services are facilitated in the period leading up to a successful outcome of the Multi-Channel Contact Strategy initiative, which is likely to be 18-24 months away. This will require some investment in the technology platforms, additional software licences and the possible provision of additional frontline support. Delivery and Innovation Division (DID), DFP Supply and the business areas will work closely together to ensure that all contact centre related activities, undertaken in the short and medium term, align with the strategic direction and maximise the return on the existing and any future investment made in the NICIC service.

IS SERVICES

IS Services Branch provides a range of services relating to internet/intranet websites (design, development and hosting), document and forms design, project and programme management, IS Business Cases and IS Security. The Branch also has responsibilities in relation to NICS ICT professional staff including working through departmental Personnel Branches to plan and deliver annual recruitment/promotion exercises. At a more strategic level it acts as secretariat to the ICT HR Management Board to ensure that appropriate strategies, policies and procedures are in place to support the ICT professionalism agenda.

The Branch is very focused on the NICS Reform Agenda, giving priority to projects/programmes in this category. It also acts in

support of key stakeholder bodies such as the OFMDFM EIS (a representative of which chairs the NICS Web Editorial Board), CPD (NICS Project and Programme Management Centre of Excellence), NI eGovernment Unit and CPG (a representative of which chairs the NICS ICT HR Management Board).

Professionalism in Government IT - the NICS ICT Staff Skills Register Project

The concept of professionalism of ICT staff is receiving considerable attention in the context of the Civil Service Reform Agenda.

The Prime Minister has stated that the role of IT professionals in government has never been more important and that one of the top priorities is to build a professional IT community within government. In addition, the British Computer Society (BCS) and eSkills UK are at the forefront of the drive towards professionalism in the ICT industry in the public and private sectors.

The role of ICT within NICS is currently going through a period of major change. In addition to the rationalisation of ICT services, the creation of a shared service model and the strengthening of frontline services, there is a need to interface with new systems such as eHR, the Accounting Services Programme (ASP) and Electronic Document and Records Management system (EDRM), to provide the technology to underpin initiatives such as Workplace 2010 and to address the emerging technologies that will affect how we and our customers work in the future.

The NICS is committed to ensuring that it has the ICT skills in place to deliver, in full, the eGovernment agenda, and to meet the demands of the Reform agenda. To this end NICS is considering introducing an Information Communication Technology (ICT) Staff Skills Register to help in their drive towards professionalism in ICT, and to ensure that it has the right staff with the right ICT skills in the right place at the right time. The IS Personnel Team is

project managing this initiative with the ICT Head of Profession acting as Senior Responsible Owner.

The Skills Framework for the Information Age (SFIA) version 3 is the UK-recognised model for the identification of the ICT skills needed to develop effective information systems and is used by both public and private sector organisations. The NICS proposes to apply the model to define the roles required for ICT staff. The SFIA defines 78 different skills grouped under 6 categories, at up to 7 levels as illustrated below.

SFIA categories

Strategy & planning
Development
Business change
Service provision
Procurement and Management support
Ancillary skills
SFIA levels
7 set strategy, inspire, mobilise
6 initiate, influence
5 ensure, advise
4 enable
3 apply
2 assist
1 follow

When the overall skills profile is completed for the NICS, it will be able to identify skills gaps in the organisation and development opportunities for staff. Taking action to address these issues will focus training and development on the areas of greatest need and of greatest benefit to the whole organisation. This should help reduce the risk to the NICS of systems failure due to critical skills shortages, and also provide a guarantee that the required skills will be available for future systems development.

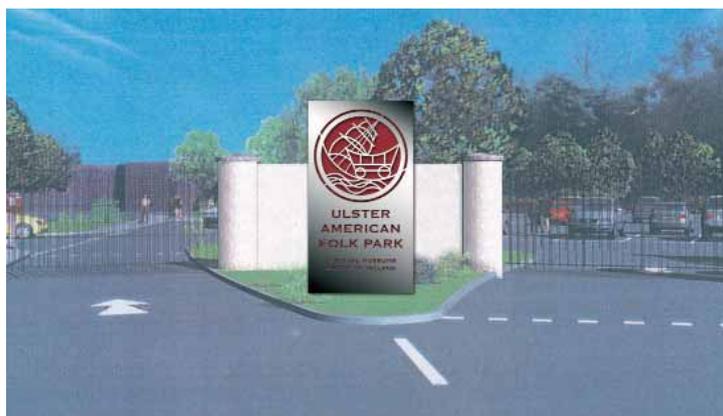
Graphic Design of Entrance Signage for Ulster American Folk Park

The design team were approached by CPD on behalf of National Museums Northern Ireland about undertaking the design of a large sign for the entrance to the Ulster American Folk Park in Omagh, Co. Tyrone.

A meeting was held with the customer and the brief was that they required an innovative sign to mark the entrance, which would be authentic looking, relevant, historically accurate, eye catching, as well as vandal and weather proof. Although the design team had prepared corporate signage before for other customers, this project presented a new challenge for the designer.

