

NORTHERN IRELAND COURT SERVICE

Annual Report & Resource Accounts



serving the community through the administration of justice

serving the
community
through the
administration
of justice

Northern Ireland Court Service

Annual Report and Resource Accounts 2008-2009

for the year ended 31 March 2009

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Annual Report

1. Director's report

1.1 Basis of Accounts

This is the Annual Report and Accounts for the Northern Ireland Court Service ("the Department") for the financial year ended 31 March 2009. These Statements have been prepared in accordance with directions given by HM Treasury in pursuance of the Government Resources and Accounts Act 2000.

1.2 Establishment of the Northern Ireland Court Service

The Northern Ireland Court Service is the Lord Chancellor's department in Northern Ireland. The Department was established by the Judicature (Northern Ireland) Act 1978 as a "unified and distinct Civil Service of the Crown". Its role is to provide administrative support for the Northern Ireland courts, enforce civil court judgements through the Enforcement of Judgments Office and support the Lord Chancellor in discharging his ministerial responsibilities in Northern Ireland including responsibility for judicial appointments and legal aid.

Further information about the Court Service can be found at www.courtsni.gov.uk.

1.3 Departmental Boundary

The departmental boundary incorporates only the core department of the Northern Ireland Court Service.

During the year the Department held responsibility for the granting of funds to the Northern Ireland Legal Services Commission (NILSC) and the Northern Ireland Judicial Appointments Commission (NIJAC). As executive Non Departmental Public Bodies (NDPBs) the NILSC and the NIJAC are outside the departmental boundary for the purposes of these resource accounts.

The funds invested by the Court Funds Office are specifically excluded from the departmental boundary, in accordance with HM Treasury guidance. Third party monies are similarly excluded.

The NILSC, NIJAC and Court Funds Office each publish their own audited financial statements.

1.4 Departmental Reporting Cycle

The Department is required to prepare an Estimate for HM Treasury in January each year, which details the proposed spending of the Department for the coming financial year. Supplementary estimates are prepared in winter and spring, if required, to take account of any changes during the year.

The main estimate and any supplementary estimates are published each year on the HM Treasury website at www.hm-treasury.gov.uk.

An Annual Report is published by the Court Service each year on www.courtsni.gov.uk/publications.

1.5 Ministers

The Northern Ireland Court Service is the Lord Chancellor's department in Northern Ireland.

The following held ministerial office during 2008-09:

The Right Honourable Jack Straw MP: Minister of Justice (appointed 28 June 2007).

Lord Hunt of Kings Heath OBE Philip Hunt: Parliamentary Under Secretary of State for Justice (appointed 29 June 2007). In the October 2008 government reshuffle, Lord Hunt became Minister of State in both the Department for the Environment, Food and Rural Affairs and the newly created Department of Energy and Climate Change, and also Deputy Leader of the House of Lords after Lady Royall.

The Right Honourable David Hanson MP: Minister of State (appointed 9 May 2007). In the October 2008 government reshuffle, he became responsible for the National Offender Management Service and youth justice.

Marie Eagle MP: Parliamentary Under Secretary of State (appointed 29 June 2007).

Michael Wills MP: Minister of State for Ministry of Justice (appointed 29 June 2007).

Bridget Prentice MP: Parliamentary Under Secretary of State (appointed 9 May 2007).

Lord Bach: Parliamentary Under Secretary of State for Justice (appointed 6 October 2008).

Shahid Malik MP: Parliamentary Under Secretary of State (appointed 4 October 2008).

1.6 Departmental Management Board

The Departmental Management Board meets generally monthly and supports the Director as Head of the Department. It is responsible for reviewing, challenging and providing advice and guidance on the departmental delivery strategies, achievement of departmental objectives and targets, plans and programmes, performance management and governance arrangements.

The composition of the Departmental Management Board during the year was as follows:

D A Lavery	Director NI Court Service
D P Andrews	Head of Publicly Funded Legal Services
J Durkin	Head of Court Operations
G Fee	Head of Criminal Policy and Legislation
L McAlpine	Head of Civil Policy and Legislation
S Broderick	Head of Tribunal Reform
D Thompson	Finance Director
K King	Non-executive Director

Executive members of the Management Board are appointed in accordance with the Civil Service Management Code.

David Thompson is an appointee, recruited via Interchange from PricewaterhouseCoopers LLP.

Kevin King is an independent member of the Management Board.

1.7 Other Committees

The work of the Management Board is supported by two further committees. These are the Finance Committee and the Audit and Risk Management Committee. These committees meet on a quarterly basis with additional meetings being held if required. The Finance Committee is chaired by David Lavery. The Audit and Risk Management Committee was chaired by Kevin King until 18 May 2009 and is now chaired by PJ Fitzpatrick who was appointed on 1 May 2009 as a non-executive Director.

2. Management Commentary

2.1 Principal Aim and Objectives

The Department's vision is:

Serving the community through the administration of justice.

The Department's purpose is:

- to provide administrative support for Northern Ireland courts and judiciary;
- to provide administrative support for tribunals;
- to enforce civil court judgements through the enforcement of Judgements Office; and
- support the Lord Chancellor in discharging his Ministerial responsibilities in Northern Ireland including responsibility for judicial appointments and legal aid.

The Court Service has published a Corporate Plan for 2008-2011 which identifies four key strategic aims as follows:

- delivering responsive customer services
- improving access to justice
- promoting confidence in the justice system
- supporting an independent judiciary

The Corporate Plan 2008-2011 can be found on the Court Service website at www.courtsni.gov.uk/publications.

2.2 Performance in 2008-09

During the year the Court Service delivered its programme of planned activities in support of the delivery of the strategic aims of its Corporate Plan.

Modernising court business

During the year we developed a new Business Modernisation & Customer Service Strategy which sets out the Court Service's vision of how we plan to develop our business until 2010/11 in order to deliver quality, customer-focused services.

The Court Service continues to modernise the way in which court business is transacted to meet the expectations of all court users by seeking opportunities to further exploit our successful technology programmes below:

- Integrated Court Operations System (ICOS) and Causeway;
- Electronic Service Delivery Programme; and
- Courtroom Technology Programme.

In respect of the ICOS Programme, the ICOS Electronic Interfaces Project was successfully extended to enable the secure electronic exchange of information between the Court Service and other public sector organisations.

The Court Service is a partner in the Causeway Programme which will underpin electronic communication and information sharing between the criminal justice agencies in Northern Ireland when fully implemented. The technical solution is currently undergoing rigorous user acceptance test trials and is planned to enter live service later in 2009.

As part of the Electronic Service Delivery Programme we enhanced the Enforcement of Judgments On-line Case Tracking service and conducted Feasibility Studies in respect of providing future Probate and Matrimonial services on-line.

The Courtroom Technology Programme was further progressed during the year with the implementation of new Video Conferencing and evidence display facilities across the province.

Customer Service 2008/09

A three year Business Modernisation and Customer Service Strategy was issued for consultation in early 2009. The strategy sets out the Court Service's vision of how we plan to develop our business until 2010/11 in order to deliver quality customer-focused services.

Key successes of 2008/09 include:

- Achievement of Customer Service Excellence Standard

NICTS are one of the first government bodies to achieve this award in Northern Ireland. This was an exceptional achievement.

The emphasis on customers within the new standard reflects what we, as an organisation, are trying to achieve. We have communicated this to all users via the aim in our corporate plan to deliver responsive customer service.

- Completion of a journey mapping exercise for jurors and small claims users.

Customer journey mapping exercise is the process of tracking and describing all the experiences that customers have as they encounter a service or set of services.

In working towards Customer Service Excellence accreditation, we were required to provide evidence that we had used our knowledge of our customers to identify ways of improving customer service.

Action plans have been developed from the outcome of the journey mapping exercise and the achievement of these will be monitored by Customer Service Board.

- Mystery Shopper

In November 2008, a mystery shopper exercise took place to independently measure performance against customer service standards and organisational values of integrity, openness, professionalism, accountability and fairness.

The results were overall very positive and divisional action plans have been prepared to address any dips in performance.

An action plan for year 2 of the Business Modernisation and Customer Service strategy has been developed. Customer Service Board will monitor action plan progress throughout the year.

Courts Funds Office (CFO)

During the year work continued on the CFO modernisation project, to review all aspects of CFO business policy, practices and operations to ensure a modern, professional, transparent, flexible and cost effective service which meets the specific needs of clients and stakeholders. During the year the following was achieved:

- the award of a contract, following a competitive tendering exercise, for the provision of a client portfolio management service;
- the implementation of an interface with ICOS to process court orders;
- the modernisation of the CFO accounts, with the objective of producing UKGAAP compliant accounts for 2008-09;
- the restructuring of the branch to create a more customer facing service; and
- the re-constitution of a Judicial Liaison Group.

The Enforcement of Judgments Office (EJO)

The EJO, responsible for the recovery of money, goods and property from civil court judgments, continues on its quality improvement programme under the Modernising Government Agenda. In 2007, EJO introduced and implemented an extensive Quality Management System which was accredited under International Organisation of Standardisation 9001:2000 (ISO 9001:2000). Re-assessment against the ISO Standard was completed in December 2008 and EJO again successfully met all aspects of the stringent criteria. The current economic climate continues to have a considerable impact on the work of the EJO. Intake of cases for the recovery of money has increased by almost 90% and cases for re-possession of property are also up by approximately 30%. This of course presents significant challenges to EJO, however with the detailed approach required by ISO and the continued application of the principles of the European Foundation for Quality Management Business Excellence Model; EJO has a solid base to work from. EJO continues to work in cooperation with its partners and customers to continuously improve its effectiveness. This year saw closer cooperation with Citizens Advice Bureau and Housing Rights Service and the introduction of improved means to communicate with users, including new information leaflets.

The Coroners Service

The modernised Coroners Service for Northern Ireland was inspected by Her Majesty's Inspectorate of Court Administration (HMICA) during 2007. HMICA issued a report in October 2007 on the progress made by the Coroners Service since its establishment in April 2006 and recommending 7 areas where continued development could be made. The Coroners Service drew up and implemented an action plan to take forward the recommendations and at the same time issued a Business Review covering the disposal of business between the period of April 2006 to March 2007. To date, the HMICA action plan has been implemented as far as possible and it is due to be revisited by HMICA in 2009/10. These reports may be viewed on the Coroners Service website at www.coronersni.gov.uk.

Tribunal Reform Programme

In April 2008 the Northern Ireland Executive endorsed the continuation of the tribunal reform programme. This programme is focused on the transfer of administrative responsibility for the 13 Northern Ireland departmental tribunals to Court Service.

The Executive asked officials to agree the financial, administrative and human resources arrangements under which this transfer would take place. During 2008/09 we agreed with 6 relevant Northern Ireland departments a framework for the transfer of their tribunals to Court Service addressing the administrative and human resources arrangements. We prepared a robust Outline Business Case setting out the benefits both financial and non-financial of the

reform programme. This has been approved by Department of Finance and Personnel. The process to report back to the Northern Ireland Executive was commenced. This involves briefing the 6 departmental ministers and the relevant Assembly Committees.

Following approval the Court Service plan to transfer the tribunals over a 12–15 months period and co-locate 8 of the smaller tribunals.

The Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI)

During the financial year CICAPNI (the Panel) received a total of 725 appeals which shows a decrease of 134 from last years figure of 859. This number represents an appeal rate of just fewer than 41% of the 1,777 reviewed decisions given by the Compensation Agency during the same period and is an increase of 8% on last year (33%). In the year the Panel processed 832 appeals and out of that number 324 applicants won their appeals thus indicating a successful application rate of approximately 39%. The total value of awards made to the successful applicants amounted to £2,857k. The Panel finished the year with 573 appeals in hand and continues to work closely with the Agency's Presenting Officers Section in order to seek ways of reducing that number. The Panel also provided timely and considered advice to the Secretary of State on matters within the Scheme.

The Panel received 4 applications for judicial review in the financial year which represents a judicial review application rate of less than 0.5% of the total decisions made by the Panel in the year thus indicating the high quality of the decision making of the Panel.

The net costs of operating the panel for the 2008-09 financial year were £701,986 (2007-08 £669,368).

Promoting Confidence in the Justice System

During the year the Court Service worked with colleagues in the Northern Ireland Office (NIO) to facilitate the enactment of the Justice and Security (Northern Ireland) Act 2007 which delivered the Government's commitment to abolish non-jury "Diplock" courts. With a view to making juries in Northern Ireland more representative of society as a whole, we have also progressed plans to widen the jury pool by conducting a review of persons ineligible to perform jury service and those excusable as of right.

The Court Service worked closely with the NIO on reforming sentencing reflected in the draft Criminal Justice (NI) Order currently laid before Parliament. The draft Order introduces extended sentences for public protection for serious cases and a system of release on license for all prisoners which will replace the system of fifty percent remission. The Order also contains provisions designed to update and enhance road traffic law and contains a number of other miscellaneous provisions.

The Service has also been involved in preparation for the possible future devolution of justice functions in Northern Ireland. This has included the identification of those legislative steps necessary to devolve functions from the Lord Chancellor and the Court Service to the Northern Ireland Assembly and the development of policy in relation to devolution of those functions. Developmental work has also been undertaken to establish a framework for the future status of the Northern Ireland Court Service on devolution and on a draft concordat on judicial independence.

The Court Service Outreach Programme coordinates and underpins a commitment to promote and enhance knowledge and understanding about the courts and the wider justice system.

2.3 Financial Position and Results for the Year

Financial Position (Balance Sheet)

The Department's activities are financed mainly by Supply voted by Parliament and financing from the Consolidated Fund.

The Department's Balance Sheet consists primarily of tangible fixed assets totalling £241m. Of this, £237m represents land and buildings; the remainder being information technology assets, furniture and fittings, plant and machinery.

During the year the department expended £6.167m in capital refurbishment and improvement of its property. IT additions amounted to £1.661m primarily as a result of the department's ongoing programme of business modernisation.

Results for the Year (Operating Cost Statement)

The Operating Cost Statement represents the net total administration and programme resources consumed during the year by Request for Resources. The results for the year are set out in the Operating Cost Statement and are as follows:

- Net Operating Costs amounted to £149.9m (2007-08 £138.4m)
- Staff Costs of £22.0m (2007-08 £20.1m)
- Other Administrative Costs of £10.5m (2007-08 £6.7m)
- Gross payments of £142.2m (2007-08 £132.0m) relating to the department's programme activities
- Operating Income of £24.8m (2007-08 £20.5m)

The Department employed an average of 753 (Full Time Equivalent) staff during 2008-09, an increase of three from 2007-08. Accommodation rentals, PFI service charges, and non-cash asset related charges accounted for the majority of other administration costs.

As in previous years, a large portion of the Department's expenditure was allocated to publicly funded legal services, or Legal Aid. The funding of Legal Aid continues to be a pressure on departmental resources. However, the ongoing programme of reform has been designed to address this. The administration of publicly funded legal services is carried out by the Northern Ireland Legal Services Commission (NILSC). The NILSC is an executive Non-Departmental Public Body (NDPB), and subject to the relevant government and accounting guidelines. Details of operational and financial performance of the NILSC can be found on their website at www.nilsc.org.uk. The total grants paid to NILSC in 2008-09 amounted to £87m, approximately 50% of the gross expenditure of the Department.

The Department is also responsible for providing grant in aid funding to the Northern Ireland Judicial Appointments Commission (NIJAC). NIJAC is an executive NDPB and is also subject to the relevant government and accounting guidelines. Further details about the activities of NIJAC can be found on their website at www.nijac.org. The grant in aid paid to NIJAC during 2008-09 totalled £1.5m.

The Department had operating income of £24.8m which was used to support the administration of justice.

Fees from civil court work are included in these financial statements as appropriations in aid (AinA).

It is government policy that the provision of services for civil court proceedings must be self-financing, so the fees earned from this type of work must cover the cost of that provision.

Note 10 shows the level of civil court costs, and the associated income generated. In 2008-09 the recovery level was 99%.

Comparison of Outturn against Estimate (Statement of Parliamentary Supply)

Supply Estimates are a request by the Department to Parliament for funds to meet expenditure. When approved by the House of Commons, they form the basis of the statutory authority for the appropriation of funds and for the Treasury to make issues from the Consolidated Fund. Statutory authority is provided annually by means of Consolidated Fund Acts and by an Appropriation Act. These arrangements are known as the “Supply Procedure” of the House of Commons.

As a government department the Court Service is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans is sought through Supply Estimates presented to the House of Commons.

The Statement of Parliamentary Supply provides information on how the department has performed against the Parliamentary and Treasury control totals against which it is monitored. This information is supplemented by Note 2 which represents Resource Outturn in the same format as the Supply Estimate.

In 2008-09 the Court Service met all of its control totals. At £142.1m the net resource outturn was £3.4m less than the 2008-09 Estimate of £145.5m. The main reasons for this variance were:

- Expenditure on staff costs was under spent by £766K;
- Expenditure on other costs was over spent by £1,461K;
- Expenditure on non cash costs was £1,380k less than the estimate;
- Expenditure on NDPB funded bodies was £85k less than estimate; and
- Income was £228k less than estimated.

A reconciliation of resource expenditure between Estimates, Accounts and Budgets can be found below.

	2008-09 £000	2007-08 £000
Net Resource Outturn (Estimates)	142,050	130,942
<i>Adjustments to additionally include:</i>		
Non-voted expenditure in the OCS	7,880	7,424
Net Operating Cost (Accounts)	149,930	138,366
<i>Adjustments to additionally include:</i>		
Resource consumption of non departmental public bodies	6	2,004
Resource Budget Outturn (Budget)	149,936	140,370
of which		
Departmental Expenditure Limits (DEL)	149,936	140,370
Annually Managed Expenditure (AME)	-	-

It should be noted that the resource consumption of NDPB’s included above is an unaudited figure. The Resource Budget in the Estimate for 2008-09 is £153,468k (2007-08: £149,180k).

Cash Flow Statement

The Cash Flow Statement provides information on how the Court Service finances its ongoing activities. The main sources of funds are from the Consolidated Fund.

The Cash Flow Statement shows a net cash outflow from operating activities of £134.4m (2007-08 £122.5m). The change is mainly due to increased support of the departments NDPBs.

Statement of Operating Costs by Departmental Aim and Objectives

This statement reports expenditure by Departmental objective. The basis of allocation and apportionment of administration and programme expenditure is set out in Note 22.

Pensions and Early Departure Costs

Details about the Department's pensions and early departure costs policies are included in the notes to the accounts. Details of pension benefits and schemes for Board members are included in the remuneration report.

2.4 Business Focus for the future

The organisational aim of the Court Service is supported by the following four strategic aims:

- *Delivering responsive customer services* – the Court service will deliver quality services which meet the needs of our customers.
- *Improving access to justice* – the Court service will work to make the justice system more accessible.
- *Promoting confidence in the justice system* – the Court Service will work to promote confidence in the justice system.
- *Supporting an independent judiciary* – the Court Service will support the Judiciary by providing it with a consistently high quality service.

The Corporate Plan 2008-2011 sets out the programme of work for the Court Service over the next three years and explains how we plan to use the resources, detailed below. The resources agreed in the Comprehensive Spending Review 2007 (CSR 07) are as follows:

	2008-09	2009-10	2010-11
	£'m	£'m	£'m
Resource DEL	132.7	131.9	131.4
Near cash resource DEL	115.0	114.0	113.0
Net administration budget	10.7	10.5	10.2
Capital DEL	7.0	7.4	7.4

The Corporate Plan 2008-2011 can be found on the Court Service website at www.courtsni.gov.uk/publications.

2.5 Principle risks and uncertainties

Devolution

The Court Service is working closely with the Northern Ireland Office and the devolved administration to ensure it is in a position to devolve its justice responsibilities as soon as the Northern Ireland Assembly so resolve and Parliament approve.

Work has also been ongoing on other legislative, governance and practical arrangements which will be necessary to the devolution of policing and justice.

2.6 Coroners and Justice Bill

During the year the Court Service worked with the Ministry of Justice to include within The Coroners and Justice Bill discrete provisions relating to the Coroners Service in Northern Ireland. These include enhancing the powers exercisable by Coroners in securing the attendance of witnesses at an inquest and the extension of the Northern Ireland Coroners jurisdiction to investigate deaths that occur.

2.7 Rights of Audience

The Court Service has been working with the Department of Finance and Personnel on provisions in the Legal Complaints and Regulation Bill to extend solicitors rights of audience in the higher court tiers in Northern Ireland. If approved by the Assembly the new provisions will enable solicitors registered with the Law Society of Northern Ireland as solicitor advocates to be given extended rights of audience before the High Court and Court of Appeal. The Bill will be published for full consultation later this year.

2.8 Public Interest and Other matters

2.8.1 Employment of Disabled Persons

The Department follows the Civil Service Code of Practice on the Employment of Disabled People that aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement in the Department is based solely on ability, qualifications and suitability for the post.

The Department has in place a Code of Practice on the Employment of People With Disabilities and a Good Practice Guide for Managers. A Disability Liaison Officer has been designated to support people with disabilities in their employment. The Department aims to ensure that people with disabilities have equality of opportunity and fair participation in all aspects of their employment, and that discrimination does not take place.

Following the introduction of two new disability duties for public authorities in June 2007 the Court Service issued a Disability Action Plan for the period 2007-09. The Plan details the actions we have already taken and future plans to:

- I. Promote positive attitudes towards disabled people; and
- II. Encourage the participation of disabled people in public life.

2.8.2 Equal Opportunities and Diversity

The Department is an equal opportunities employer. Policies are in place to guard against discrimination, ensure compliance with legal requirements and aim to ensure that there are no unfair or illegal discriminatory barriers to employment and advancement in the Department. The Department employs a designated Diversity Officer who has responsibility for promoting awareness of diversity and equality policies, monitoring the uptake of policies and conducting regular reviews of workforce composition. The role includes acting as an inter-departmental liaison officer with the Cabinet Office and the Northern Ireland Home Civil Service Network.

The Department has in place an Equal Opportunities Policy which guards against discrimination in employment, a Diversity Strategy, which values difference and an Equality Scheme which ensures that all 9 groups contained in Section 75 of the Northern Ireland Act 1998 are protected.

An Employment Equality Plan has been put in place to draw together all the proposed activity, which will take place in relation to these policies within the life of the corporate plan. The Equal Opportunities policy states that there shall be no discrimination against staff on grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or background. Employment and promotion are based solely on merit. Staff who work reduced hours are assessed on exactly the same basis as those working full time. A Dignity and Harmony at Work policy is in place and provides systems and procedures to enable and support staff to challenge harassment and bullying.

2.8.3 Employee Involvement

The Department attaches considerable importance to ensuring the involvement of employees in delivering its aims and objectives. The Whitley Council within the Court Service provides the means for communication and negotiation with Trade Union Side. The Whitley Executive Committee meets quarterly and is chaired by the Head of Operations. The vice-chairperson is appointed by Trade Union Side.