Research into the various options for sign materials and sign makers was undertaken. Considerable thought was given to the design concept and how best to produce an eye catching design which could be used again later for other purposes such as logos on products for sale within the Folk Park.

A site visit was undertaken to allow the designer to see where the sign was to be located, to take photographs for reference during the design process and to investigate the various exhibits at the Folk Park to gather thoughts on suitable images. The designer produced a choice of designs based around the sailing ships that brought the immigrants to America and the Conestoga wagons in which they travelled. The customer was pleased with the designs and approved one to be taken forward (as shown below).



TELECOMMUNICATIONS

Telecoms branch continued to deliver, support and develop its high quality voice, data and Internet services across the NICS and wider public sector during 2005-06.

The DIAL network customer base now stands at over 36,000 extensions and some 165 sites across Northern Ireland. Workplace 2010 has formed a significant piece of work for Telecoms this year and is likely to increase in forthcoming years, with the telecoms infrastructure requiring considerable restructuring, as major new buildings are brought on to the network. To meet increased demand for Internet access, the connection was increased in capacity by 25% from 20MB to 25MB this year. The Telecoms operators are handling in excess of 4.5 million calls per annum, equating to approximately 18,750 calls per day. This has an average call answer time of 10 seconds, providing call answering and contact centre services through NICIC.

The NICIC platform continues to provide services to Companies Register NI and Consumerline successfully.

Projects launched last year which are now successfully embedded include:

- ADSL (Asymmetric Digital Subscriber Line) and GPRS (General Packet Radio Service) projects providing secure remote access to over 2,000 users;
- Central Windows Active Directory, a common AD schema has been agreed across all Departments; the roll out of this service will be completed in the coming year; and
- Anti-spam technology which was introduced in 2005 has been well received by Departments, with over 31,000 spam messages intercepted per day and 600,000 messages quarantined in each 20 day period. Of the 50,000 emails received each day 2% of these contain viruses that are also removed from the system. This reflects a significant balance shift from viruses to spam, since the previous years' figures indicated 20% of emails containing viruses.

All Departments using the Public Service Network (PSN) have their networks routinely accredited by the NICS Accreditation panel on a rolling programme. This enables the PSN to maintain its accreditation for connection to the Government Secure Intranet (GSI). An end-of-year health check was undertaken to CESG (Computer and Electronics Security Group) standards and successfully completed.

RCA Call Centre

Traditionally, April is an exceptionally busy time for the RCA when every household in Northern Ireland receives its rates bill. This has led to a number of problems in the past with the DIAL network switch boards jammed with calls from rate payers, RCA staff unable to cope with the volume of calls and the telephone network being clogged with rates calls.

For the April 2005 turn of year period, RCA approached staff at NICIC to see if they could suggest a better way of handling these calls. NICIC suggested setting up a virtual call centre using staff from the RCA offices in Belfast, Ballymena, Portadown, Londonderry and Omagh. It was proposed that 24 of the RCA team would staff the call centre from 9 am to 5 pm for a six week period. Normally the calls would only be directed to the office that dealt with a particular area; however under the new system callers could be ringing from Ballymena but be answered by a member of RCA staff in Omagh. The benefits of this were:

- Switchboard operators did not have to answer RCA calls as they went direct to the Agency. This meant that the service to the public was unaffected by the high volume of calls;
- RCA staff were able to answer phone queries on a rota basis. This meant that when they were not staffing the call centre they were able to get on with processing their work, free from the distraction of phone calls;
- The public were kept informed by messaging that they were in a queue and their call would be answered as soon as possible; and

- RCA management were in control of the call centre using real-time monitoring software to see how many calls were waiting and how many staff were logged on to take them.

The call centre was a great success, so much so that RCA management described it as their most successful turn of year ever and have asked NICIC to set this up again this year, with a view to retaining this approach as their method of handling phone calls from the public.

George Best Funeral Arrangements for Press Services

When it became known that the funeral service for George Best would be held at Parliament Buildings, Stormont, the EIS contacted the Head of Telecoms Branch/PSN services regarding a request for assistance.

Wireless Internet access would be needed in the media centre located at the NICS Sports Association Pavilion for Friday 2 and Saturday 3 December 2005 for members of the press to cover the funeral. This was to supplement the BT service.

Work began on the Friday morning, installing the link from the Pavilion, through the BDS network to the Internet. CARA, the PSN maintainer, was contacted to provide the necessary equipment for wireless access, and the link was established early on Friday afternoon, providing a 25M service to the Internet, as the first members of the press (researchers) arrived.

In conjunction with our service, BT provided a BT Openzone service, offering a 500k link.

There were some scale issues late on Friday night, as users switched from the BT service to the BDS service, and a minor configuration change was needed early on the Saturday morning, before the second wave of press (journalists) arrived. Following a request from some members of the press, the facility to send and receive email was also set up across the network to allow users to contact their offices.

The third wave came when the photographers arrived after the funeral. This was when the network was at its busiest, with nearly 40 simultaneous connections, compared to 1 on the BT link. The photographers wanted to upload their images as soon as possible and were impressed by the speeds on offer. Due to the speed of the link some photographers complained of missing the coffee break they are used to when waiting for images to upload!

The Head of the NICS, Nigel Hamilton, was present on the day and was impressed with the service offered. Following on from that day EIS have been in touch with a view to engaging PSN assistance should a future need arise.

THE BROADBAND AGGREGATION PROJECT

This project seeks to put in place contractual arrangements to provide network services for voice, video and data which have high levels of availability, expansion capability, interoperability and resilience designed in. The contract's ability to meet the evolving needs of public sector customers is critical to its long term success.

The scale of this project is such that the procurement competition to provide the necessary services is run under EU procurement rules and the first stage (pre-qualification) was completed in March 2006. The team ran a very successful supplier event in January and undertook an evaluation of the responses from suppliers.

The second stage of procurement started at the end of March 2006 when the statement of requirement to the successful suppliers from the first stage was issued. This requirement was developed as a result of extensive consultation with public sector customers. Under the project it is planned to have the contract in place in early 2007 with implementation likely to take up to three years.

LIBRARY AND INFORMATION SERVICES

The year 2005-06 saw the completion of the project to procure an integrated library management system for all NICS libraries. The chosen system was 'Unicorn' supplied by SIRSI/DYNIX the leading supplier of library systems. The Unicorn system unifies, for the first time, the library catalogues of 13 departmental libraries and will allow borrowing of library material from any library by all NICS staff. The new system, part of the Reform agenda, also provides a WebOPAC version available at <http://library.nics.gov.uk> which will allow all NICS staff with internet access to consult the library catalogue from their desktop. In the coming months they will also be able to manage their accounts from their desktop, requesting and borrowing any of the 151,234 items in the system.

CORPORATE SERVICES

During the year the Agency's Corporate Services Branch continued to provide a range of internal support services to all of the Agency's operational branches. Areas covered include financial management and information, buildings' maintenance, facilities management, health and safety, corporate events management and the production of the Agency's annual report and accounts. Particular attention was given to the development of a staff intranet, the Agency's IIP re-accreditation and a programme of refurbishment and redecoration in Craigtantlet Buildings.

Recycling Pilot Exercise

As the major tenant in Craigtantlet Buildings, BDS was responsible for making arrangements to remove office waste from the site. This task was carried out by the Facilities Management team in Corporate Services Branch. During the year the team undertook a pilot recycling exercise to determine how much paper would be involved and how it could be disposed of efficiently. A number of offices took part in the exercise which was limited to recycling classified and non-classified paper and newspapers and journals.

The exercise demonstrated that staff were keen to be involved in recycling. The team soon learned that there was an awareness-raising aspect to the project in advising participants as to what could and could not be recycled. The team evaluated the project and found that while costs for the pilot exercise were negligible there was potential for savings if the exercise were to be extended to include other waste eg plastic and cardboard. This could reduce the number of refuse bins required at the premises and in turn the number of collections needed, the cost of which is expected to rise substantially in the next year.

BDS IN THE COMMUNITY

BDS has been committed to making a positive impact in the community and providing support to worthwhile causes. The chosen charity for 2005-06 was 'Helping Hand', the charity of the Royal Belfast Hospital for Sick Children. During the year staff raised almost £3,000 for this charity through a number of fund-raising events eg raffles, concert collections, barbeques and quizzes.



*Ray Long, Chief Executive of BDS, presents
Nigel Kearney of "Helping Hand" with a cheque*

Financial Review

The Net Cost of Operations for the year, as shown on page 48 was £10,297k.

These accounts have been prepared in accordance with a direction given by the Department of Finance and Personnel in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

Fixed Assets

Details in the movement of fixed assets are set out in note 8 to the Accounts. The Agency does not believe that there is any material difference between the market and book value of its fixed assets at 31 March 2006.

Auditors

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Agency and reports his findings to Parliament.

The audit of the financial statements for 2005-06 resulted in a notional audit fee of £7,000 and is included in the administration costs in the operating cost statement.

Important Events Occurring after the Year End

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

Charitable Donations

The Agency made no charitable donations during the year (2004 - 05: nil).

Payments to Suppliers

The Agency is committed to the prompt payment of bills for goods and services received, in accordance with the *Better Payment Practice Code*. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services or presentation of a valid invoice or similar demand, whichever is later.

During the year 99% of bills were paid within this standard.

Management

The Chief Executive was responsible to the Minister responsible for DFP, Lord Rooker, for the effective management of the Agency in accordance with the Framework Document and for meeting its objectives and key targets within the resources allocated. The Chief Executive, as the Agency's Accounting Officer, was also accountable for the economic, efficient and effective use of the Agency's resources, the propriety of its expenditure and for ensuring that the requirements of *Government Accounting Northern Ireland (GANI)* and the *Government Financial Reporting Manual (FReM)* are met. He was responsible for establishing proper systems for this purpose. He also ensured the Agency observed any relevant instructions issued centrally by the Department to all NI Departments and their Agencies and put into effect, as appropriate, any recommendations accepted by the Minister and the Public Accounts Committee in respect of legislation.