In addition to using the Whitley forum for communication with staff, a central focus of the development and review of policy within the department includes staff consultation. This is achieved through policy review focus groups to which staff may nominate themselves.

A Workplace Health Committee meets throughout the year to discuss health and safety matters of concern to staff and management.

The Court Service has a well established internal communications system, which meets the requirements of the Information and Consultation of Employees Regulations (NI) 2005, which includes for example team briefing sessions, focus groups, the staff handbook, staff notice board, intranet site, staff notices and staff attitude surveys. The departmental magazine of the Court Service, "Open Court" is circulated quarterly to all members of staff.

2.8.4 Payment within 30 calendar days

The Department seeks to comply with the "The Better Payments Practice Code" for achieving good payment performance in commercial transactions. Further details regarding this are available on the website www.payontime.co.uk. Under this Code, the policy is to pay bills in accordance with contractual conditions or, where no such conditions exist, within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. The prompt payment results for 2008-09 showed that 98.17% (2007-08: 98.02%) of invoices were paid in accordance with the terms of the standard.

2.8.5 Payment within 10 workings days

The Prime Minister's statement of 8 October 2008 set a challenge to Government Departments to pay suppliers as soon as possible, with the aim of bringing forward all payments to within 10 days. Following the guidance issued by Sir Gus O'Donnell on 17 November 2008, the Department is in the process of revising internal timescales for the processing and payment of invoices.

2.8.6 Auditors

The financial statements are audited by the Comptroller and Auditor General (C&AG) in accordance with the Government Resources and Accounts Act 2000. He is head of the National Audit Office. He and his staff are wholly independent of the Northern Ireland Court Service, and he reports his findings to Parliament.

The audit of the financial statements for 2008-09 resulted in an audit fee of £54,000 (2007-08: £45,850), £47,000 of which relates to the year end audit and £7,000 relates to the audit of the restatement of 31 March 2008 balances onto an International Financial Reporting Standards (IFRS) basis. This fee is included in non staff administration costs, as disclosed in Note 8 to these accounts. The C&AG did not provide any non-audit services during the year.

2.8.7 Directorships and other significant interests

A register is maintained by the Court Service that includes details of company directorships and other significant interests held by Board members which may conflict with their management responsibilities. This register is available for public inspection upon request.

2.8.8 Sustainability report

The Northern Ireland Court Service is committed to aligning itself with the NI Executive's policy on sustainable development as set out in the Northern Ireland Sustainable Development Strategy. The Northern Ireland Court Service strives in its day to day activities towards maintaining the best possible environmental performance. An Environmental Policy is currently being drafted and it is hoped that this will be ratified and published early 2010.

In the interim the Northern Ireland Court Service key targets are:

- To reduce energy consumption and increase the use of energy from renewable sources;
- To reduce, re-use, recycle and compost, and to cut the amount of waste going to landfill; and
- To ensure that where appropriate procurement contracts contribute to wider government sustainable development targets.

2.8.9 Community Programmes

The Court Service Outreach Programme coordinates and underpins a commitment to promote and enhance knowledge and understanding about the courts and the wider justice system.

During 2008/09 the Court Service organised a wide range of educational and community based activities throughout Northern Ireland including a range of court visits tailored to meet the needs of schools, colleges, community groups and the general public. We facilitated 46 school visits and 74 work placements this year, as well as 5 Duke of Edinburgh group visits across the province.

The National Magistrates' Court Mock Trial Competition is a highlight of the Court Service's Outreach programme. Each year it involves 4,500 young people throughout England, Wales and Northern Ireland, and 800 magistrates and other legal professionals. The Northern Ireland heats of this Competition (2008/09) were hosted by the Court Service in Laganside Courts on 28 March 2008. This event provides young people with an excellent opportunity to gain a better knowledge and understanding of the justice system in an exciting and innovative way. This was filmed by the BBC and will subsequently be circulated to all schools in NI and posted on Education Online.

The Court Service supported Criminal Justice Week (week commencing 30 March 2009) by inviting local schools to attend themed open days at 2 court venues. The events were themed around 'Witnesses in Court' and were aimed at primary school children – designed to highlight the role of witnesses in the court proceedings.

One event was also filmed by North Eastern Education and Library Board TV (NEELBTV), and circulated to all schools and posted on Education Online.

Our Community Programmes take place under a number of different themes. Below are major themes which the Court Service has developed programmes within which members of the community may be able to get involved.

- Education Online
This programme provides teachers, Key Stage 3 & 4 pupils and primary school children with a simple guide to how criminal courts work. Downloads and teaching aids in this programme are designed to support the teaching of the citizenship module in schools.
- Outreach
The Court Service has a diverse programme of court visits and events which take place in courthouses right across Northern Ireland. Following the principles set out in the Criminal Justice Review our Outreach Programme strives to promote understanding and involvement.
- Heritage
The Northern Ireland Court Service recognises and accepts the responsibility bestowed upon it and is proud to conserve the buildings and their settings, for your interest and for the benefit of future generations. By taking our heritage tour you can learn about seven of our courthouses, including four listed buildings and Laganside Courts.
- Corporate Social Responsibility
During 2009/10, the Court Service will implement a Corporate Social Responsibility strategy, which will bring together the Court Service's work in the areas of the Community, the Environment, and the Workplace. This will outline our key goals and targets, and include a year one action plan.

Further information on the above can be found on www.courtsni.gov.uk.

2.8.10 Environmental Issues

The Court Service is currently developing an environmental strategy which will be issued in 2009/10.

2.8.11 Personal Data Related Incidents

The Court Service have given consideration to Cabinet Office guidance on Report of Personal Data Related Incidents. The guidance requires that 'a summary of incidents report' to the Information Commissioner's Office and the number of incidents recorded by the Department, but not required to be reported, to be disclosed in the Annual Report and Resource Accounts of the Department. The Court Service are content that there are no such incidents. The Court Service report any incidents which they feel fall under this guidance to the Cabinet Office and Information Commissioner's Office immediately.

2.8.12 Managing Attendance

Stringent targets have been set to reduce the sickness absence rate for Departmental staff. The actual rate of sickness absence for 2008/09 was 9.2 days absence. This compared to 10.4 days absence in 2007/08. Whilst the sickness absence targets are challenging, there is a range of policies and procedures in place, which reflect best practice in both the public and private sector to ensure that staff are afforded every opportunity of getting back to good health and into the workplace as quickly as possible.

2.9 Other

International Financial and Reporting Standards adoption

Currently public sector finance is experiencing considerable changes due to the mandatory implementation of International Financial Reporting Standards (IFRS).

Although IFRS will allow for greater understanding, consistency, comparability, and quality of financial statements and reports worldwide, it will result in significant change to existing financial reporting, primarily through longer and more detailed disclosures, for those in the public sector.

The NI Court Service is currently in its final stage of preparations for the move to IFRS and it is anticipated that the 2009/10 Resource Accounts will be produced on an IFRS basis in line with HM Treasury deadlines.

The move to IFRS will result in a number of changes to accounting treatments within NI Court Service Resource Accounts. Early indications are that the Resource Accounts will be adjusted for the following:

- *An Employee Benefit Accrual*

In the move to IFRS the NI Court Service will be required to adopt IAS 19 relating to the treatment of Employee Benefits. Under IAS 19 when an employee has rendered a service to an entity during an accounting period, the entity is required to recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

NI Court Service 2009/10 Resource Accounts will therefore be adjusted for the recognition any annual and flexi leave accrued by employees but not paid in the 2009/10 financial year.

- *The capitalisation of a PFI contract which is currently off balance sheet*

In the move to IFRS the NI Court Service will be required to adopt IFRIC 12, IAS 17 and IAS 16 relating to the treatment PFI Contracts. NI Court Service 2009/10 Resource Accounts will be adjusted for the capitalisation of a PFI contract which is currently of balance sheet.

Integrated Court Operations System

The continuing development of the Department's Integrated Court Operations System (ICOS) has again been to the forefront of the activities of the finance department over the year. Finance staff have been involved in helping to ensure that appropriate financial controls and interfaces were incorporated into the new system. This collaborative approach to system development was a priority to ensure the accuracy of the financial outputs. As well as improving the efficiency of case management, ICOS facilitates the payment of fees and fines at any court location throughout Northern Ireland.

Court Funds Office

Through the Court Funds Office, the Department administers a banking and investment service for funds deposited in court. Examples of the types of funds include monies held for minors, certain assets of some mental health patients, and payments in court in satisfaction of a claim. A formal review of administrative and investment processes has commenced with the objective of improving the efficiency and effectiveness of this service. The performance of these funds is outside the departmental boundary and further details may be found in the published white paper accounts for Funds in Court in Northern Ireland.

Environmental Liabilities

At the year-end there were no potential environmental liabilities. The Court Service had no contracted capital commitments as detailed in Note 23 to these accounts.

Disclosure to Auditor

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

3. REMUNERATION REPORT

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

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;
- 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.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Staff are appraised annually against a set of competencies and individually targeted objectives. Bonuses, which form only a small percentage of total salaries, are the only form of remuneration subject to performance conditions.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Salary and pension entitlements

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

Remuneration (audited)

The Department is not responsible for the remuneration of any ministers. Ministerial salaries are accounted for in the financial statements of the Ministry of Justice.

Name and Title	2008-09		2007-08	
	Salary £000	Benefits in Kind (nearest £100)	Salary £000	Benefits in Kind (nearest £100)
Mr DA Lavery Director	120-125	-	115-120	-
Mr D P Andrews Head of Publicly Funded Legal Service	70-75	-	65-70	-
Ms J Durkin Head of Court Operations	70-75	-	70-75	-
Ms G Fee Head of Criminal Policy and Legislation	55-60 (65-70 full year equivalent)	-	5-10 (65-70 full year equivalent)	-
Mr G Keatley Head of Division	60-65	-	60-65	-
Ms HL McAlpine Head of Civil Policy and Legislation	85-90	-	80-85	-
Ms S Broderick Head of Tribunal Reform	55-60 (65-70 full year equivalent)	-	50-55 (60-65 full year equivalent)	-
Mr HA Hunter (<i>Seconded to NIJAC</i>) (<i>until 30 September 2007</i>)	-	-	35-40 (65-70 full year Equivalent)	-
Mr K King Non Executive Director	5-10	-	10-15	-

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 allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Department and thus recorded in these accounts.

Kevin King, non-executive director, supplies his services under the terms of a contract, which commenced on 7 October 2004. He is remunerated by way of a daily attendance fee. As non-executive director, there are no entitlements to pension or other contributions from the Court Service.

David Thompson, Finance Director is an appointee, recruited via Interchange. PricewaterhouseCoopers LLP (PwC) supply his services under the terms of a contract, which commenced 5 March 2007. PwC are remunerated by way of a daily attendance fee. There are no entitlements to pension or other contributions from the Court Service. The total amount paid to PwC in 2008-09 for the services of David Thompson was £192,775.