At 31 March 2006 the Agency Board comprised:

Ray Long	Chief Executive
Helen Campbell	Director of Business Support Services
Barry Lowry	Director of ICT
Tom Kennedy	Director of Broadband Aggregation Project (see Note 1)
Morna Sullivan	Head of Corporate Services

Note 1: For operational purposes, the cost of the Broadband Aggregation Project remained attached to DFP's Corporate Services Group (CSG) but, due to the nature of the project, which is closely associated with the type of service provided by BDS's Public Service Network (PSN), Tom Kennedy attended Agency Board meetings.

The Permanent Secretary of the Department of Finance and Personnel appointed Ray Long Chief Executive of BDS. The appointment is for an indefinite term under the terms of the *Senior Civil Service Management Code*.

The Chief Executive's pay is determined by the Permanent Secretary in accordance with the rules set out in Chapter 7.1 Annex A of the *Civil Service Management Code* and pay of senior staff is determined by the Senior Salaries Review Board.

Details of the remuneration of the Chief Executive and senior staff within the Agency in salary bands is provided in the Remuneration Report.

Management Interests

There are no company directorships or other significant interests held by Agency Board members or business managers that may conflict with their management responsibilities.

Disabled Employees

The Agency follows the *NI Civil Service Code of Practice on the Employment of Disabled People*. The Agency aims to ensure that disablement is not a bar to recruitment or advancement.

Health and Safety

The Agency is committed to adhering to all existing legislation on health and safety at work to ensure that staff and customers enjoy the benefits of a safe environment.

Equality of Opportunity

The Agency follows the NI Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of ability, qualifications and aptitude for the work.

Employee Involvement

BDS encourages staff involvement in the day-to-day running of its activities through line management contact, management meetings and regular briefings for all staff. The Agency achieved Investors in People accreditation in March 1999 and was re-recognised in February 2003 and November 2005.

Remuneration Report

Remuneration of Agency Board

Pay for the Chief Executive is determined by the NICSSCS Pay Committee taking account of the recommendations of the annual Senior Salaries Review Body report. In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on Departments to meet the output targets for the delivery of departmental services;
- the funds available to Departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

The remuneration of all senior civil servants is entirely performance based. The salary, pension entitlements and the value of any taxable benefits in kind of the Agency's management team were as follows:

Remuneration

	2005-06		2004-05	
	Salary £'000	Benefits in kind (to nearest £100) £'000	Salary £'000	Benefits in kind (to nearest £100) £'000
Mr Ray Long Chief Executive	95-100	Nil	95-100	Nil
Ms Helen Campbell Director Business Support Services	45-50	Nil	45-50	Nil
Mr Barry Lowry Director ICT	40-45	Nil	40-45	Nil
Miss Morna Sullivan Head of Corporate Services	30-35	Nil	30-35	Nil

Salary

'Salary' includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowances to the extent that it is subject to UK taxation.

Benefits in Kind

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

Service Contracts

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.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the

normal retiring age of 60. Policy relating to notice periods and termination payments is contained in the *Northern Ireland Civil Service (NICS) Staff Handbook*.

Pension Benefits

	1 Real increase in pension and related lump sum at age 60 £'000	2 Total accrued pension at age 60 at 31/3/06 and related lump sum £'000	3 CETV at 31/3/05 or at date of joining (to nearest £k)	4 CETV at 31/3/06 or at date of leaving (to nearest £k)	5 Real increase in CETV after adjustment for inflation and changes in Market Investment Factors (to nearest £k)
Mr Ray Long Chief Executive	see note 1				
Ms Helen Campbell Director of Business Support Services	0-2.5 plus 0-2.5 lump sum	17.5-20 plus 55-57.5 lump sum	241	273	11
Mr Barry Lowry Director ICT	0-2.5 plus 0-2.5 lump sum	15-17.5 plus 47.5-50 lump sum	195	217	11
Miss Morna Sullivan Head of Corporate Services	0-2.5 plus 0-2.5 lump sum	5-7.5 plus 20-22.5 lump sum	64	75	7

Note 1: *Mr Ray Long has retained his membership of the GB pension scheme. Disclosure of pension information will be made by the Department for Transport.*

Pension

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium and classic plus). The schemes 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 after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. 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).

Further details about the CSP arrangements can be found at the website www.civilservicepensions-ni.gov.uk.

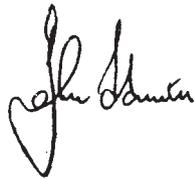
Cash Equivalent Transfer Values

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

scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. 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.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.



John Hunter
Accounting Officer
26 June 2006

Business Development Service

Accounts

2005-06

Statement of Agency's and Accounting Officer's Responsibilities

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Business Development Service to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction. The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency at the year-end, its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the Accounts the Agency is required to:

- Observe the accounts direction issued by the Department of Finance and Personnel, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the Agency will continue in business.

The Accounting Officer for the Department of Finance and Personnel has signed Business Development Service (BDS) Financial Statements following cessation of its Agency status. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accounting Officers' Memorandum in

Government Accounting Northern Ireland issued by the
Department of Finance and Personnel.



John Hunter
Accounting Officer
26 June 2006

Statement on Internal Control

1. SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Agency policies, aims and objectives, set by the Department's Minister, 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 (GANI)*.

All relevant internal control considerations, including any issues of risk, are taken into account with regard to the achievement of Agency policies, aims and objectives and where necessary are brought to the attention of the Minister.

Sponsor control arrangements are operated by DFP through a framework document 'BDS Bringing a New Dimension' and which sets out the role of the Minister and the responsibilities of the Chief Executive and Permanent Secretary.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31 March 2006 and up

to the date of approval of the annual report and accounts, and accords with DFP guidance.

3. CAPACITY TO HANDLE RISK

The Agency's capacity to manage risk is established through the risk and control framework and the increasing experience of business managers in the risk management process. The Chief Executive and the Agency Board and the Agency Audit and Risk Committee provide leadership to the risk management process in BDS and also corporately through involvement in the Departmental Advisory Group and the Departmental Audit and Risk Committee.

Guidance/legislation issued centrally is communicated to staff for implementation as appropriate. Where this impacts on the business of the Agency, either as a new requirement or as a change to existing processes, it is considered in the wider context of the Agency business plan and risk register. Where significant, the risk is documented in the risk register and ownership allocated and reviewed on an ongoing basis.

Training in the area of risk management was provided to business managers and this is supplemented by Corporate Services Branch of BDS which:

- Provides ongoing advice on risk management to all managers in the Agency;
- Arranges training for new managers; and
- Acts as the central point for liaison on risk management with Internal Audit.

4. THE RISK AND CONTROL FRAMEWORK

The BDS Risk Management Policy sets out the Agency's methodology for identifying, assessing and managing risk, outlines the key aspects of the risk management process and identifies the reporting procedures. It also details the roles and responsibilities of those involved and reinforces the

inextricable link between risk management and the business planning process. The policy document is endorsed by the Accounting Officer and the Agency Board and is subject to yearly revision, including lessons learned from the previous reporting year.

To ensure that the Agency's risks are being managed, controls at corporate, division and business area level are in place and documented in the Risk Register and Risk and Control Frameworks. A formal review of risks, their management and control, is carried out as follows:

- At Agency Board – quarterly;
- At branch team meetings – quarterly; and
- At Grade 7 business area meetings – monthly.

Details are recorded in the minutes of the relevant meetings. Senior management complete Stewardship statements on a quarterly basis. These provide the vehicle for ensuring the continued maintenance of the Corporate Risk Register.

5. REVIEW OF EFFECTIVENESS

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

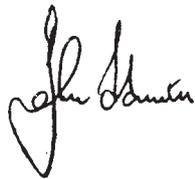
The elements that contribute to the review of the effectiveness of the system of internal control namely:

- Accounting Officer;
- Agency Board;
- Risk Owners;
- Line Management;
- Corporate Services Branch;
- Internal Audit; and
- Yearly Planner

are set out in section 4 of the BDS Risk Management Policy document.

6. SIGNIFICANT INTERNAL CONTROL PROBLEMS

There have been no significant internal control problems.



John Hunter
Accounting Officer
26 June 2006

Business Development Service

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the financial statements of the Business Development Service for the year ended 31 March 2006 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Income and Expenditure Account and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective Responsibilities of the Agency, the Accounting Officer and Auditor

The Agency and Accounting Officer are responsible for preparing the Annual Report and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and the 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 Agency's and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements 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 also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial

transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 41 to 44 reflects the Agency's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Agency'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 only the Foreword, Management Commentary and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of Audit Opinion

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

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

Opinion

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 Agency's affairs as at 31 March 2006 and of the net cost of operations, recognised gains and losses and cashflows 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
- In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



J M Dowdall CB
Comptroller and Auditor General
28 June 2006

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

Income and Expenditure Account

for year ended 31 March 2006

	Notes	2006 £'000	2005 £'000
Income	2	1,325	1,237
 Expenditure			
Staff Costs	4.2	5,824	5,903
Depreciation	8	1,353	1,365
Other Operating Costs	5	4,330	4,181
		11,507	11,449
 Cost of Operations Before Interest		 10,182	 10,212
Interest on Capital Employed	7	115	116
		10,297	10,328
		10,297	10,328

The net cost of operations arises wholly from continuing operations and is administrative in nature.

The notes on pages 52 to 66 form part of these accounts.