Benefits in kind

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

Pension Benefits (audited)

Name and title	Accrued Pension at age 60 at 31 March 2009 and related lump sum £000	Real increase/ (decrease) in pension and related lump sum at age 60 £000	CETV at 31 March 2008* £000	CETV at 31 March 2009 £000	Real increase/ (decrease) in CETV £000	Employer contribution to partnership pension account Nearest £100
Mr DA Lavery Director Northern Ireland Court Service	35-40 plus 110-115 lump sum	0-2.5 plus 0-2.5 lump sum	671	739	6	—
Mr D P Andrews Head of Public Funded Legal Services	20-25 plus 65-70 lump sum	0-2.5 plus 0-2.5 lump sum	318	351	4	—
Ms J Durkin Head of Court Operations	20-25 plus 60-65 lump sum	0-2.5 plus 0-2.5 lump sum	258	286	5	—
Ms G Fee Head of Criminal Policy and Legislation	10-15 plus 35-40 lump sum	0-2.5 plus 2.5-5 lump sum	154	188	20	—
Mr G Keatley Head of Division	30-35 plus 90-95 lump sum	(0)-(2.5) plus (0)-(2.5) lump sum	645	680	(17)	—
Ms HL McAlpine Head of Civil Policy and Legislation	20-25 plus 65-70 lump sum	0-2.5 plus 0-2.5 lump sum	308	339	3	—
Ms S Broderick Head of Tribunal Reform	5-10 plus 25-30 lump sum	0-2.5 plus 0-2.5 lump sum	111	127	5	—

* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension 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, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings 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. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with

2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is updated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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 panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Cash Equivalent Transfer Values

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

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



D A Lavery
Accounting Officer
26 June 2009

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Northern Ireland Court Service ('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 and of its 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 HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in *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.

HM Treasury has appointed the Director of the Northern Ireland Court Service, being the Permanent Head of 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 the 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 HM Treasury and published in the *Managing Public Money*.

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Ireland Court Service'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 Managing Public Money. As Accounting Officer for the sponsoring department of the NI Legal Services Commission (NILSC) and the NI Judicial Appointments Commission (NIJAC), I have designated their Chief Executives as Accounting Officers. The relationships between the Court Service and the NILSC and NIJAC have been formalised in agreed management statements and financial memorandums.

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 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 Northern Ireland Court Service for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The Court Service is committed to the principles of risk management as an integral part of the work of the Department at all levels and forms a central element of its corporate governance arrangements. Risk management is championed by the Finance Director with Management Board owning the overall risk management framework. Divisional Heads are responsible for ensuring the management systems in their area are robust for accountability, critical challenge and oversight of risk.

Risk management is considered formally at Management Board meetings through the review of the Corporate Risk Register and Corporate Plan monitoring reports. These reports include a section on attendant risks thus ensuring that risk management has been incorporated into the corporate planning and decision-making processes of the Department. Risk management also constitutes a standing item on Branch and Divisional meeting agendas.

A revised Risk Management Policy has been implemented and Risk Coordinators have been appointed across the Department who are responsible for promoting, supporting and coordinating risk management in their business areas. A tailored risk management training package has been rolled out to staff at all levels, which includes all risk coordinators and Heads of Division, and is based on Treasury guidance and advice on best practice.

Training material appropriate to authority levels and duties has been provided to staff as part of the training package. Continued support and guidance is facilitated through the Planning and Performance Management Team whose role is to support risk management arrangements. The Planning and Performance Management Team continues to review and develop the Department's risk management skills by keeping up to date with significant risk developments and in the development of a risk management handbook which is compliant with Treasury 'Orange Book' guidance and is due to be issued during 2009/10.

The risk and control framework

Risks are considered in tandem with objectives at all levels in the organisation and formally reported on Branch, Divisional and Corporate Risk Registers. The risk process is compliant with Treasury 'Orange Book' guidance which sets out 5 key stages.

Risks are primarily identified through risk identification workshops and are assessed in terms of their probability of occurrence and impact on the achievement of objectives, and scored and reported on accordingly.

Responsibility for the management of each risk is assigned to a risk owner and recorded on the risk register, along with controls in place to mitigate the risk, or action plans in place in order to enhance the level of control.

Risk Registers are formally reviewed on a quarterly basis and documentation updated accordingly as a result of the implementation of actions planned. The updated risk registers record any movement of risks in terms of impact and probability of occurrence from one period to another and this enables an appreciation of how the risk has changed over time.

Updates on corporate risks are formally reported quarterly to Management Board where the Board will collectively review, recommend and pursue actions in place to manage the risks. The corporate risk appetite is set by Management Board and used as a starting point for setting levels of risk tolerance down the Department. Managers and Heads of Division escalate risks to the next level of management which have exceeded specific risk appetites.

Our Information Risk Policy supplements our corporate approach to risk management and encourages staff and managers to consider information as assets, supported by the compilation of Information Asset Registers. Therefore, information assets are subject to the risk management processes outlined above. In support of that process, the Information Risk Policy requires Information Asset Owners to provide written assurance to the Senior Information Risk Owner that any information assets within their business areas have been subject to the minimum measures mandated by the Cabinet Office in June 2008 and the policies and procedures of the Northern Ireland Court Service. Additionally, the Northern Ireland Court Service continues to be accredited to ISO27001, the information security standard. Notwithstanding the above, we continue to monitor and review our approach to information risk management.

The Audit and Risk Management Committee is responsible for the maintenance and development of the risk management and review processes through, for example, ensuring compliance with the quarterly review points, biannual formal stewardship reporting in order to ensure continued alignment with planning and monitoring at corporate, divisional and branch level. In challenging the risks identified by executive management the Committee ensures that there is ongoing consideration of the impact of both external and internal initiatives in the planned work for the Department.

Risk management is integrated into the activities of the Department through linking risk directly to the achievement of objectives, visible sponsorship and support from senior management, implementation of revised risk management policy bringing an approach consistent with best practice, inclusion of the risk management and review of key risks on the Board agenda as well as divisional and branch level, a standardised hierarchical suite of risk registers and revised risk documentation, inclusion of risk management responsibilities in job descriptions, and support and provision of guidance on risk issues from the Planning and Performance Management Team.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. The Board receives regular reports from the Audit and Risk Management Committee concerning internal control, risk and governance. At the end of the reporting period, Heads of Division reviewed the stewardship statements completed by Business Managers in order to create a series of divisional statements from which I have been able to take assurance in respect of the management of risk and the achievement of objectives.

The Department's Risk and Assurance Branch operates to the Government Internal Audit Standards. It submits regular reports, including an independent opinion by the Head of Risk & Assurance on the adequacy and effectiveness of the Department's system of risk management, control and governance.

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 Northern Ireland Court Service 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. The review processes outlined ensure that there is continuous improvement in the system of internal control.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit & Risk Management Committee and a plan to address any weaknesses and to ensure continuous improvement of the system is in place.

During 2008/09 a review of the EJO accounting system was carried out. A number of significant weaknesses in the operation of the accounting system were highlighted, notably a failure to effectively reconcile system records with the bank account and a range of administrative and supervisory weaknesses. An unacceptable level of assurance was given. An action plan to address the weaknesses was agreed at the conclusion of the review and management are progressing the implementation of the recommendations. A formal follow-up review will be carried out in 2009/10.

An audit review of the Gifts and Hospitality policy was carried out during the year. Weaknesses in the central monitoring processes were identified and a limited assurance rating was awarded. Subsequent to the report issuing, the Court Service has implemented more robust monitoring procedures and a follow-up review is planned for 2009/10.

A review of contract management procedures was carried out by Pricewaterhouse Coopers LLP and highlighted a number of weaknesses; recommendations to enhance controls are being implemented by management. This area will be reviewed again in 2009/10.

I have continued to work closely with the Northern Ireland Legal Services Commission (NILSC) to assist the NILSC to improve its financial management regime. The joint Northern Ireland Court Service / NILSC Financial Management Oversight Board meet regularly throughout the year to coordinate a range of activities to assist the NILSC in progressing various initiatives to improve its financial management. During the year progress was made on the production of Annual Accounts and the development of a more robust forecasting process. The NILSC financial statements for 2003/04 and 2004/05 were certified during the year. The work led by the Financial Management Oversight Board has informed discussions with HMT which secured a significant injection of funding during the year.

The arrangements I put in place for the Northern Ireland Court Service to provide the NILSC with a senior accountant who is the NILSC's Director of Finance, supported by a range of accountants and technical consultancy support continued throughout the year.

The NILSC's internal auditors have undertaken a comprehensive programme of reviews of operational and financial systems. The majority of these projects have provided only limited assurance and have highlighted a range of weaknesses, due to either the absence of or non compliance with key controls.

During the year a Landscape Review of the NILSC was published together with the NILSC's detailed Action Plan which it is implementing.

The PSNI investigation into circumstances surrounding the acceptance of hospitality by two Court Service officials at the invitation of a prominent contractor concluded during the year and the Director of Public Prosecutions ordered that there should be no prosecution. The independent investigation into these events is proceeding and will reach its conclusion in the course of the incoming year.

Pending the outcome of the independent investigation the two officers remain on precautionary suspension.

A handwritten signature in black ink, appearing to read "David A. Lavery", with a horizontal line underneath the name.

D A Lavery
Accounting Officer
26 June 2009

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Northern Ireland Court Service for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. 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 2000 and HM Treasury directions made thereunder and Article 8(4) (a) (iii) of the Criminal Injuries Compensation (Northern Ireland) Order 2002 and directions made thereunder by the Secretary of State for Justice 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 HM Treasury directions issued under the Government Resources and Accounts Act 2000 and directions made by the Secretary of State for Justice under Article 8(4) (a) (iii) of the Criminal Injuries Compensation (Northern Ireland) Order 2002. I report to you whether, in my opinion, the information which comprises the Director's Report and the Management Commentary (excluding the Comparison of Outturn against Estimate section), 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 Parliament 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 explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with HM Treasury'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 unaudited part of the Remuneration Report and the Comparison of Outturn against Estimate section. 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 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.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury and Article 8(4) (a) (iii) of the Criminal Injuries Compensation (Northern Ireland) Order 2002 and directions made thereunder by the Secretary of State for Justice, of the state of the Department's affairs as at 31 March 2009, 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 HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information which comprises the Director's Report and the Management Commentary (excluding the Comparison of Outturn against Estimate section), 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 Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

11 July 2009

Statement of Parliamentary Supply

Summary of Resource Outturn 2008-09

		Estimate			Outturn			2008-09 £000 Net Total outturn compared with Estimate: saving/ (excess)	2007-08 £000 Outturn
	Note	Gross Expenditure	A-in-A	Net Total	Gross Expenditure	A-in-A	Net Total		Net Total
Request for Resources 1	2	170,514	(25,000)	145,514	166,822	(24,772)	142,050	3,464	130,942
Total Resources	3	170,514	(25,000)	145,514	166,822	(24,772)	142,050	3,464	130,942
Non-operating cost A in A		-	-	-	-	-	-	-	-

Net cash requirement 2008-09

	Note	Estimate	Outturn	2008-09 £000 Net Total outturn compared with estimate: saving/ (excess)	2007-08 £000 Outturn
Net cash requirement	4	138,763	133,380	5,383	116,787

The notes on pages 36 to 63 form part of these accounts

Summary of income payable to the Consolidated Fund.