Statement of Recognised Gains and Losses

for year ended 31 March 2006

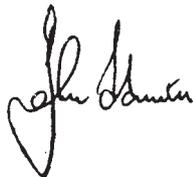
	2006	2005
	£'000	£'000
Unrealised surplus/(deficit) on revaluation of fixed assets	11	26
Recognised gains and losses for the year	11	26

The notes on pages 52 to 66 form part of these accounts.

Balance Sheet

as at 31 March 2006

	Notes	2006 £'000	2005 £'000
Fixed Assets			
Tangible Assets	8	3,211	3,688
Current Assets			
Stocks & Work in Progress	9	25	73
Debtors	10	501	464
		<u>526</u>	<u>537</u>
Current Liabilities			
Creditors – amounts falling due within one year	11	(582)	(824)
Net Current Assets		(56)	(287)
Total Assets less Current Liabilities		<u><u>3,155</u></u>	<u><u>3,401</u></u>
Financed by:			
Capital & Reserves			
General fund	12	2,669	3,308
Revaluation reserve	12	462	60
Donated Asset reserve	12	24	33
Total		<u><u>3,155</u></u>	<u><u>3,401</u></u>



John Hunter
Accounting Officer
26 June 2006

The notes on pages 52 to 66 form part of these accounts.

Cash Flow Statement

for year ended 31 March 2006

	Notes	2006 £'000	2005 £'000
Net cash outflow from continuing operating activities	13.1	7,824	7,811
Capital Expenditure	13.2	<u>495</u>	<u>782</u>
Net Cash outflow before financing		8,319	8,593
Financing	13.3	<u>(8,319)</u>	<u>(8,593)</u>
Increase/decrease in cash		<u>0</u>	<u>0</u>

The notes on pages 52 to 66 form part of these accounts.

Notes to the Accounts

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the 2005–06 *Government Financial Reporting Manual* (FReM) issued by the Department of Finance and Personnel. The accounting policies contained in the FReM follows UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected.

The Agency's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

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 costs.

1.2 Value Added Tax

Apart from VAT which is taken into account for debtors and creditors all the other items in these accounts are exclusive of VAT, which is recoverable on a departmental basis.

1.3 Leased Assets

Rentals payable under operating leases are charged to the Income and Expenditure Account as incurred.

1.4 Fixed Assets

Fixed assets are capitalised at the cost of acquisition and installation and are revalued annually by reference to computer, telecommunications and printing equipment indices compiled by the Office for National Statistics.

The threshold for capitalisation as a fixed asset is as follows:

Information Technology	£500
Office Equipment	£1,000
Printing Equipment	£1,000
Telecommunications Equipment	£5,000

BDS follows DFP's policy and uses 'Britannia' the departmental asset register for recording of information on fixed assets.

The donated asset reserve reflects the net book value of assets which have been donated by other Northern Ireland Departments to BDS.

The Agency does not own the land and buildings in which it operates but incurs notional and actual charges for accommodation costs, which are included in the Income and Expenditure Account.

1.5 Depreciation

Depreciation is provided on fixed assets from the month after they are brought into service, on a straight line basis in order to write off the cost or valuation over their estimated useful lives, as follows:

Personal Computers	3-5 years
Telecommunications Equipment	10 years
Printing Equipment	10 years
Other IT Equipment	3-5 years

1.6 Stocks and Work in Progress

Consumable stocks and work in progress are valued at the lower of cost, or net current replacement cost if materially different, and net realisable value.

1.7 Notional Income and Charges

Notional amounts are charged to the Income and Expenditure Account in respect of services provided by government bodies in order to reflect the full cost of BDS services.

1.8 Interest on Capital Employed

The Income and Expenditure Account bears a non-cash charge for interest relating to the use of capital by the Agency. The basis of the charge is 3.5% of the average capital employed defined as the value of total assets less total liabilities.

1.9 Early Departure Costs

BDS is required to meet the additional cost of liabilities beyond the normal Principal Civil Service Pension Scheme (NI) (PCSPS(NI)) benefits in respect of payments to employees who have retired early. Full provision is made in the accounts for this (see note 4.2).

1.10 Research and Development

Expenditure on research is regarded as part of the continuing operation required to maintain BDS services. The costs are written off as they are incurred.

Expenditure on development in connection with a new service is treated as an operating cost in the year in which it is incurred.

Fixed assets acquired for use in research and development are depreciated over the life of the relevant project or according to the asset category.

2. INCOME

Income represents sales and services provided to the Agency's customers at invoiced amount, net of VAT.

	2006	2005
	£'000	£'000
Services provided during the period	1,325	1,237

The Agency also provides services to other government bodies for which no charge is made and therefore not included as income. These notional sales totalled £10,406,942 (2005: £9,992,225).