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

	Note	Forecast 2008-09 £000		Outturn 2008-09 £000	
		Income	Receipts	Income	Receipts
Excess appropriations-in-aid		-	-	-	-
Court imposed fines		5,150	<i>5,150</i>	6,092	6,092
Externally imposed fines				1,906	1,906
Other miscellaneous		350	<i>350</i>	254	254
	5	5,500	5,500	8,252	8,252

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

The Department accepts payment for fines imposed in the Magistrates and Crown courts for onward transmission to the Consolidated Fund. Fines imposed in court can be cleared either by payment or by means other than payment, including committal to prison. Fines are deemed to be outside the scope of the Department's activities until paid. On collection of fines the receipts are accounted for as a creditor to the Consolidated Fund until paid over. For 2008-09, the balance of fines outstanding was:

Court imposed Fines	£000
Balance at 1 April 2008	7,904
Amounts imposed	8,295
Fines cleared by payment	(6,092)
Fines cleared by means other than payment	(2,552)
Balance at 31 March 2009	7,555

Operating Cost Statement for the year ended 31 March 2009

				2008-09	2007-08
				£000	£000
	Note	Staff Costs	Other Costs	Income	
Administration Costs					
Staff costs	7	5,663			4,883
Other administration costs	8		10,533		6,709
Operating income	10			(24,772)	(20,477)
Programme Costs					
Staff costs	7	16,327			15,264
Programme costs	9		142,179		131,987
Income				-	-
Totals		21,990	152,712	(24,772)	138,366
Net Operating Cost	3 & 11			149,930	138,366

Statement of Recognised Gains and Losses for the year ended 31 March 2009

	2008-09	2007-08
	£000	£000
Net gain on revaluation of tangible fixed assets	31,693	14,190
Recognised gains and losses for the financial year	31,693	14,190

The notes on pages 36 to 63 form part of these accounts

Balance Sheet
as at 31 March 2009

	Note	2008-09 £000	2007-08 £000
Fixed Assets:			
Tangible assets	12	241,277	210,763
Intangible assets	13	53	65
		<u>241,330</u>	<u>210,828</u>
Debtors falling due after more than one year		-	-
Current assets:			
Debtors	14(a)	6,377	4,527
Cash at bank and in hand	15	3,913	8,996
		<u>10,290</u>	<u>13,523</u>
Creditors (amounts falling due within one year)	16(a)	(17,021)	(20,555)
Net current assets		<u>(6,731)</u>	<u>(7,032)</u>
Total assets less current liabilities		234,599	203,796
Creditors (amounts falling due after more than one year)	16(a)	(21,727)	(22,816)
Provisions for liabilities and charges	17	(5,210)	(3,133)
Pension liability	18	(367)	(367)
		<u>207,295</u>	<u>177,480</u>
Taxpayers' equity:			
General fund	19	65,509	67,387
Revaluation reserve	20	141,786	110,093
		<u>207,295</u>	<u>177,480</u>



D A Lavery
Accounting Officer
26 June 2009

The notes on pages 36 to 63 form part of these accounts

Cash Flow Statement
for the year ended 31 March 2009

	Note	2008-09 £000	2007-08 £000
Net cash outflow from operating activities	21(a)	(134,355)	(122,452)
Capital expenditure and financial investment	21(b)	(6,905)	(1,759)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	5	8,252	10,456
Payments of amounts due to the Consolidated Fund		(7,470)	(10,881)
Financing	21(d)	135,395	130,441
(Decrease)/Increase in cash in the period	21(e)	(5,083)	5,805

The notes on pages 36 to 63 form part of these accounts

Statement of Operating Costs by Departmental Aim and Objectives
for the year ended 31 March 2009

Aim	2008-09			2007-08		
	Gross	Income	£000 Net	Gross	Income	£000 Net
Objective 1	15,129	148	14,981	13,591	195	13,396
Objective 2	2,975	521	2,454	3,148	612	2,536
Objective 3	56,805	24,103	32,702	61,074	19,670	41,404
Objective 4	11,778	-	11,778	-	-	-
Publicly funded legal services	88,015	-	88,015	81,030	-	81,030
Net operating Costs	174,702	24,772	149,930	158,843	20,477	138,366

Objectives 2008-09

Objective 1	To modernise court business
Objective 2	To improve access to justice
Objective 3	To promote confidence in the justice system
Objective 4	To support an independent judiciary

See Note 22

The notes on pages 36 to 63 form part of these accounts

Note: The Departmental Aim and Objectives for 2008-09 are published in the Corporate Plan 2008-2011 which can be found on the Court Service website at www.courtsni.gov.uk/publications.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

1.0 Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2008–2009 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the FReM follow UK 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 Costs by Departmental Aim and Objectives* and supporting notes analyse 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 Department'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.

1.2 Basis of Consolidation

These accounts incorporate the core activity of the Department.

The Department sponsors two executive non-departmental public bodies (NDPB's). These are the Northern Ireland Legal Services Commission (NILSC) and the Northern Ireland Judicial Appointments Commission (NIJAC). These have been excluded from the Departmental boundary for the purposes of these resource accounts.

The NILSC was established on 1 November 2003 to operate the legal aid system, a function previously performed by the Legal Aid Department (LAD).

The NIJAC was established on 15 June 2005 to reform the system for the appointment of members of the judiciary and tribunals.

The funds invested by the Court Funds Office (Funds in Court) are specifically excluded from the departmental accounts following HM Treasury guidance. Third party monies are similarly excluded. The funds held on behalf of third parties by the Court Funds Office are included in Note 31.

Financial information about the Northern Ireland Legal Services Commission, the Northern Ireland Judicial Appointments Commission and the Funds in Court may be obtained from their separately published annual accounts.

1.3 Tangible Fixed Assets

The Department holds title to the freehold and leasehold land and buildings shown in the accounts.

Freehold and leasehold land has been included within the balance sheet on the basis of open market value for existing use. Due to the specialised nature of courthouses they are included within the balance sheet at depreciated replacement cost. Other buildings are included within the balance sheet on the basis of existing use value. Land and buildings surplus to requirements are valued on the basis of open market value less any directly attributable selling costs. Antiques are professionally valued every five years and were revaluated at the 31st March 2009 by Hugh Boyd BSc (Econ.) M.I.P.A.V. All other assets are included at depreciated replacement cost.

Professional valuations of land and buildings take place at least once every five years in accordance with FRS 15 and appropriate indices are applied to revalue in intervening years. Land and buildings were valued by the Land and Property Service (LPS) of the Department of Finance and Personnel at 31 March 2009.

Other tangible fixed assets have been stated at their value to the business by reference to Office of National Statistics (ONS) indices. The indices for other tangible fixed assets were obtained from ONS MM17 Price Index Numbers for Current Cost Accounting as at March 2009.

Assets costing more than the prescribed capitalisation level of £1,000 are treated as capital assets.

1.4 Intangible Fixed Assets

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred. Software licences are amortised over the shorter of the term of the licence and the useful economic life.

1.5 Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point at which the asset is brought into use. A further adjustment is made for any backlog depreciation arising from the Treasury requirement to value fixed assets by reference to current costs. No depreciation is provided on freehold land since it has unlimited or very long estimated useful life.

Useful lives are normally in the following ranges:

Land	- Freehold	Not depreciated
	- Leasehold	Not depreciated
Buildings	- Freehold	Individually assessed
	- Leasehold	Period of lease
Furniture and Fittings		10 years
Plant and machinery		5 years
Computer equipment		3-7 years
Intangible Assets – Software licences		3 years
Computer Software		3 years
Motor vehicles		3 years
Antiques (non-operational)		Not depreciated

Additions to fixed assets will be depreciated from the month of acquisition. Disposals from fixed assets will not be depreciated in the month of disposal.

Antiques (non-operational) are included in the Furniture & Fittings section in the Fixed Asset note.

1.6 Stocks

Stocks of consumable stores held by the Department are not considered material and are written off in the operating cost statement as they are purchased.

Assets seized by the Enforcement of Judgments Office are not included in stocks on the basis that they are not owned by the Department, but are held for resale in settlement of third party creditors. Third party assets held by the Enforcement of Judgments Office at the year-end are disclosed in Note 31.

1.7 Operating Income

Operating income is income that relates directly to the operating activities of the Department. Operating income comprises fees and charges for services provided to external customers, rents receivable, and miscellaneous receipts. It includes operating income appropriated-in-aid of the Estimate.

Income is accrued and accounted for in the period in which it is earned in the operating cost statement. Operating income is stated net of VAT.

1.8 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by HM Treasury.

1.9 Capital Charge

A 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%) on the average carrying amount of all assets less liabilities except for:

- tangible and intangible fixed assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
 - additions at cost
 - disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)
 - impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure)
 - depreciation of tangible and amortisation of intangible fixed assets.
- amounts to be surrendered to the Consolidated Fund and cash balances with the Office of the Paymaster General, where the charge is nil.

1.10 Operating Leases

Rentals under operating leases are charged to the operating cost statement on a straight line basis over the lease term.

1.11 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes that are described at Note 7. The defined benefit elements of the schemes are unfunded and are non-contributory, except in respect of dependants' benefits. The Department recognises the expected cost of these elements on a systematic and rational basis, over the period during which it benefits from employees' services, by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.12 Early Departure Costs

The Department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS, over the period between early departure and normal retirement date. The Department provides for this in full, when the early retirement programme becomes binding on the Department, by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2% in real terms.

Pension liabilities may arise in respect of provisions for lump sum early departure costs and the balance of any unpaid ASLC.

1.13 Value Added Tax (VAT)

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.14 Private Finance Initiative (PFI) Transactions.

PFI transactions have been accounted for in accordance with Technical Note No.1 (Revised), entitled "How to account for PFI Transactions", as required by the FReM. Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating cost. Where the Department has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract.

Where the balance of risks and rewards of ownership of the PFI property is borne by the Department, the property is recognised as a fixed asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

Further details of current ongoing agreements are shown in Note 25 to the accounts.

1.15 Grants Payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Receipt of a claim for funding acts as the underlying event in normal circumstances.

1.16 Provisions

The Department provides for legal or constructive obligations, which are of uncertain timing or amount at the balance sheet date, on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2%).

1.17 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with FRS 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 *Managing Public Money*.

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.

1.18 Third Party Assets

The Department holds as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts since neither the Department nor Government has a direct beneficial interest in them.

1.19 Changes to Estimation Techniques

There were no material changes in estimating techniques introduced during the financial year.

1.20 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when, it is extinguished.

The Department has financial instruments in the form of trade receivables, cash and cash equivalents. In accordance with FRS 26 Financial Instruments: Recognition and Measurement, these are classified as "loans and receivables" that are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any impairment.

The Department also has financial instruments in the form of trade payables that are classified in accordance with FRS 26 as "other financial liabilities". These are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

The Department assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. The Department measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Operating Cost Statement and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment

loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Operating Cost Statement to the extent that a provision was not previously recognised.

2. Analysis of net resource outturn by section

						2008-09 £000	2007-08 £000		
	Admin	Other Current	Grants	Gross Resource Expenditure	A in A	Outturn Net Total	Estimate Net Total	Net Total Outturn Compared with Estimate	Prior- year outturn
Request for resources 1:									
Supporting the effective and efficient administration of justice in Northern Ireland									
<i>Central Government spending</i>									
Court and other legal services	16,196	62,146	25	78,367	(24,772)	53,595	56,974	3,379	49,675
Legal Services Commission	-	-	86,983	86,983	-	86,983	87,000	17	79,861
Judicial Appointments Commission			1,472	1,472	-	1,472	1,540	68	1,406
Total	16,196	62,146	88,480	166,822	(24,772)	142,050	145,514	3,464	130,942
Resource Outturn	16,196	62,146	88,480	166,822	(24,772)	142,050	145,514	3,464	130,942

The main reasons for the variance in spending on Court and other legal services were:

- Expenditure on staff costs was under spent by £766k;
- Expenditure on other costs was under spent by £1,461k;
- Expenditure on non cash costs was £1,380k less than the estimate;
- Expenditure on NDPB's was £85k less than estimate; and
- Income was £228k less than estimated.

Detailed explanations of the variances are given in the Management Commentary.

3. Reconciliation of outturn to net operating cost and against Administration Budget

3(a) Reconciliation of net resource outturn to net operating cost

	Note	2008-09 £000 Outturn	Supply Estimate	2008-09 £000 Outturn compared with Estimate	2007-08 £000 Outturn
Net Resource Outturn	2	142,050	145,514	3,464	130,942
Non-supply income (CFERs)	5	-	-	-	-
Non-supply expenditure	19	7,880	5,166	(2,714)	7,424
Net operating cost		149,930	150,680	750	138,366

3(b) Outturn against final Administration Budget

		2008-09 £000	2007-08 £000
	Budget	Outturn	Outturn
Gross Administration Budget	23,493	16,196	11,592
Income allowable against the Administration Budget	-	-	-
Net outturn against final Administration Budget	23,493	16,196	11,592

4. Reconciliation of resources to cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/ (excess) £000
Resource Outturn	2	145,514	142,050	3,464
Capital				
Acquisition of fixed assets	12,13	8,200	8,132	68
Investments		-	-	-
Non operating A in A				
Proceeds of fixed asset disposals		-	-	-
Accruals adjustments				
Non-cash items	8,9	(14,951)	(18,532)	3,581
Changes in working capital other than cash		-	301	(301)
Changes in creditors falling due after more than one year	16	-	1,089	(1,089)
Use of provision	17	-	340	(340)
Excess cash receipts surrendered to the Consolidated Fund	5	-	-	-
Net cash requirement		138,763	133,380	5,383

Explanation of the variance between Estimate net cash requirement and Outturn net cash requirement:

The underspend in the net cash requirement is due to:

- (i) Resource Outturn – underspend against RfR1 estimate as detailed and explained in Note 2;
- (ii) Non-cash items – underspend is due to actual depreciation and cost of capital being greater than the estimated. In addition early departure provision created within the year was not included in the estimate (note 17);

- (iii) Changes in working capital other than cash – this reflects the movement in Debtors less than one year (note 14) and creditors due less than one year (note 16); and
- (iv) Changes in creditors falling due after more than one year – this relates to the movement in the imputed finance lease element of the on balance sheet PFI Contract as detailed in note 16.

5. Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2008-09 £000		Outturn 2008-09 £000	
		Income	Receipts	Income	Receipts
Operating income and receipts - excess A in A	6	-	-	-	-
Other operating income and receipts not classified as A in A	6	-	-	-	-
Non-operating income and receipts - excess A in A		350	350	-	-
Other non-operating income and receipts not classified as A in A		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		5,150	5,150	8,252	8,252
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
Total income payable to the Consolidated Fund		5,500	5,500	8,252	8,252

6. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2008-09 £000	2007-08 £000
Operating income	10	24,772	20,477
Adjustments for transactions between RfRs		-	-
Gross income		24,772	20,477
Income authorised to be appropriated-in-aid		24,772	20,477
Operating income payable to the Consolidated Fund	5	-	-

7. Staff numbers and related costs

Staff costs comprise:

	2008-09					2007-08
	£000					£000
	Total	Permanently employed staff	Others	Ministers	Special advisors	Total
Wages and salaries	18,374	17,691	683	-	-	17,093
Social security costs	1,109	1,075	34	-	-	1,018
Other pension costs	3,354	3,292	62	-	-	2,995
Sub Total	22,837	22,058	779	-	-	21,106
Less recoveries in respect of outward secondments	(847)	(847)	-	-	-	(959)
Total net costs	21,990	21,211	779	-	-	20,147

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Northern Ireland Court Service is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2008-2009, employers' contributions of £3,292K were payable to the PCSPS (2007-08: £2,990K) at one of four rates in the range 17.1% – 25.5% (2007-08: 17.1% to 25.5%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2009-10, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 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. Employer contributions are age-related and range from 3% to 12.5% (2007-08 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of 0.8% of pensionable pay are payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. During 2008-09, no employees of the Department opted for a partnership pension account.

Judicial office holders are mainly covered by the provisions of the Judicial Pensions Scheme. The terms of most of the pension arrangements are set out in (or in some cases are analogous to), the provisions of two Acts of Parliament, the Judicial Pensions Act 1981 and the Judicial Pensions & Retirement Act 1993 (JUPRA).

The Judicial Pension Scheme (JPS) is an unfunded public service scheme, providing pensions and related benefits for members of the judiciary. Participating Judicial Appointing or Administering Bodies make contributions known as accruing superannuation liability charges (ASLCs), to cover the expected cost of benefits under the JPS. ASLCs are assessed regularly by the Scheme's Actuary – The Government Actuary's Department.

The contribution rate required from the Judicial Appointing or Administering Bodies to meet the cost of benefits accruing in the year 2008-09 has been assessed as 32.15% of the relevant judicial salaries. This includes an element of 0.25% as a contribution towards the administration costs of the scheme. A contribution rate of 32.15% has been recommended for the year commencing 1 April 2009.

The liability for future payment is not chargeable to the Northern Ireland Court Service but is a charge on the Judicial Pension Scheme. The Northern Ireland Court Service is unable to identify its share of the underlying assets and liabilities. There is a separate scheme statement for the JPS as a whole and a full actuarial valuation was carried out as at 31 March 2005. Details of the Resource Accounts of the Ministry of Justice: Judicial Pensions Scheme can be found on the Ministry of Justice website (www.justice.gov.uk).

Average number of persons employed

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

Objective	Total	Permanent			Special advisors	Total
		staff	Others	Ministers		
1	28	25	3	-	-	31
2	39	39	-	-	-	34
3	670	659	11	-	-	685
4	16	15	1	-	-	-
Total	753	738	15	-	-	750

8. Other Administration Costs

	Note	2008-09		2007-08	
		£000	£000	£000	£000
Rentals under operating leases:					
Hire of plant and machinery			30		9
Rentals for accommodation			1,053		702
Interest charges:					
Finance leases			-		-
On-balance sheet PFI contracts			-		-
PFI service charges					
Off-balance sheet contracts			723		717
Non-cash items					
Depreciation	12	708		712	
Amortisation	13	6		1	
Permanent diminution in value	12	74		128	
Cost of capital charge		1,831		1,662	
Auditors' remuneration and expenses		54		46	
Provision provided for in year	17	1,980		77	
Unwinding of discount on provisions	17	12		11	
			4,665		2,637
Other expenditure			4,062		2,644
Total			10,533		6,709

9. Programme Costs

		2008-09		2007-08	
		Note	£000	£000	£000
Publicly funded legal services:	Grant			80,022	73,735
	Grant in Aid			6,961	6,126
	Criminal Appeals			1,032	1,169
NI Judicial Appointments Commission:	Grant in Aid			1,472	1,406
Queen's University of Belfast:	Grant in Aid			25	25
Rentals under operating leases					
	Hire of plant and machinery			54	27
	Rentals for accommodation			450	553
PFI service charges:					
	Off-balance sheet contracts			5,323	5,194
	Service element of on-balance sheet contracts			3,779	3,414
Non-cash items					
	Depreciation	12	8,520	7,440	
	Amortisation	13	16	1	
	Cost of capital charges		4,906	4,455	
	Provision provided for in year	17	325	-	
	Interest	17	100	346	
				13,867	12,242
Other expenditure				14,972	12,969
Judicial costs (Non-consolidated fund)					
	Judicial costs			3,897	5,071
	Judicial pensions			2,693	2,632
Consolidated Fund standing services					
	Judicial wages and salaries			6,848	6,657
	Judicial social security costs			784	767
Total				142,179	131,987

10. Income

		2008-09	2007-08
	RfR1	£000	£000
		Total	Total
Income from external customers	25,000	23,384	19,866
Income from other departments	-	1,388	611
		25,000	24,772
		20,477	20,477

An analysis of fees and charges from civil business services provided to external and public sector customers is as follows:

	2008-09			2007-08		
	Income £000	Full Cost £000	Surplus/ (deficit) £000	Income £000	Full Cost £000	Surplus/ (deficit) £000
Court Service						
-Civil Business	22,440	22,725	(285)	17,851	26,220	(8,369)
	22,440	22,725	(285)	17,851	26,220	(8,369)

Income shown is in respect of civil fee earning business and has been accounted for in accordance with HM Treasury Fees and Charges Guide.

The Department is committed to achieving full cost recovery for the services it provides in respect of civil court business. The income for 2008-09 represents 99% of cost recovery. Further information on the Civil Fees Review can be found in the Management Commentary.

The civil business fee recovery target, above is based on expenditure net of exemptions and remissions. Applicants in receipt of certain means-tested benefits are entitled to automatic fee exemption. Remission of fees is considered on an individual basis and is granted in cases of hardship. Total fees remitted during 2008-09 amounted to £4.5k.

11. Analysis of net operating cost by spending body

		2008-09	2007-08
	Estimate	£000 Outturn	£000 Outturn
Spending body:			
Core department	62,115	61,450	57,074
Legal Services Commission	87,000	86,983	79,861
Judicial Appointments Commission	1,540	1,472	1,406
Queen's University of Belfast	25	25	25
Net Operating Cost	150,680	149,930	138,366

12. Tangible fixed assets

	Land & Buildings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Total £000
Cost or valuation					
At 1 April 2008	259,575	8,089	429	2,589	270,682
Additions	6,167	1,661	111	183	8,122
Disposals	-	-	-	-	-
Revaluations	31,668	(179)	23	57	31,569
At 31 March 2009	297,410	9,571	563	2,829	310,373
Depreciation					
At 1 April 2008	52,931	5,290	214	1,484	59,919
Charged in year	7,296	1,613	69	250	9,228
Disposals	-	-	-	-	-
Revaluations	-	(106)	12	43	(51)
At 31 March 2009	60,227	6,797	295	1,777	69,096
Net book value at 31 March 2009	237,183	2,774	268	1,052	241,277
Net book value at 31 March 2008	206,644	2,799	215	1,105	210,763
Asset financing:					
Owned	191,458	2,774	268	1,052	195,552
On-balance sheet PFI contracts	45,725	-	-	-	45,725
Net book value at 31 March 2009	237,183	2,774	268	1,052	241,277

Notes

Freehold and leasehold land and buildings were valued as at 31 March 2009 by the Land and Property Service. The valuation was carried out by the LPS in accordance with the RICS Appraisal and Valuation Manual. Indices for assets other than land and buildings were obtained from ONS MM17 Price Index Numbers for Current Cost Accounting as at March 2009.

Antiques have been included in the Fixtures and Fittings and are professionally valued every five years. The valuation was carried out at the 31st March 2009 by Hugh Boyd BSc (Econ.) M.I.P.A.V.

13. Intangible fixed assets

Intangible fixed assets comprise purchased software licences for the Department.

	2008-09
	£000
Cost or valuation	
At 1 April 2008	67
Additions	10
Disposals	-
Revaluations	-
At 31 March 2009	77
Amortisation	
At 1 April 2008	2
Charged in year	22
Disposals	-
Revaluations	-
At 31 March 2009	24
Net book value at 31 March 2009	53
Net book value at 31 March 2008	65

14. Debtors**14(a) Analysis by type**

	2008-09	2007-08
	£000	£000
Amounts falling due within one year:		
Deposits and advances	6	6
Value Added Tax	1,069	837
Other debtors	1,115	1,022
Prepayments and accrued income	4,187	2,662
	6,377	4,527

There are no debtor amounts falling due after more than one year.

There are no amounts included within debtors that will be due to the Consolidated Fund.