3. BUSINESS AREAS ATTRACTING FEES AND CHARGES

	2006	2006	2006	2006	2006
	£'000	£'000	£'000	£'000	£'000
	Full cost	Actual	Notional	Total	Surplus/
	of Service	Income	Income	Income	Deficit
Telecommunications	5,033	556	4,605	5,161	128
Business Consultancy	1,307	84	1,062	1,146	(161)
Training	2,115	65	2,058	2,123	8
Information Systems Services	2,180	60	2,394	2,454	274
Other central business facilities	987	560	287	847	(139)
Net Operating Cost	<u>11,622</u>	<u>1,325</u>	<u>10,406</u>	<u>11,730</u>	<u>110</u>

This information is provided for fees and charges purposes, not for SSAP25 purposes.

4. STAFF NUMBERS AND COSTS

4.1 The average number of whole-time equivalent persons employed during the period, split by business activity, was as follows:

	2005-06 Number of staff			2004-05 Number of staff
	Total	Permanently employed staff	Agency staff	Total
Senior Management	11	11	-	12
Operational Staff	141	132	9	152
Administration	42	42	-	45
IT	45	45	-	45
Total	239	230	9	254

4.2 The costs incurred in respect of these employees were:

	2005-06			2004-05
	£'000	£'000	£'000	£'000
	Total	Permanently employed staff	Agency staff	Total
Salaries and wages	4,708	4,667	41	4,970
Social Security Costs	345	345	-	353
Superannuation Costs	769	769	-	580
Early Retirement Charge	2	2	-	0
Total	5,824	5,783	41	5,903

4.3 Pension Costs

The PCSPS (NI) is an unfunded defined benefit scheme, which produces its own resource accounts, but the Agency is unable to identify its share of the underlying assets and liabilities. The most up-to-date 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 2005-06, employers' contributions of £769,000 were payable to the PCSPS (NI) (2004-05: £580,000) at one of four rates in the range 16.5 to 23.5% of pensionable pay, based on salary bands. These rates have increased from 1 April 2005 as a result of the latest actuarial valuation (the rates in 2004-05 were between 12 and 18%). The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of nil (2004-05: nil) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 % (2004-05: 3-12.5 %) of pensionable pay. Employers also match employee contributions up to 3 % of pensionable pay. In addition, employer contributions of nil (0.8 %) (2004-05: nil, 0.8 %) of pensionable pay, were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Ill-Health Retirement

Three persons (2004-05: 3 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £3,235.41 (2004-05: £4,705.19).

5. OTHER OPERATING COSTS

	2006	2005
	£'000	£'000
Cost of training courses for NICS	879	672
Notional costs (note 6)	1,190	1,248
Non capital equipment costs	395	383
Consultants fees	138	89
Printing costs	88	129
Stationery costs	127	137
General administration costs	114	118
Travel and subsistence	85	109
Telecommunications	466	742
Diminution in value of fixed assets	38	96
Other course fees	297	100
Accommodation actual payments	52	35
Hospitality expenses	67	54
Specialised printing costs	5	3
Telephone	52	47
Computer and office expenses	164	129
Loss on disposal of fixed assets	8	8
Cleaning costs	53	50
Hotel accommodation	82	50
Change in work in progress	30	(18)
	4,330	4,181

6. NOTIONAL COSTS

Certain chargeable services are provided to BDS without the transfer of cash. In addition other costs are added to the accounts in order to reflect the full economic cost of service provision. The amounts included are:

	2006	2005
	£'000	£'000
Services provided by parent department		
Finance	59	58
Personnel and management	120	122
ISU	157	186
Security	53	55
Internal Audit Services	19	18
Other Services	62	234
	<hr/>	<hr/>
	471	673
Other notional costs		
Accommodation	712	568
Audit Services	7	7
	<hr/>	<hr/>
	719	575
	<hr/>	<hr/>
Total	1,190	1,248
	<hr/> <hr/>	<hr/> <hr/>

7. INTEREST ON CAPITAL EMPLOYED

	2006	2005
	£'000	£'000
Interest on total assets less total liabilities	115	116
	<hr/> <hr/>	<hr/> <hr/>

8. TANGIBLE FIXED ASSETS

	Telecoms Equipment £'000	Information Technology £'000	Machinery £'000	Office Equipment £'000	Total £'000
Cost					
At 1 April 2005	6,978	2,293	280	117	9,668
Additions	273	219	-	3	495
Donated assets	-	-	-	-	-
Disposals	(5)	(133)	-	(6)	(144)
Transfers *	-	30	-	-	30
Revaluation	-	-	-	-	-
Indexation	(65)	(17)	(6)	(2)	(90)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	7,181	2,392	274	112	9,959
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation					
At 1 April 2005	4,719	956	211	93	5,979
Charge for the year	795	512	32	13	1,353
Disposals	(5)	(126)	-	(5)	(136)
Transfers	-	6	-	-	6
Re-lifing	(319)	(59)	(8)	(5)	(391)
Indexation	(46)	(9)	(5)	(3)	(63)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	5,144	1,280	230	94	6,748
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net Book Value					
At 1 April 2005	2,259	1,337	69	24	3,689
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	2,037	1,112	44	18	3,211
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

* Transfers relate to transfers of assets within DFP

9. STOCKS AND WORK IN PROGRESS

	2006	2005
	£'000	£'000
Raw materials and consumables	23	41
Work in Progress	2	32
	<u>25</u>	<u>73</u>
	<u><u>25</u></u>	<u><u>73</u></u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£'000	£'000
Debtors	275	245
Prepayments	174	141
VAT	52	78
	<u>501</u>	<u>464</u>
	<u><u>501</u></u>	<u><u>464</u></u>

Included within the debtors balance are the following intra-governmental balances:

	2006	2005
	£'000	£'000
Balances with		
Central government bodies	275	230
Local Authority	-	-
NHS trusts	-	-
Public Corporations	-	-
	<u>275</u>	<u>230</u>
	<u><u>275</u></u>	<u><u>230</u></u>

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

	2006	2005
	£'000	£'000
Creditors	535	676
Accruals	47	148
	<u>582</u>	<u>824</u>
	<u><u>582</u></u>	<u><u>824</u></u>

Included within the creditors balance are the following intra-governmental balances:

	2006	2005
	£'000	£'000
Balances with		
Central government bodies	-	-
Local Authority	-	-
NHS trusts	-	-
Public Corporations	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

12. RECONCILIATION OF MOVEMENT IN RESERVES AND GENERAL FUND

	General Fund	Revaluation Reserve	Donated Asset Reserve	Total
	£'000	£'000	£'000	£'000
At 31 March 2005	3,308	60	33	3,401
Net Parliamentary Grant	8,319	-	-	8,319
Net Cost of Operations	(10,297)	-	-	(10,297)
Notional Charges	1,190	-	-	1,190
Interest on capital	115	-	-	115
Revenue Transfers *	24	-	-	24
Surplus on revaluation of fixed assets	-	11	-	11
Adjustment in respect of Asset re-lifing	-	391	-	391
Donated Assets reserve	10	-	(9)	1
Balance at 31 March 2006	<u>2,669</u>	<u>462</u>	<u>24</u>	<u>3,155</u>

* Transfers relate to transfers of assets within DFP

13. NOTES TO CASH FLOW STATEMENT

13.1 Reconciliation of Net Cost of Operations to Net Cash Flow from operating activities

	2006	2005
	£'000	£'000
Net Expenditure	(10,297)	(10,328)
<i>Adjustments for non-cash transactions</i>		
Amortisation and depreciation	1,353	1,365
Diminution in value of fixed assets	38	96
Loss on disposal of fixed assets	8	8
Notional Charges	1,190	1,248
Interest on capital	115	116
<i>Adjustments for movements in working capital</i>		
(Increase)/Decrease in stocks	48	(22)
(Increase)/Decrease in debtors	(37)	212
Increase/(Decrease) in creditors	(242)	(506)
	<hr/>	<hr/>
Net cash outflow from operating activities	(7,824)	(7,811)
	<hr/> <hr/>	<hr/> <hr/>

13.2 Capital Expenditure and Financial Investment

	2006	2005
	£'000	£'000
Purchase of fixed assets	495	782
	<hr/>	<hr/>
	495	782
	<hr/> <hr/>	<hr/> <hr/>

13.3 Reconciliation of Financing

	2006	2005
	£'000	£'000
Gross Parliamentary Grant - DFP		
Resource Account	9,307	9,613
Accruing Resources applied *	(988)	(1,020)
	<hr/>	<hr/>
Net Parliamentary Grant	<u>8,319</u>	<u>8,593</u>

* The accruing resources applied have been restricted to the amount shown in the Northern Ireland Spring Supplementary Estimates 2005-2006 and the Gross Parliamentary Grant has been adjusted accordingly.

When these accounts were drawn up, the DFP Resource Account for 2005-06 had not been finalised and the final figures for the amount appropriated were not available.

No reconciliation is required for the 2005-06 year.

14. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

At 31 March 2006 there were no capital commitments (2005: nil) and no contingent liabilities (2005: nil).

15. KEY CORPORATE FINANCIAL TARGETS

The Agency's key corporate financial targets were to operate within its funding allocation and to demonstrate that the Agency could meet a full cost recovery programme. The targets were achieved and validated by DFP Internal Audit.

16. REVIEW OF PUBLIC ADMINISTRATION (RPA)

The Agency is satisfied that the going-concern basis for the preparation remains appropriate and therefore the Agency's Accounts do not reflect any provision for liabilities that may arise from the RPA reforms.

17. RELATED PARTY TRANSACTIONS

BDS was an Executive Agency of the Department of Finance and Personnel.

The Department of Finance and Personnel is regarded as a related party. During the year, BDS has had a number of material transactions with the Department and with other entities for which the Department of Finance and Personnel is regarded as the parent Department, viz the Valuation and Lands Agency and the Northern Ireland Statistics and Research Agency.

In addition, the Agency has had a number of material transactions with other government Departments and other central government bodies.

During the year, none of the Agency Board, members of the key management staff or other related parties have undertaken any material transactions with BDS.

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