14(b) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2008-09	2007-08	2008-09	2007-08
Balances with other central government bodies	1,595	2,626	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-government balances	1,595	2,626	-	-
Balances with bodies external to government	4,782	1,901	-	-
Total debtors at 31 March	6,377	4,527	-	-

15. Cash at bank and in hand

	2008-09 £000	2007-08 £000
Balance at 1 April	8,996	3,191
Net change in cash balances	(5,083)	5,805
Balance at 31 March	3,913	8,996

The following balances at 31 March were held at:

Office of HM Paymaster General	3,571	8,655
Commercial banks and cash in hand	342	341
Balance at 31 March	3,913	8,996

16. Creditors**16(a) Analysis by type**

	2008-09 £000	2007-08 £000
Amounts falling due within one year		
Taxation and social security	-	-
Trade creditors	(60)	(203)
Other creditors	(770)	(630)
Early departure costs	-	(116)
Accruals and deferred income	(11,711)	(10,609)
Imputed finance lease element of on-balance sheet Consolidated Fund	(567)	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	(2,382)	(8,248)
Consolidated Fund extra receipts due to be paid to the Consolidated Fund received	(1,531)	(749)
receivable	-	-
	(17,021)	(20,555)
Amounts falling due after more than one year		
Imputed finance lease element of on-balance sheet PFI contracts	(21,727)	(22,816)
	(21,727)	(22,816)

16(b) Intra-Government Balances

	Amounts falling due within one year £000		Amounts falling due After more than one year £000	
	2008-09	2007-08	2008-09	2007-08
Balances with other central government bodies	(5,215)	(11,100)	-	-
Balances with local authorities	(28)	(9)	-	-
Balances with NHS Trusts	-	(1)	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-government balances	(5,243)	(11,110)	-	-
Balances with bodies external to government	(11,778)	(9,445)	(21,727)	(22,816)
Total creditors at 31 March	(17,021)	(20,555)	(21,727)	(22,816)

17. Provisions for liabilities and charges

	Early departure costs £000	Legal claims £000	Other £000	Total £000
Balance at 1 April 2008	(118)	(15)	(3,000)	(3,133)
Provided in the year	(1,582)	(398)	(325)	(2,305)
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	15	77	92
Provision settled from the Consolidated Fund	-	-	248	248
Interest	-	-	(100)	(100)
Unwinding of discount	(12)	-	-	(12)
Balance at 31 March 2009	(1,712)	(398)	(3,100)	(5,210)

17.1 Early departure costs

The Department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2% in real terms.

17.2 Legal claims

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. The amount provided is on a percentage expected probability basis. Expenditure is likely to be incurred over a period of 5 years. The provision is based on the estimated cash flow. No reimbursement will be received in respect of any of these claims. Legal claims, which may succeed but are less likely to do so or cannot be estimated reliably, are disclosed as contingent liabilities in Note 28.

17.3 Other

Provision has been made for a long service award for members of the judicial pension scheme. The purpose of the long service award is that, subject to any future changes in legislation, the award will compensate for any tax or National Insurance charges on lump sums payable from the deregistered judicial pension schemes on retirement, whatever the personal circumstances of the judge or his other pension benefits.

18. Pension liability

	2008-09 £000
Balance at 1 April 2008	(367)
Movement in provision	-
Balance at 31 March 2009	(367)

Previously, the Department was responsible for the administration of an individual personal pension determination in respect of one judicial office-holder. Defined benefits accrued in line with the PCSPS in an approved scheme. These benefits were then enhanced by one third through an unapproved scheme. The pension provision was unfunded and non-contributory, except in respect of dependants benefits.

On 4 April 2006, the judicial office-holder transferred to the Judicial Pensions Scheme. The provision represents the value of the pension liability at that date, based on the calculation prepared by the Government Actuary's Department (GAD) in April 2006.

19. 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.

	2008-09	2007-08
	£000	£000
Balance at 1 April	67,387	75,380
Net Parliamentary Funding		
Drawn Down	135,763	125,034
Consolidated Fund Standing Services	7,880	7,424
Year end adjustment		
Supply Creditor - current year	(2,382)	(8,248)
Net Transfer from Operating Activities		
Net Operating Cost	(149,930)	(138,366)
Non Cash Charges		
Cost of Capital	6,737	6,117
Auditors' remuneration	54	46
Balance at 31 March	65,509	67,387

20. Revaluation Reserves

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

	2008-09	2007-08
	£000	£000
Balance at 1 April	110,093	95,903
Arising on revaluation during the year (net)	31,693	14,190
Balance at 31 March	141,786	110,093

21. Notes to the Cash Flow Statement**21(a) Reconciliation of operating cost to operating cash flows**

	Note	2008-09 £000	2007-08 £000
Net operating cost	11	149,930	138,366
Adjustments for non-cash transactions		(18, 532)	(14,879)
Increase/(Decrease) in Debtors		1,851	(1,198)
<i>Less movements in debtors relating to items not passing through the OCS</i>		-	-
Decrease/(Increase) in Creditors		4,623	(5,946)
<i>Less movements in creditors relating to items not passing through the OCS:</i>			
Balances with the consolidated fund		(5,084)	5,921
Movement in Capital Accruals		1,227	-
Use of provisions	17	340	188
Net cash outflow from operating activities		134,355	122,452

21(b) Analysis of capital expenditure and financial investment

	Note	2008-09 £000	2007-08 £000
Tangible fixed asset additions	12	8,122	1,692
Intangible fixed asset additions	13	10	67
Proceeds of disposal of fixed assets		-	-
Movement in capital accruals		(1,227)	-
Net cash outflow from investing activities		6,905	1,759

21(c) Analysis of capital expenditure and financial investment by Request for Resources

	Capital expenditure £000	Loans etc £000	A in A £000	Net total £000
Request for resources 1	8,132	-	-	8,132
Net movement in debtors/creditors	-	-	-	-
Movement in Capital Accruals	(1,227)			(1,227)
Total 2008-09	6,905	-	-	6,905
Total 2007-08	1,759	-	-	1,759

21(d) Analysis of financing

	Note	2008-09 £000	2007-08 £000
From the Consolidated Fund (Supply) - Current year	19	135,763	125,034
To the Consolidated Fund (Supply) - prior year		(8,248)	(2,017)
From the Consolidated Fund (non-Supply)	19	7,880	7,424
Capital element of payments in respect of Finance leases and on-balance sheet PFI contracts		-	-
Net financing		135,395	130,441

21(e) Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	Note	2008-09 £000	2007-08 £000
Net cash requirement	4	(133,380)	(116,787)
From the Consolidated Fund (Supply) - current year	21(d)	135,763	125,034
To the Consolidated Fund Supply – prior year	21(d)	(8,248)	(2,017)
Amounts due to the Consolidated Fund - received in a prior year and paid over		(749)	(1,174)
Amounts due to the Consolidated Fund received and not paid over	16(a)	1,531	749
(Decrease)/Increase in cash		(5,083)	5,805

22. Notes to the Statement of Operating Costs by Departmental Aim and Objectives

Resources per cost centre have been allocated to strategic objectives based on information obtained from managers within the Department. Common overheads have been apportioned to departmental cost centres on the basis of staff numbers.

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

	2008-09	2007-08
	£000	£000
Objective 1 – To modernise court business	15,122	13,591
Objective 2 – To improve access to justice	797	766
Objective 3 – To promote confidence in the justice system	54,574	51,864
Objective 4 - Supporting an independent judiciary	-	-
Publicly funded legal services	88,015	81,030
Total	158,508	147,251

Capital Employed by Departmental Aim and Objectives at 31 March 2009

	2008-09	2007-08
	£000	£000
Objective 1 – To modernise court business	-	-
Objective 2 – To improve access to justice	82	476
Objective 3 – To promote confidence in the justice system	206,701	177,007
Objective 4 – Supporting and independent judiciary	-	-
	206,783	177,483

23. Capital commitments

	2008-09	2007-08
	£000	£000
Contracted capital commitments at 31 March 2009 for which no provision has been made	-	-

24. Commitments under leases

24.1 Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2008-09	2007-08
	£000	£000
Obligations under operating leases comprise:		
Land and buildings:		
Expiry within 1 year	111	283
Expiry after 1 year but not more than 5 years	430	199
Expiry thereafter	505	796
	1,046	1,278

24.1 Operating leases (continued)

	2008-09	2007-08
	£000	£000
Other:		
Expiry within one year	-	-
Expiry after 1 year but not more than 5 years	47	44
Expiry thereafter	-	-
	47	44

24.2 Finance leases

The Department had no finance leases operating during the year.

25. Commitments under PFI contracts**25.1 Off-balance sheet****IS/IT Services**

In January 2000, the Department entered into a 10 year IS/IT Service Provision Agreement with Fujitsu Services. The contract is due to expire on 31st December 2009. The estimated capital value of the agreement is £8m at 1999 prices. The agreement is based on Private Finance Initiative and will enable the Court Service to develop modern information systems to support the administration of justice. To date the following services have been successfully delivered –

- a new IT network and infrastructure
- corporate desktop service with Internet and e-mail access to all user staff
- a Court Service Intranet
- the migration to the new infrastructure and continued support for 9 existing legacy systems
- the development of a static website
- application databases to support the operations of the Office of Care & Protection and the Enforcement of Judgments Office.

Significant progress has been made in the development of the Integrated Court Operations System (ICOS) that will support the business processes across all court tiers. The application is being rolled out in a modular and incremental manner; with the following modules becoming operational

- Small Claims- November 2002
- Jurors Notice - February 2003
- Jurors Management - July 2003
- County Court Civil - July 2004
- Fees Collection - July 2004
- High Court Queens Bench Division - July 2004
- Chancery Division - November 2004
- Probate Office - November 2004
- Matrimonial Office - January 2005
- County Court Divorce - February 2005
- Wardship & Adoption - February 2005
- Criminal Module – May 2006
- Family Module – November 2006

The scheme also includes the provision of hardware and software support services, training services, legacy support services and help desk support services.

The agreement provides for technology refresh between years 3 and 5 of the agreement. The technology refresh was completed in July 2005.

The PFI property is not an asset of the department. This contract is treated as a contract for services and the operating cost statement will be charged with the service costs in the period to which they relate.

The computer equipment assets held by the Department were transferred to the provider and therefore were treated as a disposal in the 1999-2000 financial statements.

25.2 On-balance sheet

Laganside Complex

During February 1999, the Department entered into a Public Private Partnership (PPP) agreement with a private sector provider for the provision and maintenance of a high quality new court complex in Belfast.

In accordance with the agreement, service charges became payable with effect from February 2002 to December 2026 and these are charged to the operating cost statement. The new court complex has been accounted for as an asset of the Department.

The PFI property is included in the Department's accounts as a fixed asset. The liability to pay for the property is in substance a finance lease obligation. Contractual payments therefore comprise two elements, imputed finance lease charges and service charges. The imputed finance lease obligation is as follows:-

	2008-09	2007-08
	£000	£000
Imputed finance lease obligations under on-balance sheet PFI contracts comprises:		
Rentals due within 1 year	2,012	2,006
Rentals due after 2 to 5 years	8,058	8,032
Rentals due thereafter	25,755	26,213
	35,825	36,251
Less interest element	(13,531)	(13,435)
	22,294	22,816

25.3 Charge to the Operating Cost Statement and future commitments

The total amount charged in the operating cost statement in respect of off-balance sheet PFI transactions and the service element of on-balance sheet PFI transactions was £9,824,045 (2007-08: 9,324,976); and the payments to which the Department is committed during 2009-10, analysed by the period during which the commitment expires, are as follows.

	2008-09	2007-08
	£000	£000
Expiry within 1 year	6,200	-
Expiry within 2 to 5 years	-	6,664
Expiry within 6 to 10 years	-	-
Expiry within 11 to 15 years	-	-
Expiry within 16 to 20 years	3,919	3,840
Expiry within 21 to 25 years	-	-
	10,119	10,504

26. Other financial commitments

There are no contracted non-capital commitments at 31 March 2009 for which no provision has been made.

27. Financial instruments

FRS 29 *Financial Instruments: Disclosures* requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of the non-trading nature of its activities and the way in which Government Departments are financed, the Northern Ireland Court Service is not exposed to the degree of financial risk faced by business entities.

The Department has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change risks facing the Department in undertaking its activities.

Classification of financial instruments

All departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as receivables and comprise trade and other debtors (Note 14) and cash at bank and in hand (Note 15). The Department's financial liabilities comprise creditors excluding tax assets, accruals and deferred income (Note 16). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities. The Department recognises the components of net gain/loss through the Operating Cost Statement.

Risk Management

Financial risks include credit risk, liquidity risk and market risks (interest rate and currency).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Department is not exposed to significant credit risk and manages its exposure via credit risk management policies which require review of the credit history of the organisations that the department wishes to trade with. Publicly available credit information from recognised providers is utilised for this purpose where available. The maximum exposure to credit risk is represented by the carrying amounts of the trade debtors carried in the balance sheet.

Liquidity risk

The Department's net revenue resource requirements are financed by resources voted annually by Parliament, as is its capital expenditure. It is not, therefore, exposed to significant liquidity risks.

The Department's financial assets of £3,913,000 (2008: £8,996,000) are non-interest bearing financial assets and comprise of cash at bank and in hand. Cash at bank and in hand is held in sterling and is available on demand.

Currency Risk

Currency risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Department acts as an agent in transferring funds from HM Treasury to the Northern Ireland Consolidated Fund in respect of European Union (EU) grants. However payments are only made by the Department based on the sterling value of funding received and there was therefore no exposure to currency risk. The Department does not have the authority to manage currency risk through hedging.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Department's financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

Embedded Derivatives

In accordance with FRS 26, 'Financial Instruments and measurement' the Department has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet

certain requirements set out in the standard. In relation to the departments Laganside PFI contract there is a payment mechanism that determines the charge the department will pay from 2009 to 2026 which is based on the UK retail price index (RPI) and UK Gross Domestic Product Index (GDP). The embedded derivative is deemed to be closely related to the host contract as the amounts charged are in relation to the economic environment within which the department operates.

28. Contingent liabilities disclosed under FRS 12

There is an estimated contingent liability of £1,518k.

	2008-09 £000
Legal cases pending	281
Criminal appeals	1,237
	<u>1,518</u>

The amount for criminal appeals represents the amount of claims before the Taxing Master pending judicial direction. The Taxing Master is a Supreme Court judge and has complete discretion in deciding how much should be paid out in respect of claims put before him. As each case is assessed on an individual basis, it is not possible to predict the financial outcome of these claims. The department has therefore treated these as contingent liabilities in accordance with FRS 12.

There are further contingent liabilities upon which it is not possible to put a value. In particular, claims have been made under past contracts. It is the Department’s assertion that these claims are unsubstantiated.

29. Losses and special payments

During the year, there were no losses or special payments that required disclosure.

30. Related-party transactions

During the year the Department provided funding to the Northern Ireland Legal Services Commission (NILSC) and the Northern Ireland Judicial Appointments Commission (NIJAC). These bodies are regarded as related parties with which the Department has had various material transactions during the year.

In addition, the Department has had a small number of transactions with other government departments and other central government bodies.

No minister or other related parties have undertaken any material transactions with the Department during the year.

Finance Director and Board Member, David Thompson, is an appointee, recruited via Interchange from PricewaterhouseCoopers (PWC). The total amount paid to PWC in 2008-09 for services in addition to the services of the Finance Director amounted £404,045 (excl. vat). This includes £34,556 paid by the Northern Ireland Court Service on behalf of the Northern Ireland Legal Services Commission.

31. Third-party assets

The Department holds as custodian or trustee certain assets belonging to third parties.

The Court Service, through the Court Funds Office, continues to provide a banking and investment service for funds that are deposited in court. The investment service is carried out by an external service provider. Examples of the types of funds include monies held for minors until they attain the majority, certain assets of some mental health patients, payments into court in satisfaction of a claim as well as statutory deposits and unclaimed balances in court.

These are not departmental assets and are not included in the accounts. The assets held at the balance sheet date to which it was practical to ascribe monetary values, comprised monetary assets such as bank balances and monies on deposit, and listed securities. They are set out in the table immediately overleaf

	31 March 2008 £000	Net inflows £000	31 March 2009 £000
Monetary assets such as bank balances and monies on deposit	125,726	20,419	146,145
Listed securities	110,137	(25,622)	84,515

The Official Solicitor may be appointed to act as a financial controller for persons deemed by the courts to be incapable of managing their financial affairs and assets. In such capacity the Official Solicitor acts as custodian of a number of property assets. Title deeds for property may also be held by the court service as security or bails in relation to legal actions.

Other significant assets held at the balance sheet date to which it was not practical to ascribe monetary values comprised:

	31 March 2009 Number	31 March 2008 Number
Property assets	161	131

32. Entities within the departmental boundary

The departmental boundary incorporates only the core department of the Northern Ireland Court Service.

During the year the Department held responsibility for the granting of funds to the Northern Ireland Legal Services Commission (NILSC) and the Northern Ireland Judicial Appointments Commission (NIJAC). As executive NDPB's the NILSC and NIJAC are outside the departmental boundary for the purposes of these resource accounts.

The funds invested by the Court Funds Office are specifically excluded from the departmental boundary, following HM Treasury guidance. Third party monies are similarly excluded.

The Northern Ireland Legal Services Commission, Northern Ireland Judicial Appointments Commission and Court Funds Office publish separate audited financial accounts.

33. Criminal Injuries Compensation Appeals Panel Northern Ireland

The administrative functions of the Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI) transferred from the Secretary of State for Northern Ireland (SOSNI) to the Secretary of State for Justice (SOSJ) in the 2007/08 financial year and were delivered by a Machinery of Government letter on 1st December 2007. A PES transfer from NIO to Court Service provides the funding for the tribunal. As a consequence of this transfer CICAPNI ceased to be an NDPB.

The SOSJ has directed a statement of accounts in accordance with the 2002 Order and the Scheme, requiring that he only requires a simple statement providing the full cost of CICAPNI for the year, given as a Note to the Court Service accounts.

This direction is in accordance with The Criminal Injuries (NI) Order 2002 ("the 2002 Order") and with the Northern Ireland Criminal Injuries Compensation Scheme 2002 ("the Scheme") which established the CICAPNI. Both the 2002 Order and the Scheme provide that the Secretary Of State may direct the accounts of the CICAPNI.

This accounting note has been prepared in accordance with the accounts direction issued by the Secretary of State for Justice on 22 February 2008.

CICAPNI STATEMENT OF ACCOUNT AS AT 31 MARCH 2009

	2008/09		2007/08	
	£	£	£	£
Income			-	-
Staff Costs				
Staff Payroll costs	(212,439)		(199,346)	
Judicial Payroll costs	(210,033)		<u>(221,565)</u>	
Total Payroll costs		(422,472)		(420,911)
Other operating costs		(279,514)		(248,457)
Net cost of operations		<u><u>(701,986)</u></u>		<u><u>(669,368)</u></u>

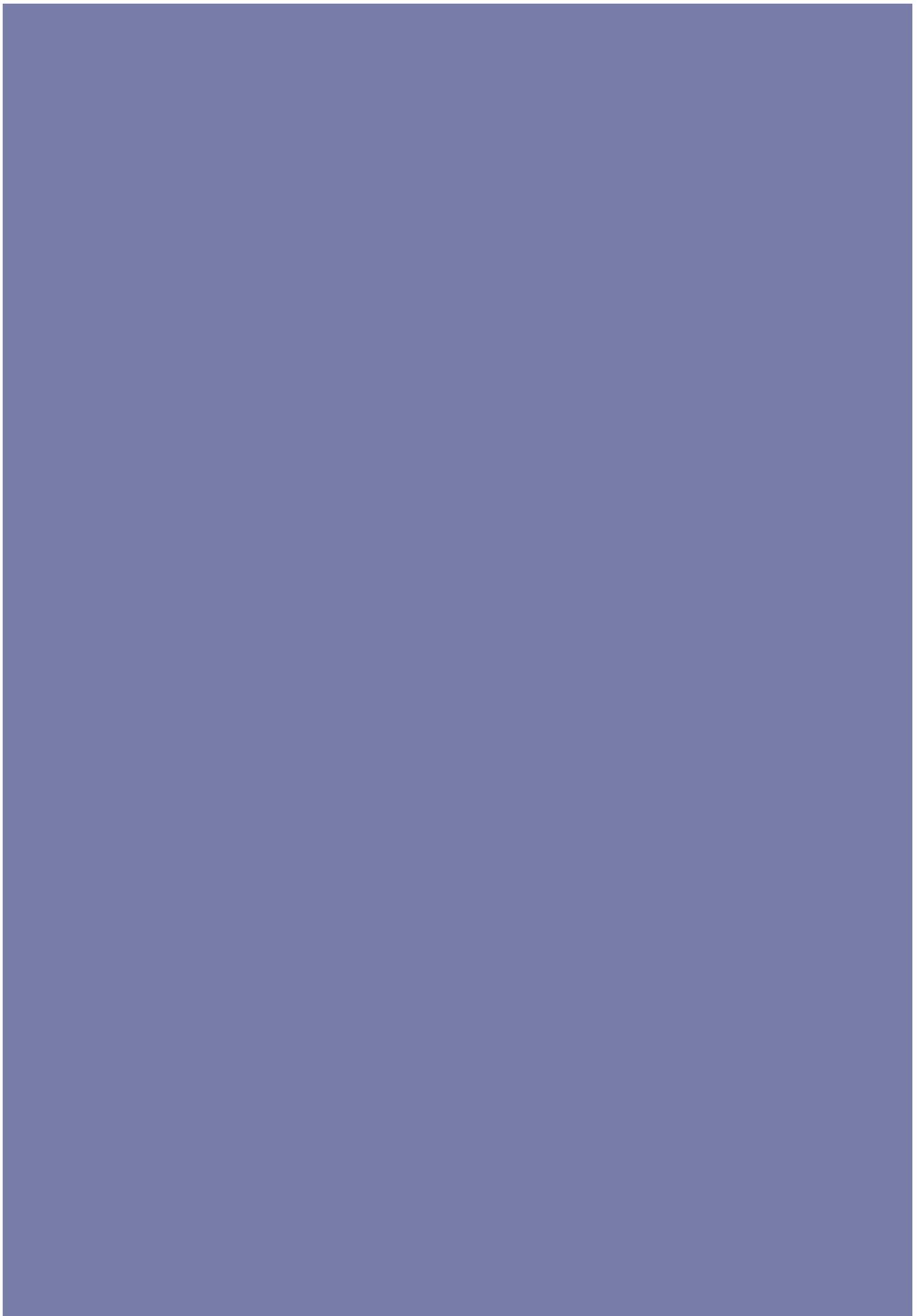
34. Post Balance Sheet events

There were no material post balance sheet events, for the year ended 31 March 2009.

The annual report and accounts were authorised to be issued on 11 July 2009.

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